PACIFIC HORTICULTURAL & AGRICULTURAL MARKET ACCESS PROGRAM

(THE PHAMA PROGRAM)

PROGRAM DESIGN DOCUMENT

Request for Tender

MAIN REPORT

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ABBREVIATIONS AND ACRONYMS

AACP	All Agricultural Commodities Program (multi-donor, EC led)
ACIAR	Australian Centre for International Agricultural Research
ACP	African, Caribbean and Pacific group of States
ANZFSA	Australia NZ Food Standards Authority
AQIS	Australian Quarantine Inspection Service
ASP	Annual Strategic Plan
AusAID	Australian Agency for International Development
BSG	Biosecurity Australia
BAT	Biosecurity and Trade Facilitation thematic group of SPC
CABI	Commonwealth Agricultural Bureau International
CAC	Codex Alimentarius Commission
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
Codex	Codex Alimentarius (a collection of internationally adopted food standards, developed by CAC)
CPM	Commission on Phytosanitary Measures
DAFF	Department of Agriculture, Fisheries and Forestry (Australia)
DTIS	Diagnostic Trade Integration Studies
ECF	Enterprise Challenge Fund (Australia)
EU	European Union
FACT	Facilitating Agricultural Commodity Trade Program (EC)
FACT II	Enhanced Sustainable Livelihoods through Facilitating Increased Trade and Product Diversification (EC)
FAO	Food and Agriculture Organization of the United Nations
FE	Foreign Exchange
FS	Food Safety
FSANZ	Food Standards Australia and NZ
HSNO	Hazardous Substances and New Organisms Act (NZ)
HTFA	High Temperature Forced Air (quarantine treatment)
IHS	Import Health Standard
IMPEXTEK	Centre for Import-Export Technical Facility (under PACER)
IPPC	International Plant Protection Convention
IRA	Import Risk Analysis
ISPM	International Standards for Phytosanitary Measures
ITC	International Trade Centre
LRD	Land Resources Division (SPC)
MA	Market Access
M&E	Monitoring and Evaluation
MAF	Ministry of Agriculture and Forestry (NZ)
MAFBNZ	Ministry of Agriculture and Forestry Biosecurity NZ
MAWG	Market Access Working Group
MC	Managing Contractor
MFAT	Ministry of Foreign Affairs and Trade (NZ)
MRL	Maximum Residue Level
MSG	Melanesian Spearhead Group
MTR	Mid Term Review
NMAC	National Market Access Coordinator
NPP	New Policy Proposal
NPPO	National Plant Protection Organization (as defined in the IPPC)

NPSO	National Private Sector Organisation
NWC	National Working Committee
NZAID	NZ Agency for International Development
NZTE	NZ Trade and Enterprise
NZFSA	NZ Food Safety Authority
OCT	EU Overseas Countries and Territories
OIE	World Organisation for Animal Health
PACER	Pacific Agreement on Closer Economic Relations
PACREIP	Pacific Regional Economic Integration Program (EC)
PACPS	Pacific ACP States
PAHIS	Pacific Animal Health Information System
PARDI	Pacific Agribusiness Research for Development Initiative (ACIAR)
PCC	Program Coordinating Committee
PDD	Program Design Document
PHAMA	Pacific Horticultural and Agricultural MA Program
PICTs	Pacific Island Countries and Territories
PICTA	Pacific Island Countries Trade Agreement
PIF/S	Pacific Islands Forum/Secretariat
PIPSO	Pacific Islands Private Sector Organisation
PITIC	Pacific Islands Trade and Investment Commission
PMO	Program Management Office
PNG	Papua New Guinea
PPLD	Pacific Pest List Database
PPPO	Pacific Plant Protection Organisation
PRAfTAP	Pacific Regional Aid-for-Trade Technical Assistance Programme (EC)
PRHP	Pacific Regional HIV Project
PSSF	(Samoa) Private Sector Support Facility (NZ)
QA	Quality Assurance
QAE	Quality at Entry
R&D	Research and Development
RIF	Regional Institutional Framework
RMFFP	Project on the Regional Management of Fruit Flies in the Pacific (multi-donor)
RPPO	Regional Plant Protection Organization
RTFP	Regional Trade Facilitation Program (under PACER) (Australia/NZ)
SIRLP	Solomon Islands Rural Livelihoods Project (Australia)
SPARTECA	South Pacific Regional Trade and Economic Cooperation Agreement
SME	Small and Medium Enterprise
SPC	Secretariat of the Pacific Community
SPS	Sanitary and Phytosanitary
SQIP	Samoa Quarantine Improvement Project (Australia)
STABEX	Stable Exports Fund (EC)
STDF	Standards and Trade Development Facility
TA	Technical Assistance
TL	Team Leader
TPO	Trade Promotion Organisation
UNDP	United Nations Development Programme
USP	University of the South Pacific
VASP	Vanuatu Agricultural Security (Quarantine) Project
WTO	World Trade Organization

PACIFIC HORTICULTURAL AND AGRICULTURAL MARKET ACCESS PROGRAM (PHAMA)

EXECUTIVE SUMMARY TO THE PROGRAM DESIGN DOCUMENT

"A structured, strategic approach for assisting Pacific Island Countries gain, maintain and improve access to key markets for selected high-value Pacific products."

Background: There is an identified need for continued assistance to develop market access (MA) for high-value primary products from Pacific Island Countries (PICs) into key markets. Following approval from a design peer review held in February 2010 and endorsement from Pacific Island Countries, AusAID is advertising for a Managing Contractor for the implementation and program management of the Pacific Horticultural and Agricultural Market Access (PHAMA) program.

Development context: PICs are primarily agricultural economies; however this is not reflected in the export performance for non-commodity primary products and particularly in the export performance for high-value products. This is in contrast to global trends.

Developing countries globally have benefited from a revolution in the trade in high-value agricultural and horticultural products over the past three decades. For many developing countries, exports of high-value primary products have become an important means of increasing economic growth, incomes, and employment; and reducing poverty.

The relatively poor performance of PICs' exports in this area is particularly disappointing considering:

(i) these are agriculture-based economies, often with very limited alternative development opportunities;

(ii) the comparative advantage often identified for the region in the production and export of a wide range of agricultural and horticultural products;

(iii) the close proximity of some reasonably affluent markets; and

(iv) the commonly acknowledged role of economic growth and trade as a mechanism for promoting regional stability.

Difficulties faced by PICs in managing the regulatory processes associated with accessing key markets are a major reason behind poor export performance. Progress in negotiating new or improved access has been slow. New MA agreements have been few and hard won, and trade in some products has stagnated and in some cases declined due to the imposition of more onerous MA protocols for products that were historically traded with relative ease.

Key constraints to improving MA include:

(i) poor identification of MA priorities leading to the highly limited resources available within both exporting and importing country regulatory agencies being used to address market access issues that may not have resulted in economic benefit;

(ii) limited ability of export country regulatory agencies to prepare and progress high-quality MA submissions;

(iii) limited capacity of exporting countries to implement sanitary and phytosanitary (SPS) measures required to comply with MA agreements;

(iv) limited capacity to identify and conduct research and development (R&D) required to establish, improve or maintain MA;

(v) lack of industry consultation and involvement in MA work;

(vi) limited capacity of Secretariat of the Pacific Community (SPC) to support MA development activities.

There is a strong case for strategically positioned donor support to address these critical constraints.

Approach and methodology: Core elements of the approach and methodology include:

- Implementation of a structured, strategic, and actively managed approach to addressing *regulatory* aspects of MA.
- Focus on high-value primary products (fresh and processed), particularly agricultural and horticultural but also fish and forest products where warranted.
- Targeted approach aimed at identifying and working with highest priority products and MA issues. Depending on the particular product and issue, this could potentially involve

seeking new access for new products, improving access for existing trade (e.g. through negotiation of less onerous quarantine requirements), or maintaining access by developing capacity to meet required SPS protocols. Emphasis will be placed on achieving early progress: semi-processed products, and accelerating the progress of MA submissions that are already in train, are likely to be particularly important in this regard.

- Markets for consideration are not limited to the intra-Pacific region. Japan, EU, USA and Canada will also be actively pursued.
- Development of a strong partnership between industry and relevant national government agencies in the pursuit of improved MA. The private sector should drive the identification of products to be targeted; it should be fully consulted during the development of MA submissions and agreements; it will need to play a major role in determining R&D priorities; and it will be an important partner in the implementation of MA protocols.
- Selection of particular MA issues to be addressed on the basis of
    - potential economic impact;
    - cost of establishing MA and probability of achieving a successful outcome;
    - potential distributional impacts for more marginalised households and women.
- Implementation of a two-pronged approach to capacity building:
    - Firstly, building SPC capacity to provide a clearly defined set of generic, higher-level MA-support services in line with its regional mandate; and
    - Secondly, developing the capacity of national organisations (public and private) to manage MA issues – but at the same time recognising that many of the smaller PICs are likely to remain dependent on facilitation by SPC and other external service providers in the longer term. Capacity building will be strongly centred on 'learning by doing' approaches.
- Seeking explicit, costed contributions from both government and industry wherever the opportunity and capacity exists.
- Separation of the management of SPC-implemented activities from other activities implemented under the Program. Due to the significant technical and financial constraints currently faced by SPC, during Phase 1 SPC will manage the implementation of a core set of higher-level activities; with the management of other activities at national-level being delegated to a Managing Contractor (MC). Consistent with the Regional Institutional Framework and the mandated role of SPC in providing MA-support services to member countries, it is intended that the MC-managed activities will be progressively integrated into SPCs core program from the start of Phase 2 (with continuing donor

support), with a corresponding phase-out of the MC, subject to development of appropriate capacity within and funding arrangements for SPC.

- Active linkage with other supply chain/value chain development programs such as the Market Development Facility, Facilitating Agricultural Commodity Trade program and the Pacific Agribusiness Research for Development Initiative. Where programs of this nature are working with the development of export-oriented supply chains and particular MA issues are identified, PHAMA will provide a vehicle for addressing these issues. The need for future bilateral programs to complement PHAMA by targeting specific supply chain development activities as well as broader constraints to trade should also be noted.
- Adoption of a flexible, programmatic approach that is able to mobilise high quality scientific and technical assistance and other resources to address MA issues as they are identified on a case-by-case basis.
- Long-term commitment of support, recognising the lengthy timeframes required to progress MA issues.

Strategic Framework:

Duration and phasing: A longer-term duration of 8 years is proposed. Phase 1 will run from mid 2009 to mid 2013, with the first year (2009/10) focussed on finalisation of the design and implementation of a range of preparatory activities. Progression to Phase 2 (mid 2013 to mid 2017) will be dependent on the performance of Phase 1.

Geographic focus: For targeted MA activities (i.e. Component 1-3 activities), Phase 1 will focus on Fiji, Samoa, Tonga, Vanuatu and the Solomon Islands. Phase 2 could expand to other PICs deemed to have strong export opportunities. Component 4 (SPC-managed regional support services) will be extended to all PICs from the beginning of Phase 1 in line with SPC's regional mandate.

Governance and management arrangements: A regional Program Coordinating Committee (PCC) will be established, responsible for providing high-level governance oversight of the Program. The PCC will liaise closely with the SPC Governing Council with respect to SPCs role in the Program and particularly the development of more secure funding arrangements for SPCs MA-support services in the future. Australian Government agencies including AusAID, Australian Centre for International Agricultural Research, Department of Agriculture, Forestry and Fisheries and New Zealand's International Development Group and Ministry of Agriculture, Forestry and Fisheries will participate in the PCC.

Management of the overall Program will be contracted to a Managing Contractor (MC). A Program Management Office (PMO) will be established by the MC in Suva, physically located within SPC. The MC will be directly responsible for implementation of Component 1-3 activities.

Implementation of Component 4 activities will be delegated to the Land Resource Division of SPC, in close coordination with the MC. A Market Access Working Group (MAWG) will be established (or strengthened if a suitable institution already exists) in the five countries where PHAMA is implemented. The MAWGs will include representation from key government agencies and industry. The MAWGs will have major responsibility for determining MA priorities and action plans, and coordinating the implementation of Program activities, in each country.

National Market Access Coordinators (NMACs) will be employed by the Program in each country, providing secretariat support to the MAWGs and maintaining an operational linkage between the PMO and the MAWGs.

PACIFIC HORTICULTURAL & AGRICULTURAL MARKET ACCESS PROGRAM

PROGRAM DESIGN DOCUMENT

1. BACKGROUND

Australia and NZ have supported a number of initiatives in recent years designed to enable PICTs to better meet Market Access (MA)[1] requirements and increase agricultural exports, including the Project on the Regional Management of Fruit Flies in the Pacific (RMFFP, 1990-2000); the Regional Trade Facilitation Program (RTFP, 2004-2009); and various activities designed to build the general capacity of biosecurity, quarantine, and related R&D services. The more targeted of these programs, particularly RMFFP and RTFP have enjoyed some success in increasing exports of a range of products, particularly fruit fly host products[2].

The need for continued assistance to develop MA for high-value primary products (non-commodity products) was recently argued in a paper published in the *Pacific Economic Bulletin*[3]. It was proposed that any new initiative should (i) follow a highly targeted approach, focussing on products that have best potential to maximize economic benefits for exporting countries; (ii) facilitate the development of MA submissions; (iii) facilitate the follow-up of MA submissions through importing country regulatory agencies; (iv) support the implementation of necessary MA requirements by exporting country government agencies; and (v) address not only access for new products but, of equal or perhaps even greater importance, improved access for products already able to be exported.

A preliminary design framework for a new Program – the Pacific Horticultural & Agricultural Market Access Program (PHAMA) was developed in early 2008. This was favourably peer-reviewed in May 2008; and a decision to proceed to final design made in June 2009.

A Mission[4] was mobilised in July 2009 to finalise the design framework and to conduct pre-startup workshops in target PICTs. These workshops, which involved key government and industry representatives with direct involvement/interest in progressing MA issues, were designed to obtain feedback on the scope of PHAMA; make a preliminary identification and prioritisation of market opportunities and related MA issues that could be initially addressed by the Program; and progress institutional arrangements for implementation of the Program in each country.

[1] For the purposes of this report *Market Access* encompasses the process of gaining, maintaining and improving access into specific markets for specific products, with emphasis on regulatory aspects.
[2] For example, under RMFFP access was gained for papaya, eggplant, breadfruit, mango, pineapple, plantain and two varieties of chilli from Fiji into NZ. No additional access was gained into Australia under RMFFP although papaya to Australia was a follow-on success.
[3] McGregor, A.M: The export of horticultural and high-value agricultural products from the Pacific Islands. Pacific Economic Bulletin. 2007.
[4] Richard Holloway, Team Leader/Design Specialist; Rob Duthie (MA Specialist); Ruth Frampton (Quarantine/Biosecurity Specialist); Sidney Suma/Warea Orapa (SPC, Land Resources Division); and Bruce Shepherd (Market Development Specialist/ITC). The Team visited and consulted with key government agencies and industry representative organisations in Australia, NZ, Fiji, Tonga, Vanuatu and the Solomon Islands between July-November 2009. Mission Terms of Reference are presented in Appendix 14 and the Mission Program/List of People Met in Appendix 13.

2. ANALYSIS AND STRATEGIC CONTEXT

2.1. Export Performance

2.1.1. Role of the agricultural sector in PICT economies

Common features of most PICT economies include:

- A significant proportion of the population (40-80% depending on country) is rural and depends on agriculture for basic food security.
- Agriculture and horticulture provide the major source of cash income for most rural households. This involves an increasingly diverse range of crops and enterprises.
- Agricultural GDP accounts for a sizeable share of total economic activity.
- Many countries have significant structural trade deficits due to a heavy reliance on industrial/manufactured imports.
- Agricultural exports remain relatively undeveloped and have had highly variable performance.

2.1.2. Agricultural export performance

Baseline data on exports of agricultural, marine and forest products from PICTs was collated and analysed as part of the lead-in to this design[1]. Summary analyses are presented in Appendix 1, from which the following general conclusions are drawn:

- By value, the most important market for agricultural products is the USA, followed by Japan, Australia and then NZ.
- Agricultural exports on average account for only 6.3% of total exports to these markets. This figure is considered low given the agricultural nature of PICT economies.
- As a proportion of total imports, NZ imports a much larger share of agricultural products than other trading partners (26% of total imports, by value), declining to just 2% for Australia[2].
- Stripping out the export trade in *commodity* products such as coffee, cocoa, oil palm and copra, exports of generally higher-value *non-commodity* agricultural and horticultural products account for just 2% of exports (representing 32% of total agricultural exports).
- Higher-value agricultural and horticultural export industries are concentrated in Fiji, Tonga, PNG and French Polynesia which together account for around 85% of all such exports (by value). The remaining seven PICTs for which data was analysed account for the remaining 15%.
- The trade in high-value agricultural and horticultural export industries is heavily concentrated on relatively few products. In decreasing order of importance: noni juice, spices (especially vanilla), root crops (especially taro), squash and copra meal account for 89% of all exports (by value). The 17 next most important export products account for the remaining 17%.

In summary, despite the fact that PICTs are primarily agricultural economies, export performance for primary products in general and high-value products in particular has been poor. In contrast,

[1] AusAID Environmental and Rural Development Thematic Group: Trade in Agricultural Products from the Pacific Islands: An Analysis of Performance Constraints and Opportunities. May 2007.

[2] Reflecting the influence of the substantial trade in minerals and petroleum products from PNG to Australia.

developing countries globally have benefited from a revolution in the trade in high-value primary products (including horticulture, livestock, fish, cut flowers and organic products) over the past 20-30 years. Exports of this nature now make up 66% of all developing country agricultural exports, or almost twice that for PICTs. For many developing countries, the export of high-value primary products has become an important means of increasing economic growth, incomes, and employment; and reducing poverty.

For PICTs, however, new MA agreements, especially to markets such as Australia and NZ, have been few and hard won, and trade in some products has stagnated and in some cases actually declined due to the imposition of more onerous MA protocols for products that were historically traded with relative ease. Where MA has been gained for particular products, trade has often failed to develop, possibly reflecting inadequate initial consideration of export potential. This performance is particularly disappointing considering: (i) these are agriculture-based economies, often with very limited alternative development opportunities; (ii) the comparative advantage often identified for the region in the production and export of a wide range of agricultural and horticultural products; (iii) the close proximity of some reasonably affluent markets; and (iv) the commonly acknowledged role of economic growth and trade as a mechanism for promoting regional stability.

2.1.3. Export potential for high-value primary products

The main factors that determine an island country's ability to successfully develop exports of high-value primary products include: (i) suitable agronomic conditions to produce products for identified markets; (ii) ready access to an international airport or seaport and availability of air and sea freight capacity to target markets at competitive freight rates; (iii) private sector marketing capability; (iv) quarantine pest status and management (especially relevant for fresh products); and (v) ability to negotiate MA and resolve MA issues including sanitary and phytosanitary (SPS) issues (for fresh products) and Food Safety (FS) issues (for processed products, as well as fresh fruits and vegetables in the form of Maximum Residue Levels (MRLs)). Based on these criteria, Fiji is assessed to have reasonably strong potential for increasing exports; Vanuatu, Samoa, Tonga, PNG and the Cook Islands medium potential; and the Solomon Islands, Kiribati and other atoll countries and territories relatively low potential[1].

NZ, Australia, the west coast of the United States, Canada, Japan and the EU are all important and growing potential markets for high-value primary production exports from PICTs. Some of these markets offer seasonal windows for a range of fresh fruit and vegetable products. Some also have large and increasing Pacific Island and Asian populations that provide a ready-made market for a range of traditional Pacific Island products. Fiji and the Polynesian countries are well placed to take advantage of these opportunities. In contrast, western Melanesian countries have lower competitive advantage in fresh horticultural exports due to poorly developed and difficult supply chains, air and seafreight constraints, unfavourable fruit fly status, and lack of their own peoples living in target markets. They do however, have good potential for the production of various nut and spice products which are generally higher value, less perishable, easier to transport, and easier to obtain MA for. Current MA arrangements for high-value agricultural and horticultural products into various markets are listed in Appendix 2, together with a preliminary assessment of possible opportunities for new access for new products, or improved access for products that are already being traded. Against this potential, however, note that competition from a number of Asian countries – especially China, Vietnam, Thailand and the Philippines – is rapidly increasing.

[1] McGregor, A.M: *ibid.*

Regional trade in primary products between PICTs is not well established and often problematic. While a number of regional trade agreements/arrangements such as PICTA and MSG are already in place, many PICTs are net importers of products from outside the region that in many cases could be supplied at lower cost from neighbouring PICTs. For example, various PICT industry groups have indicated potential for increased intra-Pacific trade in products such as tomatoes, onions, taro, watermelon and potatoes. In many situations regional political differences rather than differences in pest and disease status appear to be the main impediment to trade.

The general lack of formal market access for high-value primary products into key markets, the time taken to make the small gains achieved to date, and an inability to respond rapidly to changing MA requirements for existing trade have seriously constrained the development of export industries and contributed to a high level of frustration with current MA mechanisms.

2.2. Institutions Involved in Gaining and Maintaining Market Access

The process of gaining, maintaining and improving MA involves technical, organisational and political input by key public and private sector institutions at both national and regional levels. The level of involvement of any institution is dependent on the specific MA issue being addressed, the mandated role of the institution and the capacity of the institution to deliver the required input/s. The key institutions involved are summarised below and further described in Appendix 3.

2.2.1. Importing country agencies with market access responsibilities

Australia and NZ. In Australia, Biosecurity Services Group (BSG), within the Department of Agriculture Fisheries and Forestry (DAFF), is responsible for consideration of international MA requests and determination of final import policy in relation to quarantine and biosecurity issues. Once a MA request is approved and import policy recommended by BSG, the Australian Quarantine Inspection Service (AQIS, also part of DAFF) is responsible for implementing operational aspects of the policy.

In NZ, MAF Biosecurity New Zealand (MAFBNZ) is responsible for consideration of international MA requests and determination of final import policy in relation to quarantine and biosecurity issues; and the MAFBNZ Clearance Service (formerly known as the MAF Quarantine Service) is responsible for checking compliance with import requirements.

In addition to the biosecurity/quarantine standards that may apply to imported products, food safety-related standards also apply to imported food and beverage items of animal or plant origin. Food Standards Australia and NZ (FSANZ) develops food standards (primarily composition and labelling) for food sold in Australia and NZ. The 'product' from this arrangement is a joint Australia and NZ Food Standards Code. International food standards, set by the Codex Alimentarius Commission and commonly referred to as the Codex standards, usually provide the basis for specifying the requirements for food and beverage items imported into Australia and NZ.

Other importing countries. The institutional set-up governing MA into countries other than Australia and NZ is broadly similar to that outlined above. There is a clear perception among PICTs of the relative ease of dealing with the regulatory agencies of various countries. Japan is considered the easiest country to deal with in a regulatory sense, followed by the US, NZ and then Australia respectively. This ranking may be attributed, in part, to the quarantine status of the

respective countries. However, in many instances an unwillingness or inability to engage or communicate to resolve MA issues is cited.

2.2.2. PICT government agencies with market access responsibilities

MA responsibilities within PICTs generally sit within the Quarantine Departments of the Ministries of Agriculture. The names of these institutions vary between PICTs. They have a range of common roles including prioritisation of MA requests, development of MA submissions, bilateral negotiation of MA agreements, and implementation of stipulated export protocols. The Quarantine Departments and national R&D providers fill an important role in the development of pest lists and various other R&D activities required to gain, maintain or improve MA. The capacity of the PICT Quarantine Departments to manage MA issues for primary production exports is generally low.

2.2.3. Industry associations and community groups

Formal representation of industry interests through industry associations and community groups is a critical element of industry development. An important function of these organisations is to provide an interface between producers and government in relation to driving the MA process, including identification of MA priorities; implementation of requirements to maintain MA in line with agreed access protocols; and development and implementation of industry/product standards. A range of representative organisations and community groups exists in target PICTs, but composition, function and effectiveness is highly variable. Most comprise a grouping of key agricultural growers and/or exporters; but many are poorly organised, have relatively limited capacity, and demonstrate a weak relationship with government.

In some instances associations – and even individual growers or exporters – have attempted to bypass the relevant government agency responsible for MA issues and deal directly with importing country regulatory authorities. There is an increasing reluctance on the part of importing country agencies to deal in any way other than government-to-government, and in the long run the approach will prove counterproductive. This reinforces the need for industry to be formally organised and to develop an effective working relationship with relevant PICT government agencies.

2.2.4. Secretariat of the Pacific Community[1]

Negotiating MA is a sovereign responsibility that lies with PICT governments. Other aspects related to obtaining, maintaining and improving MA (such as implementation of agreed MA protocols, R&D, training, development of pest lists and animal and plant health status-related databases, and extension) are provided in varying degrees by national government agencies and by the Land Resources Division (LRD) of the Secretariat of the Pacific Community (SPC), which has an important mandate to help increase trade by building trade capacity and strengthening PICT biosecurity services in the region. In effect, the regional mandate of SPC recognises that technical capacity supplementation is a necessity for many PICTs. The smaller PICTs in particular lack the capacity to address biosecurity issues and manage MA issues on their own, and are therefore likely to remain dependent on SPC's assistance, or support from other 'third party' service providers, in the longer term.

[1] The role and function of SPC in relation to providing regional biosecurity and quarantine services is further detailed in Appendix 6.

Regional biosecurity and trade facilitation services are delivered by SPC mainly through the Biosecurity and Trade Facilitation Group (BAT) of LRD. BAT aims to: (i) facilitate trade and tourism while minimising the threat to biological diversity, agricultural production, food security and public health from exotic pests and diseases; (ii) serve as secretariat to the Pacific Plant Protection Organisation (PPPO); (iii) strengthen national capacity to undertake economic and financial analyses of opportunities for increased domestic and export trade; (iv) develop and promote sustainable and efficient post-harvest technologies; (v) improve administrative frameworks for effective delivery of biosecurity services; (vi) develop emergency response and contingency plans for pest incursions and outbreaks; and (vii) conduct surveillance and monitoring of quarantine pests including fruit flies.

Other more science-oriented thematic groups of LRD also play an important role in relation to delivery of SPC's regional biosecurity and trade facilitation services. In particular, the specialist plant protection scientists and veterinarians of the Plant Health and Animal Health and Production Groups assist PICTs by undertaking surveys of plant pests and animal diseases; updating and managing pest and disease lists; maintaining information databases such as the Pacific Pest List Database; sourcing or producing and distributing publications and other information resources on plant and animal health status; and supporting and building the surveillance and diagnostic capacity of national biosecurity (quarantine, plant and animal health) personnel.

2.2.5. Other regional organisations

Pacific Plant Protection Organisation (PPPO). The PPPO is one of the Regional Plant Protection Organisations established under the International Plant Protection Convention. All Members of the Pacific Community (27 in total, including 22 PICTs and the 5 founding members) are Members of the PPPO, which exists to provide advice on phytosanitary measures in order to facilitate trade without jeopardizing the plant health status of the importing Members and countries. It is responsible for co-ordinating harmonization of phytosanitary measures in the Region; fostering co-operation in plant protection and other phytosanitary matters among and between Members and countries and organisations outside the Pacific region; and acting for Members in developing contacts with, and where appropriate providing input into, other global and regional organisations that have authority in such matters. The LRD of SPC is designated to be the PPPO's Secretariat and run the day-to-day affairs of the organisation. As such, LRD is required to pay particular attention to ensuring that the views and concerns of Pacific members are adequately taken into account in the development and implementation of global phytosanitary measures.

Pacific Islands Forum. The Suva-based Pacific Islands Forum (PIF) is recognised as the premier regional policy-making body of the self-governing states in the Pacific. It comprises the heads of government of member states who meet annually to develop collective responses to regional matters, including economic development and trade. The Forum's administrative arm is known as the Forum Secretariat (PIFS).

Pacific Islands Trade and Investment Commission (PITIC). PITIC is the international agency of the PIFS. It has four overseas offices (in Australia, NZ, China and Japan)[1], funded by the respective countries in which they are located. It aims to contribute to sustainable economic advancement of PIF countries by supporting private sector development in the region. PITIC

[1] Variously labelled PITIC (Sydney and Auckland); Pacific Information Centre (Tokyo); and PIFTO (Beijing). In the future it is possible that the PITIC network will be expanded to also include India, Taiwan, and Europe.

works closely with a network of government, peak industry bodies and non-government agencies to deliver a range of practical trade, export, tourism and investment support services, similar in many ways to those that might be provided by a Trade Commission.

Pacific Islands Private Sector Organisation (PIPSO). PIPSO, established in 2006 under PIFS, aims to facilitate policy dialogue (including trade dialogue) within the private sector at a regional level. PIPSO members include peak National Private Sector Organisations (NPSOs) for each of the 14 Forum island countries (usually the National Chambers of Commerce). To date, primary production has been poorly represented within these higher-level fora. The efforts of PHAMA will directly improve the articulation of primary production MA issues, which should provide an important input to the ongoing trade dialogue efforts of the NPSOs and PIPSO.

2.3. Summary of Key Constraints

Negotiating new or improved MA and ensuring the effective implementation of agreed MA protocols are mandatory responsibilities of government. Progress in negotiating new or improved access has been slow, resulting in a high level of frustration within industry and wasted export opportunities. Key constraints, further elaborated below, include: (i) poor identification of MA priorities; (ii) limited ability of export country regulatory agencies to prepare and progress high-quality MA submissions; (iii) limited capacity of exporting countries to implement SPS measures required to comply with MA agreements; and (iv) limited capacity to identify and conduct R&D required to establish, improve or maintain MA; (v) lack of industry consultation and involvement in MA work; and (vi) limited capacity of SPC to support MA development activities. There is a strong case for strategically positioned donor support to address these critical constraints.

Prioritisation of MA submissions. Australian and NZ regulatory authorities have indicated that MA requests from PICTs are generally poorly prioritised and communicated. The highly limited resources available within both exporting and importing country regulatory agencies are often squandered on submissions that are unlikely to be successful or even if successful unlikely to result in significant economic benefits; priorities are sometimes changed once the importing country has commenced work on the access request; and conflicting priorities are often communicated by different groups. The amount of time taken for a MA request to be placed in the work program and then finally approved (commonly 2-5 years) emphasises the importance of clear prioritisation by PICTs to ensure that available resources are focussed on the most important MA requests.

Poorly specified, poorly communicated and shifting priorities result in considerable delays in processing MA requests. Importing countries devote limited resources to PICT MA issues and if priorities change before completion of the import risk analysis process, much of the resource input is wasted. Furthermore, an immediate start on the new priority is not guaranteed.

In some instances access may have been approved but because priorities have changed within the PICT (for various reasons), or the MA request was poorly considered in terms of market potential in the first place, trade does not occur or occurs infrequently.

A robust and transparent prioritisation process involving the public and private sectors, and clear and consistent communication of priorities, would greatly improve the efficiency of the overall process. This requires the establishment of effective consultative mechanisms between government and industry.

PICT capacity to develop and progress submissions. Ability of PICTs to develop and progress MA submissions is severely constrained by lack of appropriately skilled staff able to interpret and apply the relevant international SPS standards and prepare MA submissions; limited ability to access or generate relevant technical data (e.g. pests lists and supporting R&D where required); and lack of operating budget for MA activities. As a result, submissions are often poorly prepared and incomplete in terms of required supporting information such as pest lists. Incomplete MA submissions can result in considerable delays as importing countries seek additional information and clarification before risk analysis work commences. Applicants are often very slow to respond with the additional information requested. In some instances PICTs do not have sufficient information or resources to confirm or deny pest list issues, although this situation is slowly improving in response to national and regional initiatives to conduct surveys and develop pest lists and associated databases. Under the new regulated IRA process in BSG it is unlikely that an IRA will commence until BSG considers they have *all* of the relevant information to complete the IRA within the prescribed 24 to 30 month period.

The situation is compounded by constraints with communication and coordination mechanisms within PICTs. PICT governments commonly acknowledge the importance of agricultural exports and improved MA, but an organised approach to managing MA efforts, with appropriate budgetary support, is not evident. Coordination mechanisms within the various operating units of the Ministries of Agriculture can be improved.

Management by PICTs of the bilateral process tends to be passive rather than active. There is generally very little follow-up on the progress of MA requests. Bilateral discussions to progress MA issues with prospective trading partners are infrequent (or non-existent) and for some PICTs bilateral discussions at the plant quarantine level are not happening. There are few agreed or predetermined schedules or timelines for negotiations to take place. Progression of MA requests is often based more on the goodwill of the potential trading partner, rather than PICTs seeking to establish an assertive and constructive bilateral dialogue to ensure MA requests are considered in a timely manner. It is often assumed by PICT government agencies and industry that their MA requests are being actively progressed but this is usually not the case. The inability or unwillingness of PICT governments to lobby strongly for timely consideration of their MA requests appears to be a major contributing factor to the poor representation of PICT requests in the work programs of importing country regulatory agencies. PICTs also tend to be poorly resourced to participate in the MA negotiation process.

AusAID funded a Market Access Coordinator position within BSG during 2007, designed to facilitate consideration of PICT MA issues. While there were relatively few MA gains over the period, PICTs report that the position resulted in improved communication and coordination with BSG on MA and maintenance issues. Re-establishing this dedicated position would be highly desirable, both in relation to progressing formal MA requests as well as improving existing protocols outside of the formal IRA work program.

There is considerable industry dissatisfaction with government agencies responsible for managing bilateral MA issues. A lack of communication between industry and government on MA issues, a perception that PICT Ministries are not vigorously pursuing MA issues at the bilateral level and a lack of competent staff and facilities to provide a solid MA foundation are all areas of common concern for industry.

Many of the smaller PICTs will always lack the skills and capacity to progress MA arrangements on their own, and are therefore likely to remain dependent on external facilitation in the longer

term. The ability of SPC to provide support in this area is weak; while linkages with possible 'third party' service providers are not developed.

MA approval process. Australia's Import Risk Analysis (IRA) process and NZ's Import Health Standard (IHS) process are detailed, lengthy, and slow. Previously completed IRAs, for example, have taken 2-5 years to complete. Some IRAs are still underway 5+ years after initiation. There is limited ability (or willingness) to give priority consideration to requests from PICTs; although this may be slowly changing (at least for Australia and NZ) in line with increasing recognition of the central role of trade in promoting regional economic growth and stability. The time taken to complete IRAs and IHSs and implement import policy is dependent upon the resources available within the importing country regulatory agency (always constrained); technical and political complexity of the access request; quality of the information presented in the MA submission; and the degree to which the process is actively managed by the requesting authority. The lengthy nature of the MA approval process underscores the need for clear identification of top priorities; high quality submissions; and active management by exporting countries of the submission process. Mechanisms for proponent-based funding of MA requests have been considered in recent years as a possible means of overcoming budget constraints within import country regulatory agencies, but have yet to be satisfactorily operationalised.

PICT capacity to implement export protocols. Once MA has been gained, PICT government agencies carry the major responsibility for implementation of operational procedures required to meet export protocols. 'Best practice' codes for export producers, inspection procedures, and treatment facilities and other infrastructure to ensure the supply of quality product that has minimum risk of failing to meet required export protocols are often not well developed. The capacity of PICT government agencies to deliver these services varies considerably between PICTs but tends to be constrained by a lack of budget and adequately skilled staff. PICTs receive some training support in this area from SPC (and also through several bilateral programs) but further development is essential if MA is to be maintained. Capacity to manage biosecurity operations (monitoring and surveillance for invasive species, and incursion responses) – an important element of maintaining existing trade – also tends to be weak.

Many agricultural products require some form of quarantine treatment prior to or during export. In the case of PICTs the commodities requiring treatment are usually fruit fly host commodities and the treatments consist of either fumigation with methyl bromide or heat treatment using a high temperature forced air (HTFA) facility. HTFA facilities exist in Fiji, Samoa, Tonga, Vanuatu, and the Cook Islands. Heat treatment protocols exist for several exporting countries and several fruit fly host products into NZ (e.g. papaya, breadfruit, eggplant, mango, *Citrus* species); but only for Fijian papaya into Australia. Currently, only the Fiji HTFA plant is operating successfully[1] allowing the export of fruit fly host products to Australia and NZ on a commercial basis. This facility is owned and operated by the private sector[2] and provides a good example of what can be achieved with competent management. Several common concerns were raised by industry regarding the limited use of the HTFA facilities in PICTs other than Fiji. Government ownership of the facilities and the associated lack of commercial skills required to run and maintain such facilities, high treatment costs and limited treatment capacity are all commonly cited issues. Some PICT government agencies also cite a poor and inconsistent supply of product for treatment as the major limiting factor. Whatever the specific reasons for the limited use of these facilities, they are already in place, MA already exists for some fruit fly host commodities,

[1] The Tonga plant has recently been upgraded and expanded, and is about to recommence operations after a long period of dis-use.
[2] Natures Way Cooperative.

and the highly successful Fiji model indicates that some trade should be possible given the right commercial settings.

Fumigation with methyl bromide is another important treatment for some PICT exports[1]. Permanent fumigation facilities are either non-operational (with fumigation occurring under tarpaulins or in-container) or limited in operational capacity. The status of accreditation of fumigation facilities and service providers with importing countries is unclear. Good approved facilities and competent staff are essential requirements for MA for some agricultural products and to ensure the risk of introduction of exotic pests and diseases is minimised.

The ability to store and process agricultural products in a pest and contaminant-free environment prior to and during the inspection/export certification process is another crucial requirement. The condition of related facilities varies from country to country but generally infrastructure is poor[2]. Under these conditions post-harvest contamination by hitchhiking pests and other contaminants is a strong possibility, leading to non-compliance issues at the import destination. Non-compliance may result in additional treatment, reshipment or destruction of the consignment.

MA-related R&D. A prioritised and co-ordinated R&D strategy is an essential part of obtaining, maintaining and improving MA. The RMFFP is a good example of co-ordinated R&D that provided tangible MA gains during the life of the program. At present there is little in the way of systematic identification of export market opportunities (and issues) based on sound economic and market analysis; while technical R&D efforts to determine pest distributions, provide new treatment options for pests of various products, and promote sound agronomic practice to ensure quality product, tend to be uncoordinated and weak. This is due to poorly specified needs and lack of strategic R&D planning at national level; limited capacity and funding of national R&D organisations; limited efforts to identify and address regional R&D priorities in a systematic and coordinated manner; and limited linkage with international and regional R&D organisations that may be able to provide input to national R&D efforts.

In smaller and less developed PICTs such as the Solomon Islands, a general lack of commercial export experience poses a serious constraint to the development of exports of higher-value agricultural and horticultural products. This is reflected in the limited ability of exporters/ potential exporters to identify export opportunities, conduct export feasibility studies, and navigate through the regulatory and procedural requirements associated with developing new export activity in new markets.

Lack of industry consultation and involvement in MA work. The involvement of industry as a driver for gaining, maintaining and improving MA is essential to ensure markets gained are commercially viable and to ensure continued improvement, where possible, of existing markets. Coordination and communication between industry and exporting country government agencies, with respect to MA issues (prioritisation of requests, reviews of current trade and any emerging issues) is limited. Industry and exporter associations exist within some PICTs but there are currently few active organisations due at least in part to poor export market conditions. These groups, where they exist, could play an important role in facilitating private sector and government dialogue in relation to improving MA. There is a generally opportunity for greater

[1] Also important for imports of various products to reduce the risk of introduction of exotic pests or diseases that may threaten agricultural industries or the environment.

[2] Some improvement has been made at some ports following more stringent container handling requirements following 9/11, and also as a result of assistance provided under various bilateral programs, but many ports still lack sanitary container loading, storage and washdown facilities.

understanding within relevant PICT Ministries with MA responsibilities of the crucial role the private sector must play in the process.

Availability of information on MA requirements. Access to regulatory information on operational procedures/requirements, SPS requirements, and food safety requirements are generally poor. While this information is sometimes available on the internet, the ability of exporters (and others) to access and navigate relevant sites is often limited. SPC fills a valuable role as an intermediary in this process, but the scope of the service needs to be expanded both in terms of range of information provided and means of delivery.

SPC role and performance. SPC-LRD has a core mandate to help increase trade by building trade capacity and strengthening PICT biosecurity services in the region. Performance in this area is adversely affected by a number of constraints, including:

- Core biosecurity and trade facilitation services are generally under-funded and under-staffed. At present staffing levels, SPC is below critical mass to honour its commitments to current programs (e.g. PACREIP, PACER-RTFP and WTO-STDF) let alone deliver the full set of quarantine and biosecurity-related outputs required as part of its regional mandate.
- Compounding the under-funding issue, present funding mechanisms, which rely heavily on short-term project funding, adversely affect the quality and sustainability of services provided. As a result, activities tend to be disjointed, and lack cohesion and strategic direction. It is difficult for staff to develop and maintain a long-term focus on priority tasks; and many activities under-perform in relation to design expectations due to cross-subsidisation between larger activities (which may have funded TA) and smaller activities (which usually do not). These problems are a direct consequence of the funding mechanisms employed and occur despite the dedication and best intentions of the staff involved. The provision of medium-term 'core funding' (e.g., through PHAMA) for relevant and clearly defined MA-related services would potentially improve the quality and sustainability of services provided.
- SPC generally lacks the practical expertise required to work on a day-to-day basis with national agencies to gain new export markets or improve existing export conditions; or to tackle major biosecurity issues in the region.
- Although LRD is designated to be the PPPO's Secretariat, no funding has been made available to run the day-to-day affairs of the organisation and ensure that the views and concerns of the 27 Members are adequately taken into account in the development and implementation of global phytosanitary measures. In the absence of such funding, engagement of PICTs in international standard setting processes and their ability to trade in accordance with international standards is compromised.
- SPC's lack of funding and personnel to maintain surveillance programmes across the region (such as the fruit fly surveillance systems established during the RMFFP and/or invasive ant surveillance established more recently as part of the Pacific Ant Prevention Programme) could ultimately undermine the ability of PICTs to maintain export markets. *Maintaining* the integrity of these programs should not be funded on an *ad hoc* basis – it should be regarded as a core activity under secure long-term arrangements.

Capacity of trade support/trade promotion institutions. Few PICTs have national trade support or Trade Promotion Organisations (TPOs). Where such organisations exist they are generally weak and struggle to engage with the private sector in any meaningful or sustainable way. While PHAMA is not designed to directly address this constraint, it needs to be recognised

as a key constraint around which the Program will need to work. Organisations such as the International Trade Centre could also provide services to address this constraint.

The PITIC offices are designed, at least in part, to help fill this gap, but utilisation of this resource by primary sector export industries is generally uncoordinated and lacks strategic focus. PHAMA could help to provide this additional focus based on the clear identification of priorities assessed to have greatest merit, linked with a formal program of activities to gain, improve and maintain access for these priorities.

2.4. Relevant Past or Current Initiatives and Lessons Learned

2.4.1. Summary of relevant donor programs

Relevant donor programs and possible linkages with PHAMA are summarised in Appendix 4. These Programs and linkages can be categorised as follows:

- Programs such as PARDI, FACT I and FACT II, the ACP Agricultural Commodities Program, and the Private Sector Support Facility (Samoa), which target the development of selected value chains and enterprises. PHAMA provides a practical mechanism for addressing export MA issues constraining the development of the value chains targeted by these programs, subject to approval by the national Market Access Working Groups that will be established under PHAMA to prioritise each countries MA work program.
- Programs such as PACER-RTFP, PACREIP, and IMPEXTEK, which have been directly involved in building SPC's (and in particular BAT) capacity to provide biosecurity and quarantine services on a regional basis. PHAMA is designed to provide a vehicle for this capacity to be maintained over the longer term, given the imminent cessation of a number of these programs. Upcoming programs such as PRAfTAP and FACT II are also likely to provide some continued support for BAT in this area, although the extent and nature of this support is yet to be finalised. Activities funded under PHAMA will be carefully tailored to complement any on-going support from these programs.
- Past and current programs such as PACER-RTFP, Samoa Quarantine Improvement Project and Vanuatu Agricultural Security project, which have been directly involved in building the operational capacity of national quarantine agencies. PHAMA will benefit from and build on the capacity developed under these Programs.
- Export-related infrastructural investment projects, such as the planned utilisation of unexpended STABEX funds in Tonga. PHAMA will directly benefit from these investments. Any infrastructural investments by PHAMA (e.g. in SPS treatment, sanitary handling and diagnostic facilities) will be designed to complement and build on these prior investments.

2.4.2. Key lessons learned

Market access efforts need to be well planned and actively managed. Internationally, countries that are most successful in improving access to export markets are those where government and industry cooperate to establish clear MA priorities; develop MA workplans with clear objectives; mobilise resources to implement the workplan; and actively manage the implementation process.

Industry groups must be actively included in market access initiatives. Industry must be involved as a key driver if sustainable MA gains are to be made. In general PICT governments (and previous MA-development programs) have not adequately engaged with industry to help

determine MA priorities, to ensure export protocols are commercially viable and to generally help drive the MA process. Engagement with industry should be systematic, structured and organised.

Targeted capacity building is preferable to more generic approaches. Previous development assistance has often had a generic focus on the development of quarantine and biosecurity capacity of PICTs as a means of improving MA, as opposed to a focus on specific products and targeted outcomes. The underlying assumption has been that the development of appropriate skill sets will automatically lead to MA gains. For various reasons this approach has not been successful. RMFFP was a notable departure from this generic approach. Fruit fly host commodities were identified, disinfestation protocols were developed for some of these commodities and funding for the development of HTFA fruit fly disinfestation facilities was provided. This targeted strategy resulted in some significant MA gains for PICTs.

External facilitation will remain necessary for smaller PICTs. Previous attempts to develop specialised technical capacity for smaller PICTs, in various areas, have often not been sustained. While negotiation of improved MA is and will always be a sovereign responsibility, many smaller PICTs will, realistically, remain dependent on external facilitation for preparing and progressing MA submissions in the longer term. Strengthened capacity of and linkage with SPC and other external service providers, under fee-for-service arrangements where appropriate, are possible support mechanisms.

Regional support services lack sustainability. SPC has an important role to play in providing higher-level MA support services; but requires a major shift in *modus operandi* for these services to be provided effectively, efficiently, and sustainably. In particular, longer-term funding mechanisms need to be developed, including fee-for-service arrangements[1], and core technical capacity needs to be broadened in key areas. Previous *ad-hoc* funding arrangements and capacity building efforts have generally not worked well.

Treatment/handling facilities must operate on a commercial basis. Quarantine treatment is an essential requirement for some export products. Associated facilities, such as HTFA plants and methyl bromide fumigation chambers, are expensive to establish and maintain and in most cases require operational certification by importing countries. Government involvement in the initial development and operation of these facilities is important. However, commercial involvement in the ongoing operation, business planning and maintenance of facilities is generally a key part of achieving long-term operational sustainability. The successful operation of the HTFA facility in Fiji, as compared to other HTFA facilities in the Pacific, is largely due to ownership by an industry cooperative with a strong market orientation. This situation is in contrast to other under-utilised or non-operational HTFA facilities owned and operated by government.

Commercial exporter capacity may need to be nurtured in some situations. In economies where private sector capacity is particularly weak, significant gains can be made over relatively short periods of time through targeted assistance to emerging businesses. In the context of PHAMA, there may be merit in providing limited technical and logistical support to new exporters as they develop the requisite skills, experience and confidence to enter new markets under new MA arrangements.

Market access initiatives must be longer term and systematic. The development of appropriate MA skills, processes and infrastructure at national-level is a complex and time-consuming

[1] Although, to be successful, fee-for-service would need to be based on the provision of high quality and reliable services perceived by clients as being 'value-for-money'.

process. Previous aid initiatives have tended to focus on trying to develop various components that collectively contribute to MA over relatively short timeframes. A more coordinated and sustained systems approach is required.

2.5. Alignment with Recipient Government and Australian Policy

Trade agreements. There are a number of trade agreements either already in place or under development that are designed to facilitate trade between countries in the Pacific Region, including SPARTECA, PICTA, MSG, PACER and PACER Plus. These higher-level agreements provide a generally sound enabling environment for the development of increased trade including in agricultural products. PHAMA, while remaining operationally separate from any of these trade agreements, is designed to help PICTs take advantage of emerging opportunities for exports of high value primary products under these regional frameworks, on a product-by-product basis.

National agricultural export strategies. In line with the major contribution of agriculture to total GDP, employment, food security and livelihoods, government policy in most PICTs places strong emphasis on increasing agricultural production. In some PICTs, these policies have been further extended into clearly defined agricultural export promotion strategies. The core thrust of PHAMA – increased exports of high-value primary products – is a generally good fit with these national policies and programs.

Diagnostic Trade Integration Studies have recently been completed for a number of target PICTs, funded by the World Bank. These studies evaluate external and internal constraints on a country's integration into the world economy, and recommend areas where TA and policy actions can help the country overcome these barriers. PHAMA provides a vehicle for directly addressing specific constraints identified under these studies in relation to trade in high-value primary products.

GOA Policy. The Program is strongly in line with current Australian Development Assistance policies and strategies[1] which stress that generating shared and sustainable economic growth is the single most important objective for the Asia-Pacific Region. Major emphasis is placed on the central role of economic growth in reducing poverty. Key means identified for achieving this, directly related to the design of PHAMA, include improving the policy environment for private sector growth; promoting trade through assistance for trade policy, trade analysis and trade facilitation (the 'Aid-for-Trade' agenda); and supporting the drivers of growth through investment in infrastructure, building skilled workforces and strengthening support for private sector-led rural and business development.

The Program also provides a practical mechanism for helping PICTs increase regional trade and economic integration in the broader context of the upcoming PACER Plus, which is strongly supported by Australia[2]

3. RATIONALE FOR AUSAID INVOLVEMENT

The rationale for AusAID involvement includes:

[1] As set out in the April 2006 White Paper 'Australian Aid: Promoting Growth and Stability'

[2] Refer to Joint Media Release by Hon Simon Crean (Australian Minister for Trade) and Hon Bob McMullan (Parliamentary Secretary for IDA); 18 June 2009; also 'Australia's Aid-for-Trade', Hon Simon Crean, Asia Wall Street Journal, 28 Oct 2008.

- The Program is an excellent fit with the current policy settings of GOA/AusAID and target PICTs.
- As a major trading partner and close neighbour, Australia has a vested interest in helping to balance trade flows with target PICTs.
- It also has a vested interest in helping improve the SPS status of agricultural exports from PICTs in order to help maintain Australia's biosecurity.
- Based on historical trade patterns, Australia has a sound knowledge of PICT quarantine and biosecurity agencies, their capacities and constraints. This provides a solid foundation, particularly in terms of institutional relationships, for implementation of the Program. Australia has also previously been involved, through various projects, in building the capacity of these agencies. PHAMA provides the opportunity to consolidate and further refine/focus these efforts.
- PHAMA provides a practical and clearly identified mechanism of support for PICTs to develop trade under regional agreements such as PACER Plus, which are actively supported by Australia.
- There is a demonstrated high level of need, evidenced by a substantial failure to gain improved access to key markets for key products in recent years.
- There is reasonable potential to gain or improve MA for various products for all PICTs considered.
- There is sufficient baseline institutional capacity in target PICTs, at industry, national government and regional levels, for the Program to be successfully implemented. Further building this capacity will be an important focus of the Program.
- There is strong support for the Program from all PICT government agencies and industry representative organisations consulted.

4. PROGRAM DESCRIPTION

4.1. Principles Underpinning Approach and Methodology

Focus on highest priority issues. The Program will follow a structured, strategic approach to addressing regulatory aspects of MA for highest priority products and issues. It will focus on high-value primary products (plant and animal, fresh and processed), particularly agricultural and horticultural but also fish and forest products where warranted. Products and issues will be selected following a clearly defined prioritisation process. Depending on the particular product and issue, the Program will work on developing new access, improving existing access (e.g. through acceptance of less onerous quarantine requirements), or maintaining access by developing capacity to meet SPS protocols. It will also provide a vehicle for addressing emerging and immediate issues relating to existing trade. Emphasis will be placed on improving MA in line with existing international codes and standards, as well as development of bilateral arrangements. Emphasis will also be placed on achieving early 'wins'. Semi-processed products, and accelerating the progress of MA submissions that are already in train, will be particularly important in this regard. While the major focus will inevitably be on the Australian and NZ markets, access into other markets (e.g. Japan, EU, USA, Canada and intra-PICT trade) will also be actively pursued.

Private sector involvement. The Program is based on developing a strong and functional partnership between government and industry in the pursuit of improved MA arrangements. Government involvement is mandatory given that MA issues must ultimately be negotiated between relevant exporting and importing country government agencies. However, the private

sector should drive the identification of products to be targeted; it should be fully consulted during the development of MA submissions and agreements; it will need to play a major role in determining R&D priorities; and it will be an important partner in the implementation of MA protocols. To achieve this partnership, the Program will work through a Market Access Working Group (MAWG) in each country[1], which will involve both government and industry representatives. The MAWGs will play a central role in determining the MA issues to be addressed by PHAMA, and in coordinating efforts to address these issues.

Targeting. The Program deliberately adopts a highly market-driven approach in determining the particular MA issues that will be addressed, guided largely by exporters and producer groups represented on the MAWG, responding to real market conditions and perceived commercial opportunities. Potential activities will be selected by the MAWG applying criteria designed to assess (i) potential economic impact; (ii) cost and difficulty of addressing the particular MA issue and probability of achieving a successful outcome; and finally (iii) potential distributional impacts for more marginalised households and women. While distributional impacts are not intended to govern the selection process, a particular activity that is able to demonstrate benefits for poorer households and/or women would be selected over one that is not, all other factors being equal[2].

Key areas of support. PHAMA is designed to facilitate technical/regulatory aspects of market access through (i) rigorous identification of top priority MA opportunities and issues; (ii) development of high quality MA submissions and active management of the MA submission process; (iii) implementation of biosecurity and quarantine measures required to maintain MA; (iv) conduct of R&D required to obtain, improve and maintain MA; and (v) strengthening higher-level, generic MA services provided through SPC. It is *not* intended to address more general production/supply chain constraints. It will, however, directly support activities designed to ensure that *quality* of supply is improved in relation to product-specific export protocols, thus underpinning the maintenance of MA. Examples of measures that could be supported in this area include development of industry-regulated product standards, and development and extension of operational procedures required to meet export protocols and product standards.

Capacity building. Developing the capacity of regional and national organisations to support MA-development activities is a core thrust of the Program. Under PHAMA a 2-pronged approach to capacity building is proposed. The first focuses on building SPC's capacity to support PICTs in their MA endeavours, in line with its regional mandate. The second works directly with national government agencies and the MAWGs to develop capacity to identify and address MA issues.

The mix of services provided by SPC to a particular country – and the corresponding need for capacity development at regional *c.f.* national levels – depends on the size and technical resources of the particular country in question. For larger and better-resourced PICTs, services provided by SPC will be limited mainly to higher-level, more generic areas of support such as provision of information services, linkage with international MA fora, and support for regional pest surveillance activities. For smaller PICTs that are likely to remain dependent on external facilitation in the longer-term, services provided will also include direct involvement by SPC in more detailed technical MA submission work. PHAMA aims to increase SPC's technical capacity in both these areas. Through its 8-year commitment of support it will also provide increased

[1] Where appropriate the MAWGs will build on existing structures/institutions.

[2] Note though that poorer households are usually oriented more towards subsistence production, with any surplus being sold in domestic markets. Farmers engaged in commercial export production, which generally has higher technical and capital requirements, tend to be larger-scale and less-poor.

certainty of funding to SPC, which is expected to considerably improve the quality of services able to be provided.

Recognising the shortcomings of previous generic capacity building endeavours at national level, the Program deliberately adopts a strategy of 'learning by doing', centred on giving the MAWGs substantial authority to determine the MA agenda and providing skilled TA to work alongside national organisations to address identified high priority MA issues.

Regional vs national focus. PHAMA therefore aims to develop the ability of SPC as a regional organisation to provide defined higher-level MA services to all PICTs, as well as directly support smaller PICTs with their market access submission work. At the same time, PHAMA will be working intensively and directly with the larger PICTs to develop capacity at national level to self-manage MA issues.

Government and industry contribution. PHAMA will initially fully subsidise the cost of providing MA-support services to PICTs. However, emphasis is placed on soliciting explicit and costed contributions for particular activities under fee-for-service arrangements, both from government and industry, wherever the opportunity and capacity exists. Note that in relatively better-developed economies with stronger industry organisations, such as Fiji, this is already occurring. The capacity and willingness to contribute is expected to progressively improve over time as a direct result of the Program.

Management. Due to the significant technical and financial constraints currently faced by SPC, which are likely to take time to resolve, the Phase 1 design limits SPC's involvement to managing the implementation of a core set of mainly higher-level activities; with the management of other activities at national-level being delegated to a Managing Contractor (MC). Consistent with the Regional Institutional Framework and the mandated role of SPC in providing MA-support services to member countries, it is intended that the MC-managed activities will be progressively integrated into SPC's core program from the start of Phase 2 (with continuing donor support), with a corresponding phase-out of the MC, subject to development of appropriate capacity within and funding arrangements for SPC.

Linkage with other programs. PHAMA has a sharp focus on addressing technical, regulatory aspects of MA. The Program will actively link with other supply chain/value chain development programs such as FACT and PARDI. Where programs of this nature are working with the development of export-oriented supply chains and particular MA issues are identified, PHAMA will provide a mechanism for addressing these issues.

The need for future bilateral programs to complement PHAMA by targeting specific supply chain development activities as well as broader constraints to trade not addressed directly by the Program should also be noted. PHAMA should not be regarded as a replacement for bilateral programs of this nature so much as a complementary supplement.

Programmatic approach. Priority products and related MA issues to be addressed by PHAMA will be identified on a rolling basis. The resources required to address different issues will be highly variable. This demands a flexible programmatic approach that is able to mobilise high quality TA and other resources on a case-by-case basis.

Gender strategy. Practical and meaningful measures that will be adopted include:

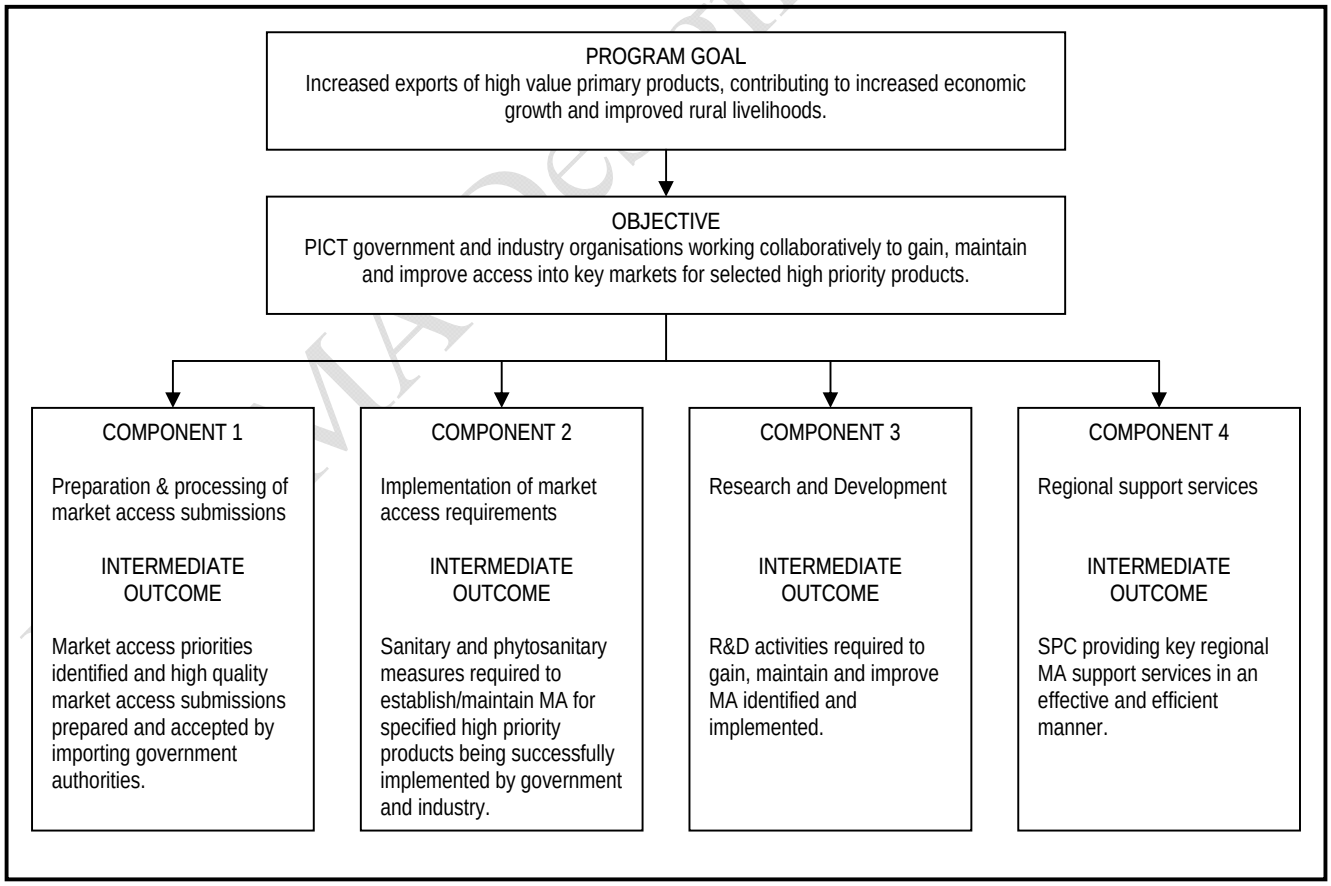
- ensuring that any formal women's groups involved in the production of high value agricultural and horticultural products for export, such as the 'Women in Business' group in Samoa, are represented on the MAWGs;
- selection of MA access issues to be addressed by the Program that are able to demonstrate benefits for women, all other factors being equal.
- positive targeting of training opportunities towards women, wherever the opportunity exists; and
- application of 'equal opportunity' principles in the recruitment of all Program staff.

Timeframe/duration. Recognising the lengthy timeframe usually required to progress MA issues, PHAMA is designed from the outset as an 8-year program with four years approved and funding allocated; and progression to Phase 2 dependent on the performance of Phase 1.

4.2. Strategic Framework: Program Goal, Objective and Component Outcomes

The Program goal, objective, and component outcomes are outlined in Figure 1 below[1].

Figure 1: Strategic Framework



[1] A draft Program Logframe is presented in Appendix 8.

4.3. Program Scope and Activities

4.3.1. Component 1: Preparation and processing of market access submissions

Intermediate outcome. Market access priorities identified and high quality market access submissions prepared and accepted by importing government authorities.

Key Result Areas:

1. Market Access Working Groups involving government and industry representatives established and operating effectively.
2. MA issues prioritised, and action plans developed.
3. MA submissions and data packages prepared.
4. Preliminary risk management packages prepared.
5. Bilateral coordination and communications enhanced.

Activities:

Component 1 focuses on prioritising specific MA issues to be addressed under PHAMA; (encompassing new access, as well as improving access for and addressing issues that arise in relation to existing trade); developing action plans to address these issues; facilitating the preparation of high-quality submissions[1] to importing country regulatory agencies; and actively managing the coordination and communication process between exporting and importing country regulatory agencies.

Underpinning all of these areas is the development of a mechanism to improve coordination between industry (exporters and peak industry bodies) and exporting country government agencies with MA responsibilities; and also between the various government agencies involved in the process (e.g. Quarantine, Plant Protection, Trade, and Planning/Economic Development). This will be achieved through the formation of a Market Access Working Group (MAWG) in each country, with secretariat and technical support provided by PHAMA. The MAWGs will be supported in their day-to-day operations by National Market Access Coordinators (NMACs), employed by the Program. The MAWGs are designed to drive the MA process in each country, and to provide an operational interface between the Program and in-country operations. Proposed structure and function of the MAWGs is further outlined in section 5.1.3.

A preliminary framework for assessing MA priorities has been developed and workshopped during the design process, with full involvement of key government and industry stakeholders[2]. Broad agreement has been reached on the need for and nature of the framework, and a range of initial priority areas and development needs identified for each country (refer Appendix 5)[3]. Product-specific criteria applied in determining priorities include present economic significance of exports; export market potential; supply potential; availability of freight capacity; financial viability of the proposed trade; whether there are any industry-specific infrastructural constraints;

[1] The term 'submission' is used here to encompass the preparation of formal MA submissions, as well as any information/data packages required to support resolution of other more general MA issues that may arise.

[2] To date, workshops have been conducted in Fiji, Tonga and Vanuatu. Similar workshops in Samoa and the Solomon Islands are recommended as a pre-startup activity in early 2010.

[3] The major emphasis during design was on development of the *process* rather than reaching a final determination of priorities and development needs. Priority areas for Year 1 of PHAMA should be reassessed during (or before) start-up.

the particular nature of the MA issue (e.g. SPS or FS) and whether there are existing management measures that can be applied; anticipated need for R&D and whether this is realistically doable; estimated cost and benefit of resolving the issue; overall estimated probability of success; potential distributional impacts for more marginalised households and women; and whether the priority is supported by government and industry. On the basis of these considerations the issue is then ranked as high/medium/low priority by the MAWG; and for high priority issues an action plan developed. Preliminary consideration of an issue may serve to identify the need for additional information to make a final decision, which can then be re-visited by the MAWG once the information becomes available. The need for liaison with import country regulatory agencies (e.g. BSG/ MAFBNZ) at an early stage to help guide the prioritization process towards 'best bets' and identify major technical issues should be noted.

PHAMA will support the on-going and routine application of this process by the MAWGs to identify and refine priorities and prepare action plans. This process will provide a major input into the preparation of PHAMA's consolidated annual workplans.

Once top priorities are agreed and action plans developed, assistance will be provided for the preparation of MA submissions and data packages. Where appropriate, the Program will also support the preparation of preliminary risk management packages, which could run in parallel with the processing of submissions by importing countries in order to expedite the approval process.

Any R&D required to help define priorities (e.g. conduct of export market feasibility studies) or develop submissions (e.g. preparation of pest lists or proposed control/treatment measures) will also be funded (under Component 3).

Support will be provided to improve coordination and communication between export and import country regulatory agencies to help advance priority MA issues. Possible measures include the placement of Pacific Coordinators in key import country regulatory agencies[1]; systematic and timely follow-up of all communications between exporting and importing country authorities; conduct of regular bilateral consultations and representations, with appropriate technical support; ensuring thorough preparation for these consultations; and, if the concept proves acceptable, conduct of combined bilateral negotiations, possibly facilitated through use of a skilled trade negotiations specialist.

4.3.2. Component 2: Implementation of market access requirements

Intermediate Outcome. Sanitary and phytosanitary measures required to establish/maintain MA for high priority products being successfully implemented by government and industry.

Key Result Areas:

1. Operational procedures required to meet sanitary and phytosanitary protocols developed.
2. Capacity of quarantine officers, exporters, producers and treatment facility operators to implement required procedures and meet target market quality standards improved.
3. Sanitary and phytosanitary treatment, sanitary handling and diagnostic facilities established/upgraded and operating effectively.

[1] A 'coordinator' is already in place in MAFBNZ. BSG is keen to re-establish a similar position and is currently seeking funding. PHAMA will fund this position if funding is not forthcoming from another source. The merits and feasibility of establishing a similar position in other markets (e.g. USA, EU) will be further investigated later in the Program.

Activities:

Under this Component, operational procedures required to maintain MA for high priority products will be developed and communicated to all relevant stakeholders including quarantine officers, producers, exporters and treatment facility operators, in accordance with agreed export protocols. For example, a MA protocol may be negotiated for a fruit fly host commodity that involves in-field controls for fruit fly during production (to be undertaken by growers); specific handling and packaging requirements (growers, treatment facility operators); heat treatment (facility operators); and specific post-treatment handling and storage requirements to ensure re-infestation does not occur post-treatment (facility operators and exporters). The entire protocol would need to be audited and verified by quarantine staff. Successful implementation of such a protocol would require development/implementation of (i) extension materials and manuals clearly outlining roles and responsibilities; (ii) audit and verification procedures for each step and each service provider involved in implementing the protocol; (iii) training and extension programs; (iv) communication protocols; and (possibly) (v) quality standards for export growers/producers promoting the supply of quality product that has minimum risk of failing stipulated target market requirements.

Targeted operational support will also be provided to government quarantine agencies for activities such as certification of export consignments, pest surveillance and establishment and maintenance of risk management strategies such as pest-free areas or systems approaches. Ideally these functions would be financed entirely by government and/or industry, but a reasonably pragmatic approach will be adopted as many of the agencies responsible for this work are severely under-resourced. In the longer term, development of vibrant export industries is likely to provide the impetus for increased government funding and/or industry funding. However – as has been the case with development of many agricultural export industries in Australia and NZ – it will take some time for industries to mature to this point. In the interim there is a case for external funding support in order to ensure that critical export protocols are met during the developmental stage[1]. As a basic principle any operational support provided should be designed to build the capacity of the institution involved, and should be provided on a progressively declining basis with a corresponding increase in government/industry commitment as an industry develops, with specified performance targets.

The need for establishment/upgrading of phytosanitary treatment facilities such as HTFA or fumigation facilities will be assessed on a case-by-case basis taking into account the type of treatment involved, location, ownership and capacity. The Program could assist with the development, upgrading, certification and accreditation of such facilities; and could also possibly provide initial operational subsidies *provided* the facility was under private operation or there was a clearly defined pathway towards private operation, was operated on a fee-for-service basis for the benefit of the wider industry, and a realistic plan for achieving financial viability was in place. In some situations there may also be a requirement for establishment/upgrading of sanitary handling facilities. The provision and maintenance of incinerators to safely dispose of exotic plant or animal materials or the development of secure and hygienic container storage and treatment areas to ensure freedom from contaminating pests are two possible areas requiring attention in some PICTs. Where necessary, the Program will support improved arrangements for laboratory testing to determine product quality, residue levels, and compliance with food standards. This is more likely to involve facilitating arrangements between existing independent laboratories

[1] Note that this is also in the interests of maintaining biosecurity in the importing country, as well maintaining trade.

operating in the region (e.g. AsureQuality NZ) and the national quarantine services/producers requiring these services, than establishment or upgrading of in-country laboratory facilities.

4.3.3. Component 3: Research and development

Intermediate Outcome. Priority R&D activities required to gain, maintain and improve MA identified and implemented.

Key Result Areas:

1. Export markets analysed and export feasibility studies prepared.
2. Commodity-specific pest surveys conducted and pest lists prepared.
3. Sanitary and phytosanitary treatment protocols developed.
4. Product standards developed.
5. Application of international zoosanitary, phytosanitary and FS standards assessed.
6. Capacity of exporters to enter new markets improved.

Activities:

Market analysis and trade information. In many PICTs there is a marked lack of information on trade opportunities, and a lack of capacity to assess this information. The Program will support a range of front-end activities to address this issue, including trade flow analysis, market analysis, and preparation of product reports and export development strategies, designed to identify possible export products and markets. ITC could be a valuable partner in this work. Some preliminary ideas on specific activities where ITC could provide service in this area include building capacity of local trade officials in assessing export potential and market opportunities; analysing non-tariff measures experienced by exporting firms; and developing a regional trade intelligence network and capacity to utilise this network[1].

Export feasibility assessment. PHAMA will also support further studies, where required, to help assess the export potential of specific products being considered, prior to inclusion in the PHAMA work program. These studies will be completed as an integral part of the prioritization process. Possible areas where further studies may be required include preliminary assessment of demand in the potential destination market; supply potential (including identification of critical supply chain constraints); financial and market viability of the proposed trade; shipping/airfreight options and constraints; feasibility of addressing specific MA constraints (especially SPS constraints); identification of technical barriers to trade such as packaging and labelling requirements, and likely technical R&D requirements. In many cases these assessments will be possible using secondary data; in others, in-market assessments will be required. ITC, PITIC and national Trade Promotion Organisations (TPOs) (where they exist and have the required capacity), may be valuable sources of TA and information for market-related studies.

Technical R&D. Crop or pest surveys will be undertaken and pest lists prepared for highest priority products, where these have not already been completed. R&D may also be required to define suitable treatment protocols where new MA is being sought, to develop refined protocols designed to facilitate (or reduce the cost) of existing access requirements; or to address other biosecurity concerns that may be raised by importing countries in relation to existing trade. The development of product standards, and the applicability and application of international zoosanitary, phytosanitary or FS standards covering issues such as the designation of pest free areas, areas of low pest prevalence, and adoption of a 'systems approach' to address an importing

[1] Further outlined in Appendix 7.

country's biosecurity and quarantine requirements, is also likely to require further R&D investments in some situations.

A wide range of R&D providers will potentially be involved in the implementation of the more technical R&D activities. National R&D divisions/institutes (e.g. Research Division, Ministry of Agriculture in Fiji and the newly-established Samoa R&D Institute), SPC-LRD, Australian Departments of Agriculture, as well as NZ Crown Research Institutes (especially Landcare Research and Plant and Food Research) all have established track records as technical R&D providers in the region. ACIAR could play a valuable role in facilitating and managing larger R&D activities where international expertise is required. In this regard ACIAR will be represented on the Program Coordinating Committee.

Support services to exporters. Commercial export experience in some of the smaller PICTs is severely limited, particularly related to the export of high-value primary products. Where this is the case, the Program will support 'export clinic' or 'first steps to export' activities, designed to 'hand-hold' and build the capacity of new exporters dealing with new products into new markets, while they gain experience and confidence in the dynamics of export procedures. These activities are intended to supplement services already available to exporters through PITIC and national TPOs (where they exist), and are intended as an intensive level of support during an initial incubation period.

In this area, the Program will train exporters on the regulatory, administrative, and logistical requirements of the importing country in relation to targeted products, so as to minimise the risk of failing stipulated importing country requirements and to ensure the smooth transit of consignments.

PHAMA also recognises that, in addition to training in the requirements of specific MA protocols, exporters may require capacity building in assessing market opportunities, market entry requirements, distribution/agency requirements, pricing, customs, and marketing requirements. While this is not a primary focus of PHAMA, where support is not available from alternative sources such as TPOs, resources will be allocated by PHAMA to ensure that exporters are adequately prepared to enter a newly-opened market. Support in this area could take the form of formal training activities; conduct of outward trade missions designed to improve understanding of logistics and to help identify potential importers, organised in conjunction with national TPOs and PITIC offices; and inward buyer missions.

PHAMA will also provide development grants to approved companies seeking to establish new markets for approved products. These grants will cover *up to* 75% of approved market entry costs including the cost of airfares, accommodation, market research, participation in trade fairs, and organisation of trial shipments, to a maximum of AUD 5,000 per company per annum. Companies qualifying for this type of assistance will have no recourse to additional grant funds available from PITIC or national TPOs.

AusAID and Austrade are in discussion on possible mechanisms to assist PICTs. NZTE may also become involved in this activity. Possible linkages with PHAMA will be further considered as the concept develops.

Identification of R&D needs. Specific R&D activities to be funded under PHAMA will be identified by the PMO in close consultation with the MAWGs. The PMO will have major responsibility for identifying, contracting and monitoring all R&D providers.

4.3.4. Component 4: Regional support services[1]

This Component has been designed as a discrete set of activities, implementation of which will be managed by SPC's LRD. It involves core quarantine and biosecurity support services directly related to the overall strategic direction of the Program that are best provided from a regional level. In line with SPC's regional mandate, implementation of these activities will not be limited to the five PICTs directly targeted under Components 1-3, but will be extended to *all* PICTs. PHAMA will be used as a vehicle for providing increased certainty of funding for these core services, which should go some way towards improving the quality of services provided.

Intermediate Outcome. SPC providing regional MA support services in an effective and efficient manner.

Key Result Areas:

1. MA information services to national-level stakeholders improved.
2. PICTs effectively engaged in relevant international fora (e.g. CPM, OIE, PPPO).
3. MA-related surveillance and reporting maintained in accordance with international standards.
4. Technical MA capacity within SPC enhanced.

Activities:

A set of discrete activities have been identified under each of the four key result areas as follows:

1. *Market Access Information Services*
    - Maintenance and updating of PICTs' animal health information utilising the World Animal Health Information System (WAHIS) and FAO's Transboundary Animal Disease Information System (TADinfo).
    - Maintenance and updating of the Pacific Pest List Database (PPLD).
    - Provision of a MA-related 'Helpdesk' facility, with primary focus on addressing enquiries related to relevant international standards and/or zoosanitary, phytosanitary and FS requirements of trading partners.
    - Compilation and provision of information to support: (i) the preparation of MA submissions and data packages by PICTs not covered by PHAMA's Components 1-3; and (ii) import risk analyses for agricultural and horticultural products from other PICTs to facilitate timely consideration of market access submissions and hence regional market access.
    - Continued development of the Pacific Islands Trade Statistics Database currently being developed by LRD. This activity would be linked with capacity building of national officials involved in the collection, treatment and reporting of trade and customs tariff data, which could be implemented by ITC[2].
    - Renewal of SPC's 5-year CABI subscription.
2. *International Engagement*

[1] Further detailed in Appendix 6. The final set of activities supported under Component 4 of PHAMA should be reviewed and confirmed once the designs of the PRAfTAP and FACT II Programs are finalised, in order to ensure no duplication occurs.

[2] Further outlined in Appendix 7.

Support will be provided to ensure SPC fulfils its role as the Secretariat for the PPPO as follows:

- Annual hosting of the PPPO Executive Committee.
- Annual participation in the RPPO Technical Consultation.
- Convening a consultation workshop on draft ISPMs.
- Preparation of PPPO submissions on draft ISPMs and/or IPPC Secretariat requests for information.
- Annual attendance of the CPM meeting in Rome.
- Annual participation in the Asia and Pacific Plant Protection Commission meetings.
- Triennial hosting of the PPPO Technical Board meeting.

Other areas where PHAMA will support SPC to ensure appropriate engagement of PICTs in the international SPS regulatory environment include:

- Representation of PICTs at Regional OIE (World Organisation for Animal Health) meetings.
- Establishment of a WTO Enquiry Point to ensure timely communications with the WTO SPS Committee.

3. *Market Access-Related Surveillance and Reporting*
    - Reporting of PICTs' animal health information to comply with international requirements and the SPC-OIE agreement for non-member (OIE) PICT countries.
    - Fruit fly surveillance audit, verification and training (to ensure the trapping systems established under the RMFFP Project are maintained appropriately).
    - Fruit fly and invasive ant diagnostics and trapping supplies provided as a regional service for countries without national entomological expertise.
    - Invasive ant surveillance audit, verification and training (to ensure the surveillance systems established as part of the Pacific Ant Prevention Programme (PAPP) are maintained appropriately).

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4. *Technical Market Access-Related Capacity within SPC*
   Within SPC, the Program will fund a Market Access Specialist to be a focal point for developing practical MA skills within SPC long-term.

In addition to being responsible for the management of Component 4 activities as outlined above, it is anticipated that SPC-LRD will also be involved in supporting the implementation of other activities under Components 1-3. Examples include the training of quarantine officers, growers/producers, exporters and treatment facility operators on the operational procedures required to meet new export protocols developed under the Program; and the development of biosecurity extension materials such as product quality standards, commodity pathway manuals, and 'Best Practice' guides tailored to the specific needs and key export products of each country. These additional activities will be contracted to SPC on a case-by-case basis.

4.4. Summary of Key Implementation Partners and Roles

Key implementation partners and roles will be as follows:

Private sector. The private sector will play a driving role in determining MA issues to be addressed by PHAMA and in helping to determine R&D priorities. To achieve this, it will have

major representation on the MAWGs. The Program will also work closely with a mix of industry representative organisations, including exporter associations, peak industry associations, chambers of commerce and farmers associations, in building capacity to implement specific MA requirements.

Exporting country biosecurity/quarantine organisations. National government biosecurity/ quarantine organisations will play a central role in preparing MA submissions, determining R&D required to support these submissions, ensuring active management of the submission process (including follow-up), negotiating MA, implementing biosecurity/quarantine measures required to maintain MA, and providing timely feedback (and support) to exporters and producers when quarantine breakdowns occur.

Importing country biosecurity/quarantine organisations. Importing country biosecurity and quarantine organisations, such as BSG, AQIS, and MAFBNZ, will be responsible for assessing and approving MA submissions and implementing operational aspects of import policy. While there is possibly little that can be done by the Program to gain preferential processing of submissions for PICTs, a number of important measures have been proposed to improve the efficiency of coordination and communication between importing and exporting country regulatory agencies, and to improve the performance of PICTs in bilateral negotiations.

SPC. SPC-LRD will be responsible for the implementation of a defined set of regional quarantine and biosecurity support services directly related to the overall strategic direction of the Program.

PITIC. PITIC Offices in Sydney, Auckland, Tokyo and Beijing will potentially provide support in relation to market investigation activities. They may also be involved in supporting exporters with general trade facilitation services, depending on the particular scope of the country offices concerned. National Trade Commissions and TPOs, where they exist, will also have a role in this area.

PIPSO. PIPSO will play a role in facilitating higher-level government-industry dialogue on MA issues, building on the platform and outcomes of the MAWGs.

ITC. ITC may be able to provide services, under fee-for-service arrangements, related to preliminary identification of export opportunities, conduct of export feasibility studies, and market entry/ development support. A number of possible inputs from ITC, identified by ITC, are outlined in Appendix 6.

R&D agencies. A broad range of national, regional and international R&D organisations will potentially be involved in the implementation of R&D activities, as outlined in section 4.3.3.

4.5. Duration and Phasing

Due to the processing constraints imposed by importing country regulatory agencies, together with the frequent need to obtain solid R&D data supporting MA submissions, gaining improved MA tends to be a long-term process that requires a long-term, well-planned and well-resourced effort. For these reasons a longer-term program duration of 8 years is proposed. Phase 1 of the Program will run from mid 2009 to mid 2013, with the first year focussed on finalisation of the design and implementation of a range of pre-startup activities[1]. Progression to Phase 2 (mid 2013 to mid 2017) will be dependent on the performance of Phase 1.

[1] Possible pre-startup activities are suggested in section 4.8.

4.6. Geographic Focus

For targeted MA activities (i.e. Component 1-3 activities), Phase 1 of the Program will be implemented in Fiji, Samoa, Tonga, Vanuatu and the Solomon Islands. Geographically these countries will be relatively easy, or at least less difficult, to manage as a block of countries from a Program Management Office (PMO) located in Fiji. Phase 2 could expand to other PICTs deemed to have strong export opportunities. Component 4 (SPC-managed regional support services) will be extended to all PICTs from the beginning of Phase 1 in line with SPC's regional mandate.

Fiji, Samoa, Tonga, and Vanuatu face reasonably similar constraints and opportunities in relation to developing export trade in high-value agricultural and horticultural products. In the Solomon Islands, with the exception of the commodity trade in copra, cocoa and logs, there is very little development of any export-oriented high-value primary industries at this point in time, and consequently very few MA issues of the type that PHAMA is intended to address. Furthermore, it is likely to be some time before commercial activity of this type develops, and this will require considerable investment in the development of supply chains. Development of specific industries is being actively targeted by various programs funded by both AusAID and other donors. Despite these constraints, there is scope for PHAMA to provide meaningful support in the Solomons, although the 'mix' of support measures provided is likely to have a different flavour to other target PICTs. At least initially, support is likely to be weighted more towards Component 3 and 4 activities (i.e R&D, and more generic MA support services provided through SPC) than Components 1 and 2 (which are designed to help resolve more specific MA issues).

4.7. Preparatory activities

Considerable progress has already been made by the Design Team towards startup of the Program, including 'socialising' the design with key stakeholders; discussing the role and composition of the MAWGs; developing a process for prioritising MA issues; and identifying initial MA priorities and corresponding action plans for some countries.

The following activities to support implementation have been undertaken during 2009/10:

- Conduct of stakeholder workshops in Samoa and the Solomon Islands, similar to those already conducted in Fiji, Tonga and Vanuatu[1].
- Preliminary identification of membership of MAWGs in each country, including familiarisation with the prioritisation process, conduct of familiarisation training on roles, responsibilities, and operating procedures.
- Identification of possible in-country Secretariat locations and identification of specific set-up requirements.
- Pre-identification of possible candidates for the in-country NMAC positions, with advertising for these positions and final selection to involve the MC.
- Facilitating a preliminary meeting of each MAWGs to finalise selection of 2-3 top MA issues and action plans, providing a preliminary basis for the Program's 2010-11 Annual Strategic Plan.
- .

[1] The workshop in Samoa, scheduled to take place during Design, was cancelled due to the tsunami in late September. In the Solomon Islands, the focus of the Design Mission was more on making a preliminary assessment of whether the Solomons should be included under the program, similar to the preliminary assessments made for the other PICTs during the pre-design process in 2008.

- Finalisation of the M&E Framework which will be due for release in August 2010. A draft Monitoring and Evaluation Framework is included in the Appendices.
- Establishment of strategic partnership with DAFF to support a four year Pacific market liaison officer within BSG.

5. IMPLEMENTATION ARRANGEMENTS

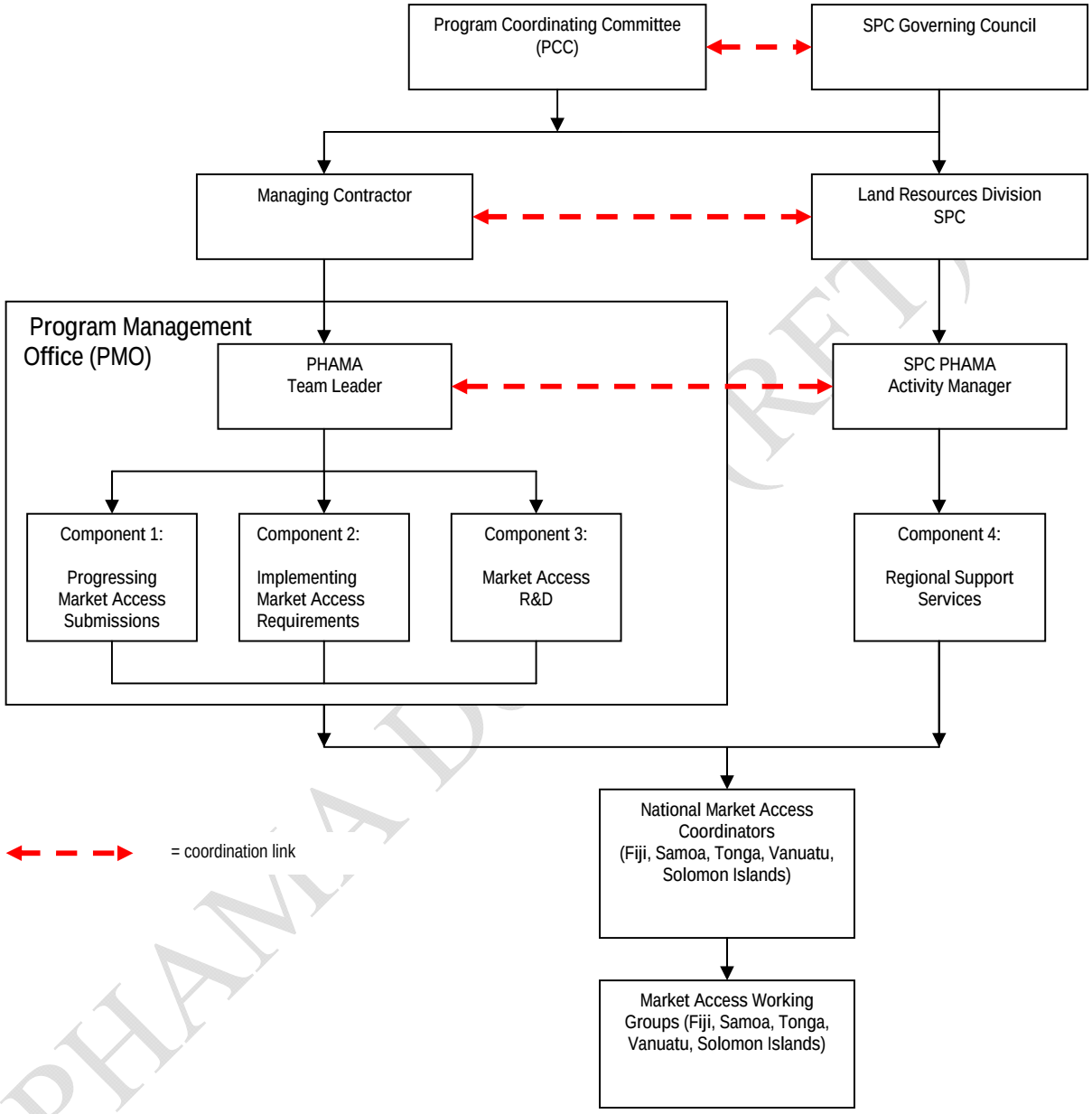
5.1. Program Management Structure

Key elements of the PHAMA management structure include:

- Management of the overall Program will be contracted to a Managing Contractor (MC).
- A Program Management Office (PMO) will be established by the MC in Suva, physically located within SPC. The MC will be directly responsible for implementation of Component 1-3 activities.
- Implementation of Component 4 activities will be the responsibility of the Land Resource Division of SPC, in close coordination with the MC. The Market Access Specialist appointed by SPC will be the designated and dedicated Activity Manager for Component 4 activities, under the direction of the SPC BAT Coordinator.
- A Market Access Working Group (MAWG) will be established in the five countries where Components 1-3 are implemented to help determine MA priorities and action plans, and coordinate the implementation of Program activities.
- National Market Access Coordinators (NMACs) will be employed in four of the five countries where Components 1-3 are implemented. They will be responsible for providing secretariat support to the MAWGs and for maintaining an operational linkage between the PMO and the MAWGs.
- A regional Program Coordinating Committee (PCC) will be responsible for providing high-level governance oversight of the Program. It is intended that the PCC would liaise closely with the SPC Governing Council in respect of SPCs role in the Program.

These arrangements are depicted in Figure 2 and further detailed below.

Figure 2: Program Management Arrangements



5.1.1. Program Management Office

The MC will establish a PMO in Suva[1], located within SPC[2]. The PMO will be responsible for:

- Day-to-day management of the overall Program on behalf of AusAID.

[1] Alternatives to locating the PMO in Suva if this proves necessary include (i) Brisbane or Auckland; or (ii) Vanuatu.
[2] Similar to the arrangement established for implementation of the EU-funded FACT program.

- Establishing and maintaining an effective working relationship with SPC at regional level and the MAWGs at national level.
- Supporting the MAWGs in their identification of priority MA issues and development of action plans to address these issues.
- Preparing consolidated Annual Strategic Plans (including SPC-executed Component 4 activities), in line with the design framework.
- Providing secretariat support to the MAWGs, through the NMACs.
- Identifying and mobilising technical support for the implementation of Component 1-3 activities.
- Routinely liaising with SPC concerning the implementation of Component 4 activities, ensuring that these activities are appropriately oriented towards intended program outcomes and fully coordinated with other program activities.
- Implementing an integrated M&E Framework for the overall Program (all Components), ensuring that appropriate QA measures are implemented.
- Monitoring and advising the PCC and AusAID on the strategic direction of the Program.
- Ensuring AusAID (and any other partners/donors) are kept informed of progress and critical emerging issues.
- Ensuring activities are appropriately coordinated/linked with other relevant national and donor activities.
- Actively promoting the transfer of best practices and lessons-learned between the various PICTs involved under the Program.

5.1.2. SPC management of component 4

Implementation of Component 4 activities will be the responsibility of SPC. SPC will be fully responsible for implementation of these activities. Annual workplans and monitoring reports for Component 4 activities will be prepared by SPC in line with the overall design framework following formats specified by the PMO, then integrated with workplans and monitoring reports for Component 1-3 activities prepared by the PMO. They will be subject to the same approval processes as for the rest of the Program.

The proposed management model outlined above, involving separation of regional and national functions, is similar to the model adopted for the Pacific Regional HIV Project (PRHP, 2004-2008), and has been proposed for similar reasons. Phase 2 of PHAMA will possibly involve an increased role for SPC in management of the overall program, based on capacity that has been developed during Phase 1.

5.1.3. Market Access Working Groups

A MAWG will be established in each country where Component 1-3 activities are being implemented. MAWGs are intended to provide a practical working partnership between government and the private sector to manage the resolution of MA issues that are to be addressed by PHAMA; and to provide an outreach mechanism to key stakeholders at both national and regional levels Main responsibilities will include:

- Establishing coordination between government and industry in the management of MA issues.
- Prioritising MA issues to be addressed by the program.
- Developing strategies and action plans to address these priorities, as well as an associated communication strategy.
- Identifying MA research and development needs.

- Providing briefings to relevant government agencies and industry on MA issues.
- Identifying and promoting linkages between PHAMA and other government and donor programs.
- Facilitating the mobilisation of government and industry resources in line with identified MA priorities.
- Actively communicating the work of the MAWG to government and private sector partners.
- Promoting successes in advancing MA for priority agricultural or horticultural products and/or establishment of new trade or increasing exports of priority products.

The MAWGs will be the main conduit for planning and monitoring all PHAMA-funded activities in-country, both PMO-managed and SPC-managed. Membership will include representatives from relevant government departments with MA responsibilities (e.g. Departments of Trade, Agriculture and Quarantine), as well as the private sector (e.g. producer organisations, exporters, relevant community groups, Chamber of Commerce). In order to ensure effective operation, the group will be limited to a maximum of 10 members. Members should have a direct responsibility and passion for progressing MA issues. Private sector representatives should be cross-sectoral as far as possible. Additional members with specific sub-sectoral interests or particular expertise will be seconded on an as-required basis.

It is highly recommended that membership should initially be drawn from participants included in the preparatory workshops (see Appendix 5). Additional members should be included if additional skills and representation are required. Membership from specific government departments, industries or relevant community groups has not been specified although it will be necessary to include the national plant protection office (usually Ministries of Agriculture). Members should have a strong MA focus, drive and enthusiasm. Willingness to devote additional time to MAWG requirements is essential. Since managing market access tends to be a dynamic and on-going process, additional members with specific skills and expertise should be invited to provide input to the MAWG as required.

The MAWGs should meet formally 2-4 times per year. Two of these meetings should occur immediately prior to development of the Annual Strategic Plans and 6-monthly Progress Reports by the PHAMA PMO, to ensure co-ordination of planning and reporting processes from the MAWG level upwards. It is anticipated that, in addition to these formal meetings, MAWG members will actively network on an on-going basis through electronic means, facilitated by the NMACs.

Institutional arrangements for the MAWGs will vary from country to country. Wherever relevant they will be positioned under and report to the higher-level National Trade Facilitation Committees established under the RTFP, or other similar higher-level committees.

Structure and function of the MAWGs has been broadly agreed during the workshops held as part of the design process. Many of the workshop participants are likely to become MAWG members. Further detail on is provided in Appendix 5.

5.1.4. Secretariat support for the MAWGs

PHAMA will provide secretariat support for the operation of the MAWGs, including appointment of National Market Access Coordinators (NMACs), and establishment and resourcing of a small secretariat office.

National Market Access Coordinators. The NMACs will form a critical link in the program management structure, providing an operational linkage between MAWG members, and between the MAWGs, the PMO and SPC.

Key responsibilities of the NMACs will include:

- Providing secretariat support to the MAWG, including convening and coordinating MAWG meetings.
- Facilitating communication and coordination between MAWG members.
- Providing an operational linkage between the MAWG, the PMO, and SPC.
- Assisting the MAWG with the development of annual workplans, in line with PMO requirements.
- Monitoring the implementation of activities being funded by the program, in line with PMO requirements.
- Coordinating with other MA and supply chain development activities, including other donor-sponsored initiatives.
- Working with emerging exporters of priority products to build capacity and confidence in the dynamics of export procedures.

A full-time in-country NMAC will be appointed for each country participating in PHAMA. NMACs will be locally recruited by the PHAMA PMO under two-year renewable contracts, and will report to the PMO. Candidates will require good communication skills at industry and government levels and an ability to organise and manage a small group of executive members. Importantly, the NMACs must also have a basic understanding of the technical issues under consideration. Detailed technical knowledge is not expected but the ability to understand and communicate issues to the MAWG, PMO and SPC will be required. Detailed TOR are provided in Appendix 12.

Operational support. In addition to covering the salary costs of the NMAC positions, PHAMA will cover basic set-up costs for a modest 1-person secretariat office (if required); local transport allowance for the NMACs; contribution to office overheads (rental, power, water supply); communication costs; printing and report preparation costs; and MAWG meeting costs, including direct travel and accommodation allowances for members.

Secretariat location. The secretariat will be housed within an appropriate institution in each country with possible (mostly hosted) locations canvassed during preparatory activities.

5.1.5. Program Coordinating Committee

A regional Program Coordinating Committee (PCC) will be established, responsible for providing high-level governance oversight of the Program. Membership will include AusAID (one representative); SPC (Head of LRD or designate); the current chair of the MAWGs in each country; ACIAR; and the PHAMA Team Leader. NZAID will also be represented. Biosecurity Services Group and MAF (facilitated through NZAID) will have Observer status to assist with coordination of Pacific biosecurity activities. The PCC will meet formally 1-2 times per year, coinciding with approval of Annual Strategic Plans and 6-monthly Progress Reports. It is intended that the PCC will liaise closely with the SPC Governing Council, particularly with respect to the central role played by SPC in the Program's exit strategy and the need for more secure long-term funding arrangements to be developed for SPCs MA support services if this exit strategy is to be successful.

5.1.6. Technical assistance

Proposed staffing of the Program is summarised in the following table.

Summary Staffing Schedule

	International	National
Program Management Office, Suva		
Team Leader	1	-
Principal Market Access Specialist	1 FTE	-
Quarantine/Biosecurity Specialist	1 FTE	-
Procurement Officer	-	1
Administrative Assistant/ Secretary	-	1
SPC, Suva		
Market Access Specialist	1	-
Senior Entomologist	1	-
Technicians	-	5 FTEs
In-country		
National Market Access Coordinators	-	5

Core PMO staffing will include the Team Leader, a Principal Market Access Specialist and a Quarantine/Biosecurity Specialist. These will all be international positions. The Principal MA Specialist and Quarantine/Biosecurity Specialist will be responsible for providing technical guidance and oversight of all in-country activities, including identifying the need for and supervising the performance of subcontractors where involved. Provision is also made within the PMO for a full-time Procurement/Finance Officer from 2011/12, reflecting the anticipated volume of subcontracts that will be managed under the Program.

Note that the Principal MA Specialist and Quarantine/Biosecurity Specialist are costed as full-time positions. It may however prove difficult to attract candidates with the required skills and experience for long-term placement. The option of utilising periodic ST inputs totalling 4-6 months per year, per position, would be an acceptable alternative, provided on-going involvement of the same personnel could be assured. Contractors should also be given the flexibility to 'mix and match' the particular skill sets of candidates proposed to specific elements of the job description/s provided. As reflected in the position titles, it is likely that one of the candidates will have more experience in managing the process of *gaining* market access; the other in the implementation of biosecurity and quarantine measures required to *maintain* access once gained.

Within SPC, the Program will fund a full-time Market Access Specialist and a full-time Senior Entomologist. The Market Access Specialist will be the designated Activity Manager for Component 4, and is intended to develop practical MA skills within SPC long-term. The Senior Entomologist position will provide essential diagnostic capacity for MA-related surveillance and the updating of data on plant pests and diseases necessary for the preparation of MA submissions.

The Program will also fund up to five support staff/technicians within SPC working in various areas[1].

At national-level, the Program will employ five National Market Access Coordinators to be located in each country participating in PHAMA. The NMACs will provide a critical link between MAWG members, and between the MAWGs, the PMO and SPC.

Within Biosecurity Australia and MAFBNZ, the Program will fund the Pacific Coordinator Positions (1 within each agency) in the event that funding is not available from other sources.

Terms of Reference for key LT positions are provided in Appendix 12.

5.2. Management Processes

5.2.1. Planning

The MAWGs will prepare annual workplans in May of each year, following prescribed PMO formats. These workplans will identify specific MA issues to be addressed and actions to be taken in each country over the following 12 months (July 1 to June 30). SPC will also prepare an annual workplan in May covering proposed Component 4 activities. The PMO will consolidate the Component 1-3 workplans with the SPC Component 4 workplan to produce an integrated Annual Strategic Plan (ASP) for the overall Program, which will go to the PCC by mid June for endorsement.

5.2.2. Procurement and financial management

Procurement of all goods and services for Components 1-3 will be undertaken by the MC following standard Australian Commonwealth procurement guidelines; and financial management (including audit) will follow the usual procedures adopted for AusAID-funded activities managed by an MC. The PMO will be responsible for identifying, contracting, managing, monitoring and paying all subcontractors, and will develop standard procedures to facilitate this.

SPC will be responsible for procurement of all goods and services required for implementation of Component 4 activities, following SPC's standard procurement guidelines. Financial management (including audit) will follow SPC's usual procedures for an activity of this nature.

SPC will be funded for Component 4 activities 6-monthly in advance, in line with projected expenditures in the corresponding ASP, subject to satisfactory acquittal of previous advances. The MC will be responsible for managing all PMO expenditures, including payment of subcontractors mobilised for Component 1-3 activities. The only funds held at national-level will involve a small operating expense account managed by the NMACs to cover the cost of providing secretariat support for the MAWGs.

5.2.3. Reporting

[1] One for animal health information and reporting, 1 for PPLD and Helpdesk activities, 1 for trade statistics database development/maintenance work, 1 for the WTO SPS Enquiry Point, and 1 for fruit fly/ant surveillance work.

Reporting requirements are outlined below. Where relevant, reports will be prepared as consolidated whole-of-program reports, incorporating both MC- and SPC-managed components. SPC will be required to prepare all contributions to these reports following formats and timelines as prescribed by the MC. The MC will be responsible for final consolidation.

Annual Strategic Plans. ASPs will identify major priority areas to be addressed by the Program over the coming year together with budget requirements, implementation responsibilities, and component linkages. The first ASP will be submitted within 2 months of mobilisation, building on the planning work done pre-startup. Subsequent ASPs should be submitted by mid June each year, covering the following July-June Australian FY. The ASPs will be regarded as an enabling framework designed to guide implementation, rather than a constraining blueprint.

Annual Progress Reports will be submitted by the end of July each year. They will: (i) identify PHAMA's contribution to overall goals and objectives; (ii) briefly describe the nature and progress of activities being implemented; (iii) identify any risks, issues, problems and delays encountered in implementing the Program and recommend specific remedial actions; (iv) update the Program staffing situation; and (v) include an updated list of Program procurement, training and reports. Major successes should be highlighted in a form that can be easily incorporated into PR materials. **Interim 6-month Progress Reports** will also be required, to be submitted by the end of January, following the same format.

Six-Monthly Financial Reports will be submitted by the end of Jan (covering July-Dec expenditures), and July (covering Jan-June expenditures). These reports will summarise expenditure against budget for the year-to-date, and from startup-to-date; together with identification and analysis of any budget issues. MC- and SPC-managed expenditures must be reported in the same format, to be determined by the MC.

Monthly Exception Reports will be submitted at the end of each calendar month. These will be brief (maximum 3 pages) reports highlighting any significant issues that have arisen over the month, and how these issues are being addressed. They will also highlight any major wins over the period.

Miscellaneous Technical Reports. For every subcontracted activity approved, a brief Activity Design Document will be prepared and held on file. For every activity completed, a brief Activity Completion Report will also be prepared and held on file summarising results achieved.

Phase 1 Completion Report. An initial draft of this report should be submitted by end-January 2013. It will detail progress achieved against the goal, objectives, and outcomes of the Program as anticipated at design. The Completion Report will be substantially informed by Annual Progress Reports, and will provide a major input into design adjustments and approvals for Phase 2. This will comprise the basis of the Independent Completion Report to be commissioned by AusAID and is part of the M&E Framework.

In addition to the above, the MC will develop/finalise the following documents during startup: (i) M&E Framework Implementation Plan (including a Risk Management Plan); (ii) Communications Strategy; and (iii) Administrative Guidelines (financial, human resource and administrative practices).

5.2.4. Coordination

Given the multi-country focus of the Program, and management/implementation arrangements that are split between the PMO and SPC, particular attention will need to be paid to coordination mechanisms. Specific coordination mechanisms proposed include:

- Physical location of the PMO within SPC in Suva.
- SPC representation on the PCC.
- Integrated planning, plan approval and monitoring arrangements across both MC and SPC-managed components.
- Establishment of the MAWGs at national-level, designed to develop a partnership between government and industry in each country, and to provide a single gateway for all activities implemented in-country, both MC- and SPC- implemented.
- Provision of full-time secretariat support for the MAWGs through the NMACs.
- Conduct of formal 6-monthly planning and review meetings by the MAWGs in each country, attended by PMO and SPC staff whenever possible.
- Conduct of annual workshops, rotated between countries, bringing together PMO staff, SPC staff, MAWG chairpersons and the NMACs to review progress and issues at whole-of-program level.
- Conduct of monthly internal planning and review meetings by key LT PMO and SPC staff.
- Development of a formal Communications Strategy, with clear specification of communication responsibilities and protocols.
- Establishment of high quality electronic communication capacity between the PMO, SPC and the in-country secretariat offices.

5.2.5. Monitoring and evaluation

MC to note the Final M&E Framework is still under development by AusAID and this will supersede the Draft M&E Framework and information contained in the PHAMA Design Document (RFT). The Draft M&E is included in the appendices.

Guiding principles. M&E processes are designed to be central to the evolution and responsiveness of PHAMA. A range of methods will be developed to ensure (i) accountability to key implementation partners ('to prove') and (ii) continuous learning and program improvement as an integral part of program implementation, operations and management ('to improve'). Continuous learning will provide a basis for the identification and selection of MA issues and opportunities to be addressed by the Program; the fine-tuning of implementation methods and partnership approaches; as well as for operational management decision-making. M&E should therefore be regarded as a rolling process that contributes to the effective design, implementation and assessment of MA improvement strategies.

There is an emphasis in designing a simple, yet meaningful and robust M&E process. For Components 1-3, M&E will focus on progress achieved in establishing improved MA for identified high priority products; while for Component 4 it will focus on the development and effective operation of identified higher-level MA-related services by SPC.

Focus on prioritised MA activities. M&E activities will be largely developed around the specific MA opportunities and issues to be addressed by PHAMA, reflecting the overall focus of the Program on identifying and working with highest priority opportunities and issues. The M&E system will be a key means of informing the selection of issues and opportunities, and then progressively refining the action plans being implemented to address particular issues. The approach to assessing the results of specific MA-related activities will include a sequence of

steps, including (i) development of impact logics/ causal models for each major MA issue to be targeted; (ii) use of impact logics to identify appropriate indicators to assess change; (iii) establishing a baseline; (iv) prediction of improvement in key indicators due to the proposed intervention; (v) assessment of change in the chosen indicators due to the particular (set of) interventions; and (vi) application of this information within the Program's regular decision-making processes. Systematic application of the process will mean that action plans are refined on an on-going basis – even resulting in termination of activities where continued investment cannot be justified.

Key actors. The main actors in the Program's M&E system will include:

- exporters and producers, as ultimate beneficiaries of improved MA arrangements;
- various implementation partners, such as the MAWGs, the national quarantine services, and SPC;
- the implementation team (program staff, governance bodies, MC, subcontractors and external reviewers, collectively responsible for the implementation approach and management systems).

Levels of assessment.

Impacts (program goal and objective level). Given the strong trade facilitation nature of the Program, impact will be assessed mainly in terms of aggregate/ intermediate indicators such as incremental export volumes and values for target products where MA has been gained or improved. In some cases impact will also need to be assessed in relation to reduced costs of exports, for example where a streamlined export protocol is approved. These impacts will be assessed largely using statistical data and export data from regulatory agencies and treatment facility operators, supplemented with industry surveys and case studies where appropriate.

Some, but lesser emphasis will also be placed on assessing impact at the level of individual producers as the ultimate beneficiaries[1]. Impacts at this level will be assessed in terms of scale (the number of producers that become involved in new or improved export production activities as a result of improved MA arrangements); incremental income benefits resulting from the activity; and household-level employment impacts. Qualitative assessment will also form a part of the M&E.

A baseline will be established for all products at the time a new or revised MA protocol is approved (for new MA protocols this baseline will be zero); with an initial follow-up assessment scheduled for the end of Phase 1 (mid 2013)[2]. Assessments will be conducted by the M&E Specialist, assisted by the NMACs; and will be reported in the Phase 1 Completion Report.

Intermediate outcomes (component objective level). A range of intermediate outcome indicators has been identified, directed towards assessing progress in establishing new MA agreements (Component 1); successful implementation of quarantine measures required to maintain MA (Component 2); identification and implementation of R&D activities that directly contribute to improved MA arrangements (Component 3); and client (i.e. PICT) satisfaction with the defined MA-support services that SPC will be providing under PHAMA (Component 4). In some cases these intermediate outcomes will be assessed from secondary data (e.g. new trade approval

[1] Although it should be emphasised that PHAMA will not be working directly with producers to develop their production capacity in relation to new export market opportunities developed under the Program.
[2] An earlier assessment is not considered warranted given the long lead-times involved in establishing improved MA.

notifications; data on export consignment rejections). In others, they will require more detailed evaluation by the Program (e.g. surveys to assess NPPO satisfaction with services provided by SPC). Intermediate outcomes will be assessed annually; conducted by the ST M&E Specialist assisted by the NMACs and SPC Activity Manager, and will be reported in the Annual Progress Reports.

Outcomes/key result areas. A range of indicators has also been identified to assess outcomes/key result areas which collectively contribute to the intermediate outcomes of each component. Progress in key result areas will mainly be assessed through evidence of products and services that are developed under the Program and that collectively contribute towards improved MA arrangements (e.g. MA submissions, risk management packages, R&D reports, information systems and helpdesks). Progress at this level will be assessed on an on-going basis for internal decision-making; conducted by the Team Leader assisted by the NMACs for Components 1-3, and by the SPC Activity Manager for Component 4. Results will be reported in the 6-month Interim Progress Reports and Annual Reports; with key deviations from the ASPs being highlighted in the Monthly Exception Reports.

Output and activity level. In line with the programmatic approach adopted, the MEF (and Logframe) have been specified down to outcome level only. Outputs and activities designed to achieve the above outcomes will be identified as a routine part of the ASP process; with corresponding progress indicators being incorporated into the ASPs and reported against in the 6-monthly Progress Reports.

Assessing the quality of implementation processes. The quality of decision-making and implementation processes will be focussed at two levels:

- Learning and improvements to the implementation approach, including the effectiveness of program governance mechanisms, the extent of market awareness and responsiveness to local priorities, culture of internal critical analysis; effectiveness of partnerships and relationship management processes; and adequacy of judgement skills.
- Learning and improvements to the management systems, including the effectiveness of HR management, the level of functioning of value-added governance and implementation arrangements (PCC, MAWGs); the appropriateness of partner contract management systems; and effectiveness of administrative and financial management systems.

These aspects will be assessed on an on-going basis and reported in the 6-monthly Progress Reports. Internally, the MC Program Director, together with senior on-site staff, will be responsible for assessing the quality of implementation processes, with oversight provided by Fiji Post [or the Pacific Section in Canberra].

Arrangements for external Quality Review in line with AusAID Activity Completion Reporting due at the end of Year 4 is outlined in section 5.2.6 below.

M&E resources. The Team Leader will carry overall responsibility for ensuring effective M&E arrangements are established. Provision is made for two person-months per annum support from an M&E Specialist, which will be targeted towards finalisation of the MEF; initial set-up of M&E procedures (including training of the NMACs and key MAWG staff); formal assessment of results at intermediate outcome (component objective) level at the end of each year; and assessment of impact at goal/objective level at the end of Phase 1. NMACs will be the in-country focal point for M&E of Component 1-3 activities; and the SPC Activity Manager for M&E for Component 4 activities. The MAWGs will be the key target for all in-country M&E reporting, with M&E activities designed to support a continuous learning/improvement cycle.

5.2.6. Review

The MC will facilitate an independent Quality Review of the Program on behalf of AusAID. The Quality Review will monitor the systems and processes of the MC and SPC in relation to Components 1-3 and Component 4 respectively; quality of management; quality of reporting; and effectiveness of governance arrangements. TORs will be drafted to reflect any particular concerns of the PCC or AusAID. The Quality Review Team will report directly to the PCC, and will include one member nominated by AusAID (from AusAID's Rural Development Expert Panel), and one member jointly nominated by the MC and SPC.

AusAID will mobilise a Mid Term Review (MTR)/ Phase 2 Design Mission towards the end of Phase 1. This Mission will pay particular attention to progress being achieved in refinement and implementation of the exit strategy (refer section 5.2.9), including a possible increased role for SPC during Phase 2 in the management of Components 1-3 with a corresponding decreased role for the MC, in line with the Regional Institutional Framework. The MTR will also undertake an economic appraisal of a selection of MA interventions supported during Phase 1.

5.2.7. Communication strategy

A formal communication strategy is considered essential given the regional nature of the program (involving a centralised PMO overseeing operations in 5 countries); the involvement of both the PMO as well as SPC in implementation management; and the imperative of establishing effective communication within the MAWGs and between the MAWGs and various other stakeholders and actors. The MC will be responsible for developing, finalising and implementing a Communications strategy. This will be a practical yet strategic guide outlining who needs to be communicating with whom, when, how and, where appropriate, why. Particular attention will need to be given to ensuring the MAWGs establish effective outreach to key stakeholders, at both national and regional levels.

5.2.8. Risk management

Key risks that will require on-going management are identified together with mitigation measures in the Risk Management Matrix (Appendix 11). The most important residual risks are summarised below:

Risk	Mitigation
Low Yr 2 budget ahead of Year 3 budget scale-up affects overall performance of Phase 1.	Undertake supporting, preparatory work. Have a range of subcontracts fully prepared in Yr 2, ready for implementation from late Yr 2 onwards. Push any infrastructural investments into Yrs 3 and 4. Seek other 'top-up' donor funding for Yr 2.
Inability to attract and retain suitable TA for the PMO and SPC (qualifications, experience, approach and motivation).	Define recruitment and selection criteria as part of design. Allocate significant time and resources to the selection process. Require non-exclusivity for key personnel in tender. Ensure option for key long term technical advisors to provide scheduled on-going short term inputs, as an alternative to full-time placement.

Failure to develop a constructive working relationship between industry and government.	Formation of the MAWG, with on-going facilitation by NMACs, assisted by the PMO where necessary. Only fund activities if it is clear that the MAWG is functional.
Overall PHAMA work program is excessively focussed on MA into Australia and NZ, with highly limited capacity of Australia and NZ to process requests.	Encourage the MAWGs to spread efforts between different importing countries. Encourage MAWGs to identify options relating to improving or maintaining access, in addition to seeking new access. If necessary fund the appointment and maintenance of Pacific Coordinators in DAFF and MAFBNZ, and monitor performance.
PICTs have unrealistic expectations of MA gains that PHAMA is unable to deliver.	Careful management of expectations by the PMO. Good resourcing to progress activities as speedily as possible. Go for 'low hanging fruit' where early wins are possible.
Importing government regulatory agencies are reluctant to more actively engage with PICTs, despite improved MA submissions and more active management of the submission process.	Mobilise experienced international TA to help manage the process. Be prepared to 'go political' through appropriate fora (e.g. PIF, appropriate Ministerial briefings/management) Re-establish funding for a Pacific market liaison officer within DAFF
Increasing energy prices adversely affect PICTs ability to compete in key markets.	Actively monitor impact of energy prices on export feasibility in consultation with other supply chain focused projects. Go for low volume/high value exports. Emphasise PHAMA as a mechanism for actively managing change.

Risk management will be an integral part of routine M&E arrangements, at both output and outcome levels, in order to provide a responsive process that can contribute to organisational learning. The MC will be required to:

- develop a Risk Management Plan, based on the preliminary risk analysis prepared by the Design Team;
- systematically identify any new risks, in collaboration with AusAID and other stakeholders, on an on-going basis;
- routinely monitor all levels of risk (management, intervention and development) and implement appropriate responses; and
- report risk status and possible consequences to the PCC and AusAID on a regular basis.

5.2.9. Exit Strategy

Key elements of the exit strategy include:

- developing the capacity of national organisations (particularly the MAWGs and relevant national government agencies with MA responsibilities) to identify and manage the implementation of MA activities;
- developing the capacity and willingness of industry to self-fund MA activities under fee-for-service arrangements, but recognising that this is likely to be a long-term process requiring on-going external support for some time to come;
- strengthening the linkages between relevant national organisations and potential service providers, including SPC and other third party service providers;

- developing the technical capacity of SPC to provide MA support services to the region;
- advocating for more sustainable long-term funding mechanisms (ideally core-funded)[1] for SPC's MA support services, progressively replacing the medium-term funding to be provided through PHAMA;
- progressively integrating the MC-managed activities (Components 1-3) into SPCs core program from the start of Phase 2 (with continuing donor support), with a corresponding phase-out of the MC, subject to development of appropriate capacity within and funding arrangements for SPC.

The PHAMA Implementation Team should continually revise and monitor progress against this exit strategy. The MTR/ Phase 2 Design Team will be seeking a clear view of 'life beyond PHAMA' when considering the scope of Phase 2.

6. FEASIBILITY AND SUSTAINABILITY

6.1. Feasibility

Manageability of the Program. The Program is not particularly complex in terms of either its objectives or institutional design, and is considered manageable within the resources budgeted. Overall management will be contracted to a competitively selected MC, which will also be responsible for day-to-day management of Component 1-3 activities. Day-to-day management of Component 4 activities will be delegated to SPC, which has a track record both in project management as well as implementation of MA-related support services to PICTs.

Technical and financial feasibility. Little can be done to gain preferential treatment by potential importing countries for MA requests from PICTs. However, there are a range of measures that can be supported to ensure that resources are focussed in highest priority areas; that high quality MA submissions are prepared and the processing of these is actively managed; and that SPS measures required to maintain MA are competently implemented. These measures, while often requiring a longer-term developmental timeframe, are not technically difficult to implement. Experience gained with MA programs elsewhere indicates that considerable performance gains are able to be achieved through measures such as these.

In order to maximise technical and financial feasibility, MA issues on which the Program will focus will be carefully selected, guided by the PMO, using criteria that are weighted towards the likely success of gaining/improving MA, and the potential economic benefits on offer should improved access be gained. Developing a central role for industry in the prioritisation/selection process is a key mechanism for minimising the risk that resources are wasted on products with lower potential for success.

The financial capacity of PICT government agencies and industry to support measures required to gain, maintain or improve MA is also important. In the longer term, development of stronger export industries will provide the impetus for increased government funding and/or industry funding of these measures. Improved collaboration between government and industry, through institutions such as the MAWGs, should also go some way towards improving capacity and

[1] e.g. through the RIF. This would be the responsibility of the PCC, working to AusAID, NZAID and the SPC Governing Council.

willingness to self-fund activities. Fiji provides several examples where industry groups have directly contributed to the cost of MA endeavours in the past. Again, the need to focus efforts on products that have the best chance of resulting in a substantial and profitable export trade is emphasised.

Institutional and governance feasibility. Institutional roles and responsibilities are clearly defined, with little opportunity for duplication or confusion. At an operational level, considerable emphasis is placed on establishing and supporting the operation of the MAWGs, which will have a hands-on role in guiding Program activities in-country and are regarded as a key means of ensuring national ownership and sustainability of Program activities. A careful watch will need to be maintained on the responsibilities ascribed to the MAWGs vis-à-vis the amount of time members have available to carry out the work required. Capacity of key government agencies and industry representative organisations is highly variable between PICTs but there is considered to be sufficient baseline capacity for the Program to be implemented successfully. Improving this capacity is also an important focus of the Program. SPC, which will initially have responsibility for the implementation of Component 4 activities only, is assessed to have sufficient baseline capacity to fulfil the intended role, although it suffers from sustainability issues that are a direct result of its almost total reliance on project-tied funding, and has a number of important technical gaps. The Program will directly address these funding and staffing issues. Responsibility for implementation of Component 1-3 activities will only be transferred to SPC once these issues have been satisfactorily addressed.

In terms of overall governance, the Program will establish a multi-country PCC that will bring together regional and national, as well as public and private sector interests. This forum will have high-level functions and will be required to meet only 1-2 times each year. It is intended that the PCC would liaise closely with the SPC Governing Council in respect of SPCs role in the Program.

6.2. Factors in the design to promote sustainability

At a commercial level, the sustainability strategy is to assist industry and government obtain, maintain and improve MA for highest priority products, selected taking into account the financial viability of the proposed trade. Stronger export industries and stronger economies are usually more able and willing to allocate financial resources, both private and public, to on-going MA development initiatives.

At an institutional level, the strategy rests on developing a strong and effective partnership between relevant government agencies and industry, forged in mutual self-interest, for the identification and resolution of highest priority MA issues. Under the Program, considerable efforts will be made to develop this partnership, and to increase the capacity of government agencies and industry to manage and self-fund MA activities in the future, with reduced external support. Also at an institutional level, PHAMA aims to further develop the technical capacity of SPC to provide MA support services to the region, consistent with its mandated role and the Regional Institutional Framework. It will also advocate for more sustainable long-term funding mechanisms (ideally core-funded)[1] for SPC's MA support services, progressively replacing the medium-term funding to be provided through PHAMA.

More specific features of the design that are intended to enhance sustainability include:

[1] e.g. through the RIF. This would be the responsibility of the PCC, working to AusAID, NZAID and the SPC Governing Council.

- Use of demand-led processes that promote the position of the private sector in identifying priority products for which new or improved MA is sought. This will improve the likelihood that the right MA issues are addressed, with profitable and sustainable export trade resulting.
- Rigorous vetting of priority products before final selection in order to ensure that development of a corresponding export trade is physically feasible and financially viable, and likely to result in significant economic impact.
- Development of mechanisms for improving dialogue between government regulatory agencies and industry groups on matters related to obtaining, improving or maintaining MA.
- Building the capacity of PICT quarantine and biosecurity agencies so that they are more effective and efficient in meeting their statutory responsibilities.
- Developing the technical capacity of SPC to provide a clearly identified set of core MA support services across the region.
- Provision of medium-term funding to SPC so that it has a more certain and stable operating environment in relation to providing core MA support services, replacing present *ad-hoc* and highly fragmented funding arrangements.
- Advocating for more sustainable long-term funding mechanisms (ideally core-funded) for SPC's MA support services, progressively replacing the medium-term funding to be provided through PHAMA.
- Strengthening the linkages between relevant national organisations and potential service providers, including SPC as well as other third party service providers.
- Building on key government policy and program initiatives relating to the development of high-value agricultural exports.
- Use of established organisations, systems and management practices to the maximum extent possible.
- Linkage, wherever possible, with other programs and projects, government and donor funded, working on the development of supply chains for priority products targeted under the PHAMA Program.
- Adoption of an 'open architecture' design that is flexible enough to meet changing conditions and needs.
- Progressively integrating the MC-managed activities (Components 1-3) into SPCs core program from the start of Phase 2 (with continuing donor support), with a corresponding phase-out of the MC, subject to development of appropriate capacity within and funding arrangements for SPC.

6.3. Impact

Benefits and Beneficiaries. Major benefits resulting from the Program will include: (i) increased FE earnings due to increased exports of high value agricultural products; (ii) increased household incomes and improved livelihoods for households participating in the production of target products; (iii) increased rural employment; (iv) development of a more diversified, better integrated and more robust private sector; (v) development of a stronger and more inclusive relationship between government agencies and industry concerning MA issues; (vi) improved capacity of export country quarantine agencies to meet core functions; and (vii) improved capacity of SPC to provide core regional biosecurity and trade support services. In most situations target products are expected to involve a reasonably large number of smallholder producers.

Economic impact. One of the criteria used in selecting target products will be the magnitude of the economic benefits on offer. Preliminary economic analysis based on the sort of products that

might be selected indicates that returns on investment in improving MA are generally highly positive. From an economic viewpoint, investment in obtaining, maintaining and improving MA makes good sense – especially if efforts are selectively channelled towards 'best bets' where the private sector is able and willing to respond rapidly to emerging opportunities.

Even if only a few 'wins' are achieved in terms of obtaining or improving MA and this results in increased and/or more cost-efficient export trade, the resulting benefits are likely to justify the costs involved. It is recommended that an economic appraisal be undertaken for a selection of MA interventions supported during Phase 1, at the time of the MTR/ Phase 2 Design Mission.

Environmental impact. The Program will generally not be dealing with MA issues related to commodity or industrial crops. Most products and production systems are likely to be smallholder-based and highly dispersed, and are likely to be relatively low-input or even organic in terms of pesticide use. In some cases pursuit of organic status may in fact be the basis of the perceived market opportunity and MA request. Improved awareness by industry of quality standards and pest and disease issues, and improved operational capacity of government quarantine services, is likely to produce longer-term and more general benefits related to protection of both exporting and importing countries from incursion threats due to breakdown of quarantine systems.

Institutional impact. Developing a strong and enduring partnership between government and industry for addressing MA issues, similar to those that exist in many better developed economies, is an important objective of PHAMA. The Program is also fundamentally concerned with improving the inherent capacity of relevant government agencies to perform more effectively in relation to gaining, maintaining and improving MA