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SOLS28: Industry Working Group Sustainability, Solomon Islands

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Prepared by

AECOM Services Pty Ltd
Level 28, 91 King William Street, Adelaide SA 5000, Australia
T +61 8 7223 5400 F +61 8 7223 5499 www.aecom.com
ABN 46 000 691 690

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Abbreviations

Abbreviation	Description
ACIAR	Australian Centre for International Agricultural Research
ARLDP	Australian Rural Leadership Development Program
CA	Competent Authorities
DevFish	Development of Tuna Fisheries in the Pacific ACP Countries Project
EIDO	Export Industry Development Officer
EIF	Enhanced Integrated Framework
FFA	Forum Fisheries Agency
IACT	Increasing Agricultural Commodity Trade project
IWG	Industry Working Group
MALD	Ministry of Agriculture and Livestock Development
MAWG	Market Access Working Group
MCILI	Ministry of Commerce, Industry, Labour and Immigration
MFMR	Ministry of Fisheries and Marine Resources
MHMS	Ministry of Health and Medical Services
MoU	Memorandum of Understanding
MSSIF	Mekem Strong Solomon Islands Fisheries Programme
NGASI	Ngali Nut Growers Association of the Solomon Islands
NZAP	New Zealand Aid Program
PARDI	Pacific Agribusiness Research for Development Initiative
PHAMA	Pacific Horticulture and Agriculture Market Access
PLP	Pacific Leadership Program
PPP	Public Private Partnership
PS	Permanent Secretary
RDP	Rural Development Program II (World Bank / DFAT funded Solomon Islands, 2015–2020)
SI	Solomon Islands
SICCI	Solomon Islands Chamber of Commerce and Industry
SIG	Solomon Islands Government
SITIA	Solomon Islands Tuna Industry Association
SMAWG	Seafood Market Access IWG
SPC	Secretariat of the Pacific Community
TIWG	Timber Industry Working Group

Executive Summary

Funding support for the five Industry Working Groups (IWGs) established in Solomon Islands will end with the conclusion of the Pacific Horticultural and Agricultural Market Access (PHAMA) program in mid-2017. The five industries involved in the IWGs are the coconut, cocoa, horticulture, timber and tuna industries. The IWGs have played an effective role in allowing government and industry to come together to develop advice, allow consultation and provide industry representation. Because of the valuable role these groups can play in facilitating the development of the industries they represent, the PHAMA program is working with the IWGs to develop arrangements that will support their operation after the conclusion of the PHAMA program.

The activity described in this report has involved examining options to support the continued function of the IWGs post-PHAMA, and working with the IWGs to identify preferred options for their operation. This involved preparing background papers and undertaking a series of workshops with the IWGs.

It was determined that the IWGs will transition to working under the Solomon Islands Chamber of Commerce and Industry (SICCI). The Coconut IWG, Cocoa IWG and Horticulture IWG will continue to operate under a model similar to that established under PHAMA, with their operation supported through funding received from the Rural Development Program (RDP). The Seafood Market Access Working Group (MAWG) (which supports government and industry consultation on the tuna industry) will need to develop arrangements for its operation to be supported by Solomon Islands Government (SIG) and the Solomon Islands Tuna Industry Association (SITIA). The timber industry needs to be involved in further discussion about support for the IWG, and it has been proposed that industry fund the operation of the IWG with development of an industry association. A formal mechanism to allow this to happen needs to be developed.

In undertaking this activity, a range of work has been identified that will need to be undertaken prior to the conclusion of the PHAMA program in mid-2017. For the IWGs to successfully undertake their roles they will need to engage more broadly with their industries so that there is a greater understanding and ownership of the industry strategic plans developed by IWGs. Each of the IWGs will also need to clearly define and articulate their purpose so that government and industry can clearly understand who the IWGs represent. Improving awareness and understanding of the IWG activities within their respective industries will also be an important part of ensuring that government and donors recognise their mandate post-PHAMA. A range of capacity development activities will also need to be undertaken to support the IWGs and to assist them in achieving this transition.

A number of issues still need to be resolved before the IWG work plans (‘roadmaps’) for the period to the conclusion of the PHAMA program can be finalised. PHAMA staff and the Export Industry Development Officer (EIDO) have been provided with a program of work to resolve these issues. It is expected that this interim program of work will be completed by September 2015 and that the outcomes of this work will then enable the full work plans or ‘roadmaps’ to be developed by the end of October 2015.

1.0 Scope of Activities Undertaken

1.1 Background

The market access issues in Solomon Islands identified under Phase 1 of the Pacific Horticultural and Agricultural Market Access (PHAMA) Program related mainly to strengthening and improving existing market access structures in an effort to either maintain market access or to improve terms of access for commodities. In Phase 2 of PHAMA, the market access activities have focussed on fish, timber, cocoa and coconut products. Early in the operation of PHAMA in Solomon Islands it was recognised that there was a lack of industry representative bodies or organisations with which PHAMA could consult for guidance on market access issues. This lack of industry bodies limited the ability of PHAMA to encourage the development of public-private partnerships (joint industry and government consultative groups) that could be used to address market access issues.

As a result, PHAMA established Industry Working Groups (IWGs) for each of the main export industries. Development of these groups was a major feature of PHAMA's work in 2013/14. Each IWG is made up of eight to ten private/public representatives, and at least one IWG member is also a member of the Solomon Islands Market Access Working Group (MAWG), which operates as PHAMA's program steering committee in Solomon Islands.

The IWGs are used by PHAMA in Solomon Islands to develop biennial plans for each industry and to set priorities to enable budget planning and implementation. IWGs meet regularly (quarterly at a minimum) to monitor progress with activities and to discuss industry issues and risks. Information from the IWGs and their plans for prioritised activities are conveyed to the Solomon Islands MAWG group for consideration for funding approval. This industry-specific planning is the basis for selecting PHAMA activities to undertake in Solomon Islands.

Within industries, the work of these groups has resulted in significantly improved communication and coordination between government and the private sector. In Solomon Islands, there have been a range of positive outcomes, examples of which include:

- Establishment of self-funding mechanisms for a market access function in the fishing industry
- Provision of additional funding support from government to support establishment of cocoa testing capacity
- Establishment of industry/government agreement on legality assurance guidelines for timber industry.

Over time there is also significant potential value in the IWGs developing as focal points for information sharing for funding collaboration/coordination with other programs and development partners (RDP, Enhanced Integrated Framework (EIF), Pacific Agribusiness Research for Development Initiative (PARDI), Australian Centre for International Agricultural Research (ACIAR), Secretariat of the Pacific Community (SPC) Increasing Agricultural Commodity Trade project (IACT), Forum Fisheries Agency (FFA) (DevFish), New Zealand Aid Program (NZAP), and Mekem Strong Solomon Islands Fisheries Programme (MSSIF)), and to inform SIG decision-makers on resourcing requirements to support market access.

It has been recognised that despite their relevance to PHAMA's objectives and early success, there are limitations to the sustainability of the IWGs post-PHAMA. Feedback from industry stakeholders also indicates that many of the key factors limiting export development are supply and finance related, which remain outside PHAMA's ability to fund. In order for the IWGs to better deal with these broader issues, maintain their relevance on trade and market access issues, and become sustainable "industry bodies", there is a need to broaden their ability to undertake planning and mobilise resources outside of PHAMA's funding scope.

Fundamental to the current and future success of the IWGs is to maintain support for a secretariat that can provide support for the operation of the IWG and follow up actions arising from the IWG meetings. A grant agreement has been established by PHAMA with SICCI to establish an EIDO and provide resourcing for their role to provide this support. At the conclusion of the PHAMA program, the effective operation of the IWGs will require ongoing support for the EIDO, and that the EIDO has the skills to provide effective support to the IWGs.

Support is also required to establish appropriate institutional structures, funding mechanisms, legal status and relationships for the IWGs to maintain their operation once support from PHAMA ends. Achieving this will require significant technical resourcing, and this report outlines some of the interim activities required to support the development of the IWGs.

1.2 Scope of Work Completed under this Tasking Note

This activity supports work by the PHAMA team to sustain long-term outcomes from the program. The work undertaken under this tasking note relates to:

- The development of options for ongoing institutional arrangements for the current five IWGs so that they can operate post-PHAMA
- A set of IWG workshops used to discuss and narrow options for their future operation
- The development of plans to implement these arrangements.

The information derived from the work completed under this tasking note will be used to inform the development of work plans or 'roadmaps' leading up to the conclusion of PHAMA in mid-2017 and operation of the IWGs after this. A report of progress against the scope is included in Chapter 2.0 of this report.

2.0 Report Against the Project Scope

The nine activities set out in the tasking note and their delivery status are summarised in Table 1, below.

Table 1 Report on the nine activities set out in the tasking note and their delivery status

Activity	Status
Determine in detail, with reference to each industry context and environment, the appropriate options for sustainable development of each of the current five IWGs into representative and sustainable industry bodies able to progress market access and export development. This will include examining the appropriate scope of industry issues to be considered by each IWG (supply side, production, processing, market access, marketing, etc.) in order to maintain its relevance and utility to stakeholders.	Completed. Options for the sustainable development of each of the IWGs were developed after discussion with the IWGs. This was informed by desktop studies of organisations similar to the IWGs in other countries (see Appendix A and Appendix B), and along with desktop reviews of the IWGs, their situations and priorities. Alternative structures were then discussed in workshops before identifying a preferred option (see Appendix C).
Determine the specific detail of appropriate organisational, constitutional, and legislative elements for each IWG.	Ongoing. The types of organisations required by each of the IWGs have been defined, and PHAMA staff are working through a series of activities to confirm these arrangements (activities set out in Appendix D).
Determine the operational requirements and appropriate potential arrangements for each group in terms of secretariat support and hosting.	Ongoing. Options for operation and hosting of secretariat support have been identified, and PHAMA staff are working through a series of activities to confirm these arrangements (activities set out in Appendix D).
Determine appropriate planning processes for each group to describe and articulate industry needs for funding and/or capacity building requirements.	Ongoing. Initial prioritisation has been undertaken (see Appendix C). The IWGs will need to engage in a broader strategic planning exercise as part of the roadmap.
Determine the detail of sustainable funding mechanisms for each group, with reference to each industry context of industry makeup, levies and scope of ability to implement activities directly.	Completed. Options for sustainable funding were considered and identified as part of the IWG workshop. Ongoing follow up is required to confirm arrangements and is being undertaken by PHAMA staff (see Appendix D).
Establish for each IWG a detailed action and capacity building plan for implementation (a 'roadmap'). The plan should use timeframes that are realistic to the absorptive capacity and any limiting factors (such as legislation); however, where possible the plan shall aim for completion of implementation by the end of PHAMA Phase 2 (30 June 2015).	Partially completed. A set of actions to confirm the appropriate organisational arrangements for each IWG has been developed (see Appendix D) and relevant capacity building activities have been identified (later in this report). Once appropriate organisational structures have been confirmed, a detailed roadmap can be developed.
With reference to the 'roadmap', conduct appropriate initial capacity building inputs (as agreed with PHAMA Solomon Islands office) to progress establishment of initial key components.	Completed. Appropriate capacity building inputs have been identified, and are set out in this report.
Provide mentoring and remote support to IWG members and the EIDO as required to progress implementation of the 'roadmap'.	Ongoing. Mentoring and support associated with the work delivered has been provided to the EIDO and discussions have been held with IWG members. An ongoing program of capacity development is discussed in this report.

3.0 Report on Deliverables

Three deliverables were set out in the tasking note. Their delivery status is summarised in Table 2 below.

Table 2 Report on the three deliverables set out in the tasking note and their delivery status

Deliverable	Status
A set of implementation plans covering each IWG, to be completed by 15 March 2015.	Completed. Plans to support implementation are presented in Appendix D.
A brief report of the findings following initial scoping visit, to be completed by 15 March 2015, including detail of expected capacity building inputs to be conducted.	Completed. Initial findings and examination of options are presented in the discussion papers included in Appendix A and Appendix B.
A final summary report at completion of all in-country inputs, to be completed by 20 June 2015.	Completed. Requirement fulfilled through this report.

4.0 Report on Activities Delivered

4.1 Summary of Activities

Two visits were undertaken to Solomon Islands. An initial scoping visit was made in February 2015, to understand the operation of the IWGs and understand their circumstances. Based on this visit, discussion papers were drafted for each of the IWGs, examining their situations and priorities (Appendix B), along with a discussion paper outlining how organisations like IWGs are structured and operate elsewhere (Appendix A). These papers and the IWG priorities were then circulated to IWG members and discussed during a series of workshops held in April 2015.

Feedback from the workshop discussions was recorded for each of the IWGs (Appendix B). Based on this feedback, a series of follow-up actions were recorded for PHAMA staff to undertake to support the establishment of the IWGs (Appendix D) so that they can become independent of PHAMA. The work currently being undertaken by PHAMA staff can then be incorporated into the work already completed to develop specific roadmaps for each of the IWGs to cover the next two years of their operation. As part of the work undertaken, briefing papers were also drafted for PHAMA staff to use in briefings with relevant incoming SIG Ministers (Appendix E).

PHAMA staff are currently meeting with the industry, government, donor and non-governmental organisation partners involved in each IWG to discuss the preferred option for supporting the IWG and discuss the implications of this. PHAMA staff will be asking for the partners to confirm their continued support and involvement in the IWGs. Once that initial work is completed, in September 2015 a detailed plan (a ‘roadmap’) will be prepared for each of the IWGs to cover the period to mid-2017 when the PHAMA program ends. The terms of reference for the IWGs will need to be revised to reflect changes in their operation, along with policies about the operation of the IWG such as renewal of membership.

4.2 Discussion of Circumstances and Opportunities for Each of the IWGs

Despite some similarities between the five IWGs, differences in the operation, size and structure of the industries involved mean that it is not possible to develop a single plan that could be used consistently across all the industries. Similar approaches can be used to establish the Cocoa IWG, Coconut IWG and Horticultural IWG because they are highly likely to have ongoing funding through RDP, but the challenges and issues around these industries are different, and this will influence how to operate and their priorities in the future. The ongoing operation of the Seafood MAWG and the Timber IWG will require their respective industries (the private sector members of the IWGs) to take ownership of the operation and funding of these two groups, rather than being supported through donor funding. Funding from SIG is not expected to be available to support the future secretariat functions of any of the IWGs.

There is a strong likelihood that the future operation of the Seafood MAWG can be funded and managed by industry, which already has a peak industry group (SITIA). To support the future operation of the Timber IWG requires industry to agree on the need for greater organisation within the sector, such as development of a timber association, and associated with this would be the establishment of a mechanism that can either support or take on the export-related activities of the IWG.

The different models for the future operation of the five IWGs are described below, along with the work required to confirm the model of operation, challenges for the ongoing operation of the IWGs, and key aspects that need to be addressed in the development of roadmaps for each of the IWGs.

4.2.1 Coconut

Of the operating options available, the Coconut IWG is best placed to be hosted by SICCI at the conclusion of the PHAMA program in mid-2017. RDP has indicated that it will cover the cost of operating the Coconut IWG and its Secretariat (the EIDO) at the conclusion of PHAMA, through until 2020. A commitment from government should be sought for its formal recognition of the IWG, including meetings with relevant Ministers to discuss this. Once the relationship between the Coconut IWG and SIG has been clarified, a roadmap detailing the operation of the Coconut IWG to mid-2017 and potentially beyond can be developed.

The Coconut IWG has requested that SIG recognise the status of the Coconut Secretariat to oversee and provide advice on issues relevant to the coconut industry. The Coconut IWG had been formed out of the Coconut Secretariat, which had developed the comprehensive Solomon Islands Coconut Sector Strategy that detailed priorities for the industry and had not met since the development of the Strategy. The Coconut IWG believes that it should be recognised to undertake the function of the Coconut Secretariat and oversee the implementation of the Strategy. Advice is being sought by PHAMA staff from SIG as to whether this request is appropriate, and how it might be done.

Although the coconut industry is large, it is a low margin industry for many small producers and has been in decline for some years. While there are a range of priorities recognised across the industry, such as the need to re-establish commercial coconut groves, these issues have not motivated the industry to become more unified. The Solomon Islands Coconut Sector Strategy is viewed as a comprehensive set of priorities for the industry, but there is the view that it has not been resourced and implemented appropriately by SIG, the industry and donors. There is an ongoing need for industry leadership, as well as for understanding of the role that government is intending to play in supporting industry and the impact that this might have on investment and production.

The Coconut IWG can play a useful role in providing advice to the RDP (and other donor programs) on its investment in the industry, and the IWG can continue to act as a forum for consultation between industry and government in this role. In developing a roadmap for the Coconut IWG, there is a need to ensure: that there is thorough consideration of the scope, mandate and membership of the group post-PHAMA; that the current IWG continues to inform PHAMA activities; that the development and implementation of RDP can be informed by the IWG; that the IWG better links to government planning and priority setting activities (including the annual SIG budget cycle); and that there is a plan to encourage the development of the IWG into a more representative forum (and that the RDP supports the continued development of the Coconut IWG as a representative forum). It would also be useful to review the existing Coconut Sector Strategy as part of the roadmap activities and develop a more succinct strategic plan that can be used to inform donor activities, but also monitor progress.

4.2.2 Cocoa

Of the operating options available, the Cocoa IWG is best placed to be hosted by the Solomon Islands Chamber of Commerce and Industry at the conclusion of the PHAMA program in mid-2017. The Rural Development Program (RDP) has indicated that it will cover the cost of operating the Cocoa IWG and its Secretariat until 2020. A commitment from government should be sought for its formal recognition of the IWG, including meetings with relevant Ministers to discuss this. Once the relationship between the Cocoa IWG and SIG has been clarified, a roadmap detailing the operation of the Cocoa IWG to mid-2017 can be developed. The roadmap needs to include a plan to support the transition of the Cocoa IWG to an industry association so that it can operate independently and be self-sustaining upon the conclusion of the RDP.

The Cocoa IWG believes that there is a need for national leadership and coordination on issues of importance to the cocoa industry if the industry is to prosper. To achieve this level of leadership, the Cocoa IWG believes that a national coordinating group should be recognised. A National Cocoa Steering Committee had existed previously, but had not been convened for a significant time. The members of the Cocoa IWG believe that it can potentially play the same role as the National Cocoa Steering Committee, but that there needs to be a better understanding about what support or links to government might be put in place in order to help industry achieve this, or whether industry needs to establish an industry association to play this role.

The PHAMA program is currently acting on the findings of a cocoa market study (SOLS22, Technical Report 73 and Technical Report 84) that suggests that significant work needs to be done to improve knowledge and understanding in Solomon Islands of the cocoa market, cocoa pricing and the international cocoa trade so that farmers, agents and exporters can operate more effectively. If improvements can be made to financing arrangements to improve pricing and marketing, it may provide a catalyst for growth and change in the industry. If these changes do occur, then there may be an increased demand for an industry group that can provide advice to government and a mechanism for consultation between government and industry. Production and quality remain important issues for the Solomon Islands cocoa industry, but there is currently only limited interest in addressing these issues in the absence of a price incentive.

Post-PHAMA, the Cocoa IWG will play a useful role in providing advice to the RDP on its investment in the industry, and the IWG can continue to act as a forum for consultation between industry and government. In developing a roadmap for the Cocoa IWG until mid-2017, there is a need to ensure: that there is thorough consideration of the scope, mandate and membership of the group post-PHAMA; that the current IWG continues to inform PHAMA activities; that the development of RDP can be informed by the IWG; that the IWG better links to government planning and priority setting activities (including the annual SIG budget cycle); and that there is a plan to encourage the development of the IWG into a more representative forum (and that the RDP supports the continued development of the Cocoa IWG as a representative forum). In addition, work should be undertaken to develop a comprehensive Cocoa Industry Strategy that can be used to better inform and direct donor activity.

4.2.3 Horticulture

The Horticulture IWG was established to help the PHAMA program examine opportunities for horticultural exports from Solomon Islands, as there are few businesses engaged in horticultural exports at present. The best option available to support the future operation of the Horticulture IWG seems for it to be hosted by the Solomon Islands Chamber of Commerce and Industry at the conclusion of the PHAMA program in mid-2017. The RDP has indicated that it will cover the cost of operating the Horticulture IWG and its Secretariat until 2020. A commitment from government for its continued recognition of the group is being sought.

This arrangement to host the Horticulture IWG within the SICCI is a useful model because many of the businesses participating in the Horticulture IWG are eligible to be members of the SICCI. At present there are a relatively small number of businesses involved in the Horticulture IWG and although they share an interest in developing their businesses, their diversity and small number makes it difficult to justify the development of a specific “standalone” industry association to represent their shared interests. The work of PHAMA (SOLS19, Technical Report 70, Technical Report 87 and Technical Report 88) examining the horticulture sector indicates that there are few opportunities for the growth of large exports. Ultimately, the IWG may not represent a single large industry, and it may take some time for these businesses to scale up to any significant volumes of exports. Because of the small businesses involved and the start-up nature of export ventures in the sector, it is appropriate that the Horticulture IWG should try to align with the SICCI, which is involved in supporting business growth.

Post-PHAMA, the Horticulture IWG will play a useful role in providing advice to the RDP (and other donor programs) on its investment in small horticultural industries, and the IWG can continue to act as a forum for consultation between industry and government. In developing a roadmap for the Horticulture IWG until mid-2017, it may not be appropriate to develop a comprehensive plan to form an industry association due to the small number of businesses involved, although skills development among IWG members should be encouraged to help support business development and leadership in the sector. However, the roadmap does need to ensure that there is thorough consideration of the scope, mandate and membership of the group post-PHAMA; that the current IWG continues to inform PHAMA activities; that the development of RDP can be informed by the IWG; and that the IWG better links to government planning and priority setting activities (including the annual SIG budget cycle).

4.2.4 Seafood

It is proposed that the Secretariat for the PHAMA Seafood MAWG be hosted by the SICCI, and that consideration be given to transferring responsibility for funding its operation to SITIA. The work of the Seafood MAWG will continue to focus on addressing market access issues for the industry and providing a forum for industry and government to consult and advise on issues affecting market access. The Seafood MAWG provides a forum for industry and the government Competent Authorities (CAs) to come together, along with regional fishing non-government organisations, something that has not occurred previously. The TIASI remains the peak body representing the industry, and the Seafood MAWG could report to TIASI and government through the SICCI Board. PHAMA will work with TIASI and SICCI to confirm that these potential arrangements are acceptable to industry and government.

Maintaining market access to the European Union Market is critical for the survival of the industry, and two CAs were established within government to facilitate access to these markets by providing oversight on industry activities related to Illegal, Unregulated and Unreported Fishing, and health aspects related to manufacturing onshore. Ongoing oversight and consultation between government and industry is required to monitor the performance of the CAs, including progress made to address compliance or performance issues identified through audits. Because of this ongoing need for the Seafood MAWG, there is a strong demand for its continued operation.

There is a strong rationale for industry to provide leadership and fund the operation of the Seafood MAWG to ensure that the CAs are performing appropriately and so that industry is aware of the concerns that the EU market might raise through the CAs. The IWG members felt that although it is possible that donor funding could fund the Seafood MAWG, this would be a short-term solution, and alternative options would need to be found again when the donor program finished. The option of hosting the group within government was discussed, but it was recognised that securing an ongoing commitment from the government to provide secretariat support and resources would be difficult and this would pose a significant risk for the operation of the industry.

Post-PHAMA, there will be a continued demand for the work of the Seafood MAWG, and the role of the Seafood MAWG will continue to focus on technical issues associated with market access requirements. In developing a roadmap for the Seafood MAWG until mid-2017, there is a need to focus on ensuring that there is a successful transition to the new hosting and industry arrangements, as well as that the Seafood MAWG continues to inform PHAMA activities. It is also important that the Seafood MAWG links in with TIASI operating requirements, and that it can inform government planning and priority-setting activities (including the annual SIG budget cycle) where required.

4.2.5 Timber

For the present, the Timber IWG secretariat will continue to be hosted by the SICCI, but arrangements that would allow the IWG to function after the conclusion of PHAMA in mid-2017 still need to be confirmed. It is understood that there has been a previous move to establish a representative association that could support the Timber IWG. Further discussion with industry is required to understand whether this is a valid option for hosting the operation of the Timber IWG. The consensus among IWG members was that it is unlikely that the operation of the Timber IWG would be funded by donors or that the SIG would be able to provide support.

The forestry industry is of great importance to the economy of Solomon Islands. However, it is recognised that revenues from log exports will decline significantly in the medium term as the resource is depleted. Government policy is to increase the level of value-adding of timber for export through the sawn timber industry. Increased production of value-added timber would be assisted by improvements in timber grading and market information, and by providing support for businesses to improve quality and supply. Greater coordination within industry, as well as mechanisms to support consultation between industry and government, would help in this transition by the industry. There is an opportunity for the Timber IWG to play an important role in this.

Until the conclusion of the PHAMA program in mid-2017, the Secretariat for the PHAMA Timber IWG can be hosted by the SICCI. If a sawn timber industry association can be established, there is the opportunity to develop a plan that would allow the transition of the Timber IWG to an industry-funded model. Under this arrangement, the Timber IWG could be hosted by the SICCI and funded by the industry association, or it could operate as a committee of the industry association. These options need to be better understood before a roadmap is developed.

Aspects that need to be addressed in a roadmap for the Timber IWG include: that the IWG links to government planning and priority-setting activities (including the annual SIG budget cycle); and that where possible there is assistance for the development of a sawn timber industry association that can effectively articulate priorities for the industry. Part of this assistance could be working with the industry to develop a Sawn Timber Industry Strategy that could provide the industry with guidance on the work that needs to be done to meet the requirements of export markets and to continue to grow the industry.

4.3 Development of Roadmaps to mid-2017

The work undertaken with the IWGs has focussed on understanding models for their future operation and the need for a mechanism to allow industry to be involved in representation, consultation and providing advice to government. As described above, a number of the IWGs have questions about their structures that need to be resolved before a more comprehensive roadmap can be developed outlining work to the end of Phase 2 of PHAMA in mid-2017.

When developing the final roadmaps, the work they will need to undertake falls into two categories: *annual business* and *organisation development*. 'Annual business' refers to work that fits with an annual cycle that needs to be delivered. Examples of this could include:

- Annual review of industry plans and strategic priorities;
- Development of advice on projects and prioritisation of project activities for PHAMA, RDP and other donors;
- Development of advice and priorities for submission through the SIG budget.

Organisation development activities include work that seeks to strengthen the IWGs and allow them to operate as independent, representative groups in the future. Work in the roadmap that relates to organisation development could include:

- Industry meetings to scope the establishment of a formal industry organisation;

- Clarifying budgets and funding sources, including establishing links to donors and non-governmental organisations;
- Development of constitutions and operating policies;
- Election or selection of IWG representatives;
- Capacity development and training activities; and
- Development and review of strategic plans.

While some of these aspects will be common across the IWGs, the individual industries and their IWGs will have different priorities and issues to deal with. It will be important that the IWGs and the EIDO have ownership over the roadmaps that are developed, in order to ensure they are appropriate for their respective industries. The IWGs and the EIDO will also be responsible for ensuring that these plans are implemented. It is likely that the process of developing the roadmaps will also highlight areas where capacity building is required to support the implementation of the roadmaps.

4.4 Roadmap Outline

Plans or 'roadmaps' that set out the actions and responsibilities to put these structures in place and the ongoing activities still need to be set out. This can be done once the interim activities described in Appendix E are completed.

The current activity has helped to define the aspiration or 'strategic imperative' for each of the IWGs, and the interim activities will help to determine the extent to which these can be achieved. The roadmaps that now need to be developed should set out the activities to be completed by the end of the PHAMA program in mid-2017 in order to meet these aspirations.

In developing the roadmaps, it may be useful to consider the outcomes required over the two timeframes:

1) By mid-2017, so that the IWGs can operate as independent groups at the conclusion of PHAMA; and
2) By 2020 (in 5 years' time), when the IWG should be operating to meet the needs or 'strategic imperatives' of the industry.

The outcomes required for the different industries will vary depending on the aspiration or 'strategic imperative' of the industry and the scope or role that industry perceives for the IWG. Key areas that need to be addressed by the roadmap include what is being sought from key stakeholders, as well as the strategies need to be put in place in order to ensure that the IWGs get appropriate recognition. Key stakeholders that need to be considered include:

- Industry (the extent to which the IWG can be representative and what it is seeking to achieve for industry)
- Government (the outcomes sought from government, including the extent that the IWG will be recognised in consultation, advice and representation)
- Donors (the extent to which donor recognition is sought, and that the IWGs have appropriate structures to allow them to engage with donors).

The detail of the roadmap then needs to focus on supporting the establishment of an ongoing organisation, as well as administrative arrangements to achieve the outcomes required by the IWG. A useful framework for organising these aspects may be to consider:

- Governance (how the organisation is formally structured and governance requirements to establish and support this, such as organisation registration, elections, industry consultation, and the development of a strategic plan for industry)
- Operations (tasks and activities that need to be undertaken to achieve the outcomes sought from the IWG)
- Administration (tasks and activities that need to be undertaken to meet governance accountabilities and ensure transparency)
- Resourcing (the business model to support the operation of the IWG, as well as providing accountability for external resourcing)

- Training and development (gaps in capacity that exist and how these may be addressed, including local training providers, industry exchanges or sharing resources between countries).

While some aspects of the roadmaps will be common across the IWGs, the individual industries and their IWGs will have different priorities and issues to deal with. It will be important that the IWGs and the EIDO have ownership over the roadmaps that are developed, in order to ensure that they are appropriate for their respective industries. The IWGs and the EIDO will also be responsible for ensuring that these plans are implemented. It is likely that the process of developing the roadmaps will also highlight areas where capacity building is required to support the implementation of the roadmaps.

It is suggested that the roadmap be set out in a format that is easily understood by PHAMA staff, the EIDO and IWG members and that can be easily updated and used to report against. An example format is set out below:

Industry Working Group Name			
Strategic Imperative or Aspiration that the IWG is looking to address post-PHAMA			
Outcomes by mid-2017	**Industry**	**Government**	**Donors**
	Identify key outcomes relevant to the industry, such as priorities and development of strategic plan, representative structure and timeframe for delivery.	*Identify key outcomes relevant to the government, such as official recognition, strategic goals and timeframe for delivery.*	*Identify key outcomes relevant to donors' development objectives in terms of increased trade, livelihoods and private sector development.*
Actions relating to ***governance*** to achieve outcomes	*Identify actions that contribute to the industry outcomes identified, including timeframe and responsibility.*	*Identify actions that contribute to the government outcomes identified, including timeframe and responsibility.*	*Identify actions that contribute to the donor outcomes identified, including timeframe and responsibility.*
Actions relating to ***operations*** to achieve outcomes	*As per above.*	*As per above.*	*As per above.*
Actions relating to ***administration*** to achieve outcomes	*As per above.*	*As per above.*	*As per above.*
Actions relating to ***resourcing*** to achieve outcomes	*As per above.*	*As per above.*	*As per above.*
Actions relating to ***training and development*** to achieve outcomes	*As per above.*	*As per above.*	*As per above.*
Outcomes by mid-2020	**Industry**	**Government**	**Donors**
	Identify key outcomes relevant to the industry, such as priorities and development of strategic plan, representative structure and timeframe for delivery.	*Identify key outcomes relevant to the government, such as official recognition, strategic goals and timeframe for delivery.*	*Identify key outcomes relevant to donors' development objectives in terms of increased trade, livelihoods and private sector development.*
Actions relating to ***governance*** to achieve outcomes	*Identify actions that contribute to the industry outcomes identified, including timeframe and responsibility.*	*Identify actions that contribute to the government outcomes identified, including timeframe and responsibility.*	*Identify actions that contribute to the donor outcomes identified, including timeframe and responsibility.*
Actions relating to ***operations*** to achieve outcomes	*As per above.*	*As per above.*	*As per above.*

Actions relating to ***administration*** to achieve outcomes	*As per above.*	*As per above.*	*As per above.*
Actions relating to ***resourcing*** to achieve outcomes	*As per above.*	*As per above.*	*As per above.*
Actions relating to ***training and development*** to achieve outcomes	*As per above.*	*As per above.*	*As per above.*

4.5 Capacity Building

Capacity building is an important part of developing the IWGs and providing them with the skills that will allow them to operate through to mid-2017 and post-PHAMA. There are two aspects to this: capacity building of the EIDO to support the IWG (the industry development officers housed within SICCI), and capacity building within the industries themselves and the public sector. Capacity building is always an ongoing activity, and opportunities to improve skills and experience should be sought wherever possible. Being involved in formal training programs geared to the specific skills and experiences required (such as financial and organisational leadership training) would be ideal. However, it is likely to be difficult and expensive to access formal training, so where possible PHAMA staff should work with the EIDO and members of the IWGs to help provide these experiences and opportunities to learn.

For the private sector IWG members, the need to develop capacity is particularly challenging. The development of leadership skills and capacity can assist the broader industry to develop a strategic direction for growth, can bring industry members together to help achieve this vision, and gives industry the skills to assess government performance and hold government to account. While it is possible to bring experienced facilitators in to assist with planning and strategy, it does not always give ownership over the plans, and may not effectively assist in the development of skills and experience required by industry. Opportunities to involve a broader cross-section of industry members in these types of training also need to be considered in order to encourage succession in leadership of the industry groups and broader ownership of IWG activities and strategic planning.

It will be important to consider opportunities for potential cross-country exchanges between industries and for “twinning” with industry groups in importing countries as a potentially useful tool for capacity building to assist IWG development. For commodities common across several of the PHAMA countries (such as cocoa, fish, coconut, and timber), there may also be opportunity for collaboration and lesson sharing in development of IWGs working on these common commodities. If PNG is bought into the PHAMA program, there may be opportunities to utilise PNG industry experience (such as in cocoa) to assist other countries in IWG development.

4.5.1 Capacity Development in the Export Industry Development Officer

PHAMA has established a grant agreement with the SICCI to establish the EIDO position and provide resourcing for their role. Assuming that PHAMA does not continue post-2017, at the conclusion of the program the EIDO will require the skills to operate independently to effectively support the IWGs. The role could be likened to an Executive Officer of an industry representative group, and their responsibilities are likely to cover a similar range of activities, including:

- Organising industry and government officials to attend meetings
- Delivering meeting minutes and following up on action items
- Managing correspondence and meetings with industry and government
- Managing and reporting on budgets, including reporting to funding agencies
- Facilitating industry strategic planning
- Delivering written and oral reports to a range of stakeholders
- Acting on behalf of industry, and being able to represent industry views
- Maintaining a strong network in government and industry.

The EIDO’s previous experience and existing skills have a strong bearing on their capacity to do this job. By the conclusion of the PHAMA program, the EIDO should be able to effectively organise and manage meetings, follow up on meeting actions and minutes, understand and manage budgets, and manage correspondence and meetings. Formal training opportunities to improve skills and performance in this role and the activities described above should be considered as part of regular performance discussions.

PHAMA staff need to monitor the performance of the EIDO and provide them with feedback on their work, and provide them with opportunities to develop and improve. It is generally good practice for the EIDO to sit down with the meeting Chairperson and PHAMA staff member before and after the meeting to meeting to plan and review the meeting, including discussing how to organise the agenda and activities, what materials will be presented and any follow up from the meeting.

Developing, managing and reporting on budgets are important skills that need to be developed to ensure that industry, government and donors all have confidence in the IWGs and their operation. During the transition to the end of PHAMA, PHAMA staff should work with the EIDO to ensure that they are responsible for understanding and managing the IWG budgets. At each meeting, it may be useful to provide a brief report on the meeting budget, and progress against that budget (a report on progress against the allocation to the IWG may be useful as well, although this needs to be managed to avoid the IWG being focussed on operational work rather than strategic issues). It may also be useful for PHAMA staff to involve the EIDO in the development and reporting of PHAMA budgets, so that the EIDO is aware of donor reporting requirements and practices (for example, the use of accrual accounting).

Understanding industry views and positions is an important part of the EIDO being able to fill their role effectively. This understanding helps to prioritise their own work, help run meetings and follow up on meeting actions. The EIDO should visit the businesses of industry members regularly, particularly members of the IWG, to talk about the industry and discuss progress on actions and the work of the IWG. If IWG members meet with Government, then the EIDO should participate in these meetings to increase their own familiarity with industry and government policy, as well as to develop their personal networks.

While the EIDO is not expected to facilitate industry planning at present, it is important that they understand the process of priority setting and are able to develop a meeting agenda that can assist this. It is important that PHAMA staff involve the EIDO in discussions about strategic planning and priority setting wherever possible, and that the EIDO is provided with opportunities to organise, contribute to and run these meetings.

The EIDO will also play a role in establishing the future model and operations of the current IWGs. This will require the EIDO to understand how industry associations and organisations, as well as businesses, operate. Where possible, the EIDO should grow their experience and understanding of this aspect of their work.

4.5.2 Capacity Development for IWG Members

There are a wide variety of formal programs and training that can assist with rural leadership, particularly in Australia and New Zealand where this is quite a mature training area. In addition to formal training, the industry organisations or industry leaders in other countries (for example, Papua New Guinea, Fiji) could be approached to assist in capacity development, and there could be informal opportunities through the development of partnerships with these organisations or individuals. Young farmer networks are used in some countries as an effective mechanism for engaging young people in discussion about the direction of agriculture, networking individuals and encouraging leadership. Examples of formal training and development programs that may be useful models or where there could be opportunities for a partnership include:

- **Australian Rural Leadership Foundation**. The Australian Rural Leadership Foundation (ARLF) was established to promote leadership in the Australian rural sector. It runs an annual program with nominated individuals, so there is a tendency that the individuals are recognised or have a reputation as high-performers. The curriculum includes: personal effectiveness, ethics, values, social responsibility, diversity thinking, conceptual and analytical skills. The program includes a residential component based in a remote location, and it is possible there could be interest in working in Solomon Islands or Vanuatu to provide an exchange.
- **Pacific Leadership Program**. In Solomon Islands and Vanuatu, the Pacific Leadership Program (PLP) focuses on developmental leadership and governance at the sub-national and community level. The program identifies and supports individuals and groups who are acting (or have the potential to act) collectively for the public good. It facilitates coalitions, encourage adaptive leadership and encourages leaders to embrace change and help others to do the same. The public good sector is a different focus to the industry or private good focus of the IWGs, but the resources and training units may have application for the private sector in Solomon Islands and Vanuatu that would be worth investigating.

There are a range of skills required for industry leaders to be effective, and these leadership programs have common elements that could be addressed to some extent through practical experience. Some of the leadership skills focussed on through these programs include:

- Understanding diverse values
- Strategic thinking and prioritisation
- Consultation and representation
- Effective communication
- Capacity development and succession planning.

Understanding diverse values. In order to reach agreement on a set of terms of reference, understand the priorities of overseas markets, or for individuals from the private sector and government to work together effectively and understand how industry value chains work, IWG members need to be able to understand, respect and accommodate different types of thinking and values. For example, the degree of competition that exists in export markets from other international exporters and between domestic retailers may result in buyers making stringent demands of Solomon Islands exporters that can be difficult to understand without firsthand experience of how these markets and the buyers operate.

Improving awareness of diverse values is usually done through exposing individuals to different experiences and people, and discussing what is different about these values and why. For example, market missions to other countries, visits from industry members from other countries or discussion between people from different industries are ways of encouraging thinking about diverse values.

Strategic thinking and prioritisation. Strategic thinking and prioritisation is a complex activity that requires individuals to make assessments on priorities on the basis of a range of factors such as timeframes, potential costs and returns, likelihood of success and alignment with long-term plans and aspirations. It can also involve identifying broad priorities by looking for patterns and similarities among the issues faced by industries. Involving different values and perspectives is a useful way of getting good outcomes from these discussions. For example, individuals from government and the private sector would have different perspectives on the risk and return of different activities, based on their past experience.

There are formal tools to help encourage strategic thinking and analysis, and it is important that the IWG members are involved in using these tools and applying them. Annual planning processes that formally review priorities and discuss changes in the operating environment would be a useful exercise to help IWG members understand the process of thinking strategically and prioritising. The challenge is providing IWG members with the confidence to lead this activity, rather than depending on PHAMA staff to take a lead role.

Consultation and representation. Effective participation by government and industry representatives in the IWG relies on the public and private representatives consulting with their stakeholder groups outside of the meetings so that they can accurately reflect the views of their peers in the discussion. IWG representatives should be encouraged to continue to work on and discuss IWG issues outside of the meetings. In a formal industry representative group, there is an incentive for industry representatives to consult outside of meetings, as they may not be elected to the position in the future if they do a poor job. This consultation also has the advantage of helping to inform IWG priorities, but also get greater awareness and support for the work and priorities of the IWG.

An important part of industry consultation and representation is making sure there are opportunities to be inclusive of industry stakeholders from across the country. This means that the IWG members should travel to production centres to discuss issues and priorities with the farmers, as well as communicate the work of the IWG. Demonstrating effective consultation can also have advantages in explaining IWG priorities to other donors and government, and provides legitimacy to the priorities identified.

Effective communication. Effective contribution by IWG members to the IWG discussion relies on members being able to listen to and understand the discussion, contribute to discussion and conversation effectively, and have sufficient numeracy to understand budgets and financial implications of decisions. Depending on their education and experience, participants are likely to vary in their confidence and effectiveness as communicators. Involving IWG members in consultation activities and encouraging participation in IWG meetings is a mechanism for improving confidence and oral communication abilities.

Effective chairing to encourage and facilitate communication and discussion in meetings (with the IWG members as well as external meetings) is an important part of developing the skills of IWG members. Some care and thought also needs to be given to the language spoken in IWG and external meetings, as some meeting participants may not confident using English. Regularly rotating chairs (every 6 to 12 months) should also be considered as a way of building skills and encouraging leadership. Encouraging IWG members to participate in groups such as 'Toastmasters' or community groups so they can practice public speaking and networking may also provide a useful experience for some IWG members.

Capacity development and succession planning. It is important that the IWG regularly discusses membership and succession planning, and has a strategy to do this. This is important if they are to move on from being a construct of PHAMA. A challenge for IWGs and the PHAMA program is to not just work with the IWG members who are recognised as leaders, but encourage involvement by a number of people within the sector so there can be succession within the IWG and strengthening of leadership within the industry. In the discussions had during the course of this consultancy, governments and donors have expressed a preference for working with 'representative' groups that can speak on behalf of an industry. Ultimately this means that there needs to be a pool of people from industry that are involved in discussion about the strategic direction of industry in the country.

Tasking the IWG with developing a strategy and process for renewal of its membership, and engaging with industry members in centres outside of Honiara, should be considered as part of encouraging succession.

Inter-country industry exchanges. There are potential opportunities to support IWG development through facilitating exchanges and information sharing either between industry groups within the PHAMA countries or with industry bodies in importing countries. An example of this is the potential to establish a formal agreement between the New Zealand timber industry association and the Solomon Islands timber IWG. Such a relationship would have a range of potential benefits, in terms of both facilitating trade and enabling mentoring of the Solomon Islands group on the lessons and structures based on New Zealand industry experience. Similarly, exchanges between countries exporting common commodities such as cocoa could be of benefit in lesson sharing and mentoring.

4.5.3 Considering a Long-Term Strategy for Leadership Development in Agriculture

A comprehensive and long-term strategy for leadership and capacity development in IWG members should target existing members of the IWG, as well as provide others in industry with the appropriate skills and experience to allow succession. Succession is important because it is expected that in the longer term the IWGs will move towards being more formal representative groups and IWG membership will change on a regular basis. In the absence of succession, the industry is likely to be reliant on a small number of individuals for leadership, and there is the risk that there will be limited transparency and industry understanding of the work of the IWG. For the remainder of the PHAMA program, it would be useful if industry members who are not members of the IWG could be involved in development opportunities where possible, and the outcomes of training and development communicated broadly to industries.

The work undertaken in the preparation of the discussion paper looking at example structures of IWGs (Appendix A) for this activity suggests that there are a limited number of effective agricultural industry representative organisations in the Pacific region. There are likely to be a number of reasons for this, including difficulties in developing suitable membership or business models to support their operation. In the longer term, it may be useful to consider the development of programs to encourage appropriate strategic leadership skills and capacity in agricultural industries. Any standalone agricultural leadership program should draw on the strengths and experiences of existing programs (such as the Pacific Leadership Program or the Australian Rural Leadership Foundation), encourage links and mentoring with existing agricultural organisations, and engage with groups such as the Pacific Islands Private Sector Organisation.

4.6 Representation and IWG Membership

The issue of the IWG being a representative group was raised on a number of occasions by government officials and IWG members. This is a difficult issue that will need to be dealt with by the IWGs as they seek to establish themselves as independent groups, and it will require the IWGs to be able to clearly define and articulate their purpose so that government and industry can clearly understand the purpose of the IWGs and who they represent.

Under the PHAMA program, the IWGs were convened to represent individuals who were committed to producing consistent volumes of agricultural produce for an export market and are, or aim to be, a commercial enterprise. This often only a subgroup of the farmers/processors/exporters who are involved in the industry, as there are also individuals who only occasionally produce product for export but may predominantly be involved in subsistence agriculture and farmers who are subsistence farmers but would like to produce commercial crops. Commercial farmers who regularly generate income from exports have different policy priorities from government than farmers who are primarily reliant on subsistence production and may look to government for social support or to reduce their exposure to risks with entering an industry (such as managing prices and input costs). This spread of interests across the farming community is not unique to developing countries, and is seen in developed countries such as Australia where there is a mix of commercial and semi-commercial farmers.[1]

If IWGs do seek to represent all farmers / resource owners / processors or exporters associated with an industry, they will need to make sure that they have appropriate frameworks for considering priorities for farmers seeking to enter the industry or farmers seeking to develop their business, as well as established commercial farmers. However, it will be difficult to establish industry organisations that can represent the full cross-section of farmers in an industry without an external source of funding (for example, through programs such as PHAMA), as farmers who are developing their business or who are seeking to enter an industry are unlikely to be able to pay membership fees to support industry organisations like IWGs.

As the IWGs seek to refine their purpose and mandate, the issue of their scope and who they represent will need to be discussed and understood by industry as well as government and donors in order to ensure that there is a common understanding. It would also be useful for these stakeholders to be involved in this discussion, so that a strategy and priorities can be developed that benefit the whole of an industry.

4.7 Next Steps

PHAMA is currently meeting with the industry, government, donor and non-governmental organisation partners who are involved in the IWG to discuss the preferred option for supporting the IWG and discuss the implications of this. PHAMA staff will be asking for the partners to confirm their continued support and involvement in the IWGs. A detailed roadmap for each of the IWGs will then be prepared, based on the framework discussed in section 4.4. The terms of reference for the IWGs will also need to be revised to reflect changes in their operation, along with policies about the operation of the IWG such as renewal of membership.

[1] Barr, N. (2014) “New entrants to Australian agricultural industries –Where are the young farmers?” RIRDC Report 14-003 (https://rirdc.infoservices.com.au/items/14-003)

Appendix A

Discussion Paper Examining Alternative Structures for Industry Working Groups

Appendix A Discussion Paper Examining Alternative Structures for Industry Working Groups

Purpose of this Background Paper

Despite their relevance to Pacific Horticultural and Agriculture Market Access (PHAMA) program objectives and their contribution to the early success of PHAMA, there are limitations on the sustainability of the IWGs when PHAMA concludes in mid-2017. The IWGs were established because PHAMA recognised that there was a lack of existing industry representative bodies or organisations that could provide guidance on market access issues.

The IWGs have been successful in helping PHAMA to prioritise its activities, but have also provided useful forums for government and industry to discuss a range of production, supply chain and export issues. Without the support of PHAMA, it is unlikely that the IWGs will be able to continue to operate in their current format, and consideration needs to be given to how to sustain them, including examination of alternative models of operation.

PHAMA believes that if the IWGs continued to function post-PHAMA, then governments and industries could benefit, and there would be opportunities to continue to improve donor coordination. In order for the IWGs to continue to benefit their industries and operate effectively post-PHAMA, there is a need to broaden their scope and planning, as well as identify alternative funding and operating arrangements.

Feedback from industry stakeholders indicates that many of the issues limiting export development are supply side related, which currently remain outside PHAMA's ability to fund. There are opportunities for the IWGs to become more active in addressing these issues by engaging with other donor programs and by government and industry working cooperatively.

The activities of the IWGs post-PHAMA should align with the needs of their industry and government stakeholders, particularly how to support the future prosperity of the industries. Some changes to the operation and structure of the IWGs need to be considered in order to make sure that the IWGs are effective in their role in the future, and that they can secure ongoing support for their operation.

Understanding the scope of work that IWGs might undertake in the future can provide insight into the type of structures required to support their ongoing operation and the types of resourcing that might be available. From this discussion, plans can be developed to help each of the IWGs to transfer to appropriate structures in order to improve the likelihood of them continuing post-PHAMA.

Success of the Current IWGs

PHAMA established IWGs in order to get industry guidance on market access issues for key export industries. The IWGs have been a very effective way of engaging industry and government in discussion on market access and industry development issues. It is important to consider why the IWGs have been successful when thinking about how these groups might operate in the future. A few of the factors contributing to the success of the IWGs are described in the text box.

Contributors to IWG success

Well targeted: IWG discussion has been targeted on market access issues

Ownership: the IWGs have been involved in identifying both the issues and how the issues are best addressed

Resources: the PHAMA program has resources to respond to IWG priorities and produce useful research

Support: the PHAMA program has provided secretariat support that allows the IWGs to meet and respond to meeting action items

Fair: The PHAMA program has had a transparent and consistent process for allocating resources to IWG priorities

Engaged: the IWGs have been involved in ongoing discussion and review of the priorities.

The IWG Secretariat has played an important role in providing support to running IWGs, as well as maintaining momentum with their activities outside of meetings. This has helped to ensure that the IWG members are engaged, and thought needs to be given as to how the secretariat role can continue post-PHAMA.

The individuals who are members of the IWGs have also played a role in the success of these groups. When establishing the IWGs, PHAMA sought out industry representatives who: had a good understanding of the industry and had a knowledge of the projects and programs that had been previously undertaken in the region;

were active and engaged in the industry; and were able to articulate and champion ideas. In the absence of strong industry associations and representative groups, the need to identify appropriate industry representation and the transparent selection of industry representatives is important for credibility.

The existing IWGs can continue to make a strong contribution to agricultural sector development after the PHAMA program concludes. Government will continue to need ways of discussing, developing and implementing better policy and programs to improve the national economy and improve the livelihoods of people involved in the industries. Industries and the individuals within them will continue to need ways of discussing and understanding the strategic production and market issues they face, and they need to be engaged in identifying both what these issues are and how they can be most effectively addressed. Donors will continue to support and seek to influence policy and programs and, with varying approaches, seek effective ways of engaging with representatives. Demand for the work currently possible through the IWGs is expected to continue and grow. However, in order to continue to operate and evolve, the IWGs need to secure sustained funding to support their operations and their secretariat. Government and industry will need to explicitly commit to participating and working in and with the IWGs, recognise the experience and expertise that exists within the IWGs, and recognise the value in building on the forum and mechanisms that have developed to date.

Functions of the IWGs

The work done by the IWGs can be broadly described as:

- Providing advice on industry and government priorities and activities
- Enabling government and industry consultation
- Bringing together representatives from industry and government

The effectiveness of IWGs undertaking these functions may vary depending on the structure of the IWG. The IWGs may need to consider this when examining structures to support their future operation.

The Type of Work IWGs Currently Do

The work currently undertaken by the IWGs can be broadly broken into three categories: advice, consultation and representation. It is useful to consider the types of work that the IWGs do now, and how it might change in the future. Some structures might be better than others for supporting the work that the IWGs need to undertake.

Advisory Roles

The IWGs are currently involved in direction setting and prioritisation of the PHAMA program, as well as the ongoing review of activities and program performance. The strategic advice provided by the IWGs is non-binding.

The IWGs would need to have strong links to government and or donor programs if they are to provide advice on the allocation of resources or the operation of a program. Because this type of role influences the allocation of resources, it is important that there is transparency in the way the group operates and that it is perceived as trustworthy. For example, clear guidelines for the selection of group members, declaration of conflicts of interest and other formalities may need to be in place.

Consultative Roles

The IWGs have also provided a forum for discussion between government and industry, allowing an exchange of information and ideas. This includes providing updates on industry and government activities, sharing information about production and supply-chain issues, and discussion on different approaches to industry and government issues. This type of role does not directly influence the allocation of resources, but the discussion and sharing of knowledge is intended to better inform government and industry decision-making.

Much of the value from IWGs has come from the discussion and exchange of ideas between IWG members. Consultative roles may not need to be formalised, but it is good practice to make sure that there are clear guidelines in place around membership and operation of the groups.

Representation Roles

Industry and government members of the IWGs are both expected to participate and act in the broader interest of the department (and government) or industry that they represent. It is important that the membership of the group can provide a good representation of the stakeholders involved in the business of the IWG. It is appropriate that membership be reviewed with any change in the focus of the IWGs. If the IWG is looking to undertake work that includes industry planning and development, then it is important that industry members are appropriately represented and involved so that they have ownership over the plans and programs developed.

In some circumstances, industries face issues related to government policy that may require industry to take a leadership role to collectively identify and advocate alternative policy or program approaches. This has led to some IWGs considering the formation of industry associations so that they can clearly demonstrate a mandate from industry to advocate for a particular policy position. This may create difficulties in maintaining the current industry-government partnership that has been developed through the IWGs under PHAMA.

Types of Structures to Support the Work of the IWGs

Depending on the circumstances of the IWG, and what types of activities industry and government need to undertake, there are a range of different structures that might be used to support the ongoing function of the IWGs post-PHAMA. As a first step, it is important that the IWGs identify their future priorities and activities, and then look for a structure that might best deliver against their needs.

As mentioned earlier, different structures may offer advantages or disadvantages, depending on the mix of advisory, consultative and representational work. Funding to support the secretariat and coordination of IWG activities over the long term is an important consideration, and some structures make this easier than others. Another consideration is how to maintain the industry and government partnership that has helped to support the activities of the IWG; again, some structures may make it more difficult for industry and government to contribute as equal partners in IWG discussion.

A set of seven structures that are used to support the types of work undertaken by the IWGs have been identified, and are described in more detail with examples in the sections below. It is likely that the types of preferred structure will vary between industries based on the priorities and future activities of the IWG, as well as the circumstances in different countries.

It is important to remember that the transition of the current IWGs to a new structure may involve a number of different stages over a number of years. For example, an industry group might be supported under the Chamber of Commerce for 12 or more months, with the aim of establishing an industry representative group in 2 years. As part of this example plan, the IWG would work to secure credibility around a particular function, and then work to develop a more formal mechanism to provide industry representation and consultation – further steps could include securing a legislated mandate from government as an advisory group, and then the development of levy arrangements to support activities to benefit the broader industry.

External Working Group or Steering Group

These are groups like the IWGs that are established and facilitated by a third party such as PHAMA to provide advice and consultation on work within the scope of a project. Membership is often chosen to provide an element of representation of stakeholders, but may also include relevant experts.

These groups are established to provide advice and consult on particular issues. They have a terms of reference focussed on a particular issue and the duration of their operation is usually limited to a particular task or length of the project. The membership of the group is related to the subject of the working group, and members may be selected on their experience and qualifications, or as representatives of a particular stakeholder group with experience working in a particular area. Membership of these groups is often by invitation, although there may be a selection process involved.

These groups are focussed on a particular project, and their activities are focussed on consultation and advice related to that project. Once the project is completed or there are no longer resources to support the group, it is wound up. Advice provided by these groups is generally non-binding, and structures to manage legal liabilities, finances etc. are not required. The costs of operating the group are borne by the agency that runs the project or has convened the group.

Examples of these types of groups include:

PHAMA MAWG (Vanuatu and other PHAMA countries): The MAWG is responsible for providing advice on priorities for Market Access work to the PHAMA program, including prioritisation of project activities to be undertaken by PHAMA. Members of the working group are drawn from Government and Industry, and provide advice across the breadth of PHAMA activities in a country.

Agrifood Awareness Australia Standing Committees (Australia) provide advice on training products and services for the agricultural sector to guide Agrifood Awareness' activities. Committee members include key company and industry stakeholders who can provide insights into industry skills requirements and workforce innovation and reviews of training products and services. The standing committees are ongoing groups and their operation is supported by Agrifood Awareness.

Pro	Con
Independent of government and industry	Ownership over outcomes could be limited
Relatively low cost	Ongoing funding could be difficult
Could have high degree of transparency	Pathway for implementing outcomes unclear

Government Working Groups

These are groups established and facilitated by governments in order to provide advice and consult on particular issues. The terms of reference to establish these groups is usually focussed on a particular issue and their work is to be completed within a set timeframe. The membership of the group is related to the subject of the working group, and members may be selected on their experience and qualifications, or as representatives of a particular stakeholder group with experience working in a particular area. Membership of these groups is often by invitation from the relevant Department or Ministry.

These working groups tend to focus on consultation to inform policy and programs, and may also provide a representative forum. Advice provided by the working groups is generally non-binding, and structures to manage legal liabilities, finances etc. are not required. They are generally not statutory bodies (they are not established under legislation). Because the groups are principally involved in consultation, they may be established in an informal way, although it is good practice to document the establishment and operation of the groups for records and ensure transparency. The costs of operating the working groups are borne by government, which has convened the group.

Examples of these types of groups include:

National Ports Working Group (Australia): The Working Group was established by Infrastructure Australia to provide advice on issues and priorities related to infrastructure in Australian ports. The Council included members of industry as well as independent experts, and a secretariat was provided by Infrastructure Australia (a government agency).

Pro	Con
Relatively easy to establish	Relies on continued government funding
Government has an interest in outcomes	Scope may be limited
Can have government and industry ownership	Period of operation may be limited
Government provides secretariat	Industry may be suspicious of membership
Low establishment cost	

Government Advisory Councils

These are groups established by government to provide ongoing advice and consultation on a particular area. The ongoing nature of the group sets them apart from working groups, and these groups may also have broader scope and may be statutory (established under legislation). While the group is ongoing, there is usually an annual workplan set for these groups, with work to be completed within a set timeframe. The membership of the group is related to the subject of the working group, and members may be selected on their experience and qualifications, or as representatives of a particular stakeholder group with experience working in a particular area. A selection process may be run to appoint members. The membership of statutory organisations is usually at the discretion of a Minister.

These advisory councils tend to focus on consultation to inform policy and programs, and may also provide a representative forum. Depending on the terms of reference of the group, and the extent to which the advice provided is advisory, procedures for managing conflicts of interest might be required. Structures to manage legal liabilities, finances etc. are generally not required. However, if the groups are set up under statutory arrangements, then a range of governance requirements are needed in addition to establishing legislation. The costs of operating the group are borne by government, which has convened the group.

Examples of these types of groups include:

The *National Rural Advisory Council (Australia)* provides expert opinions to the Minister for Agriculture on agricultural issues, including rural adjustment, rural education and training, exceptional circumstances declarations and other matters requested by the minister. The operation and secretariat support for the National Rural Advisory Council is provided by the Department of Agriculture.

The *Agricultural Industry Advisory Council (Australia)* provides the Minister for Agriculture with information, advice and recommendations from a cross-section of industries and stakeholders on contemporary issues affecting Australia's agricultural, fishing and forestry sectors. The operation and secretariat support for the Agricultural Industry Advisory Council is provided by the Department of Agriculture.

Pro	Con
Can have high degree of transparency	General advice rather than detail
Can have high degree of authority	Forum relies on continued government funding
Focussed on a set of terms of reference	Industry may be suspicious of membership
Ownership by industry and government	
Government provides secretariat	
Low establishment cost	

Industry Representative Groups

Industry representative or advocacy groups are established by industries to represent industry perspectives to government, usually to ensure that government policy and programs support the ongoing profitability, productivity and sustainability of a particular industry. They are involved in consultation, and their advice may be considered in government decision-making. These groups are usually established as not-for-profit organisations, often as a company limited by guarantee or shares. As a registered company or not-for-profit organisation, the organisation needs to comply with any national reporting and accountability requirements relevant to their structure.

Governments can choose to engage with these groups as part of consultation processes, particularly where the groups are seen to legitimately represent views of industry. Governments may also involve industry representative groups in Government Working Groups and Government Advisory Councils.

Significant time and effort is required to establish and maintain an industry representative group, and their establishment tends to be catalysed in response to the need for industry to collectively negotiate to achieve better prices with a central buyer, in response to a particular cost imposed across industry or government policy being widely incurred by industry. To finance the establishment and operation of the organisation, the benefits received by members must be equivalent or greater than the membership costs. Few industry representative groups exist in the agricultural industries in Pacific countries, and this is likely to be the result of farmers not being able to afford membership costs but also a result of it being difficult to establish a workable business model.

Supporting the ongoing operation of these organisations can be difficult. Recent work in Australia by the Australian Farm Institute[2] highlighted that in order to continue to operate successfully, industry representative groups: need to consider issues such as their ability to advocate across a wide range of issues; need to be seen as representative by government, the media and the wider community; need to ensure the views and policies presented by the group are based on a consistent set of principles; need to be effective in presenting and arguing industry views; and need to have a sound business model to support their operation.

Examples of these types of groups include:

Victorian Farmers Federation (Australia): The Victorian Farmers Federation is an Australian public company incorporated under the Corporations Act and limited by guarantee, and was established to advance, promote, and protect the interests of its members and the industries in which members operate. The areas of interest to the Federation include economic, legal, environmental, social and other incidental matters. It can provide services to members, but exists primarily to advance member interests.

[2] http://www.farminstitute.org.au/newsletter/2014/February_2014/February_2014_discoveries.html

Pro	Con
Industry highly engaged	Relatively high cost to establish and run
	May not be seen as independent
	Sustainability dependent on the organisation
	Government may not be as engaged
	Resourcing to implement outcomes unclear

Industry Service Groups

Industry service groups are established to provide services to support the ongoing profitability, productivity and sustainability of industry members. These groups may be involved in consultation, but they are usually not seen as representative because they provide services to an industry. These groups are usually established as not-for-profit organisations, and can include companies limited by guarantee or shares as well as co-operatives. The organisation needs to comply with any national reporting and accountability requirements relevant to their structure.

The primary role of these groups is to provide services to members, and their continued operation is usually dependent on them providing value to their members. The types of activities they undertake generally include: assistance with providing inputs; processing produce; marketing; and other services. Co-operatives can provide value by selling members' produce at a premium, while other groups can provide value by providing training and assistance to improve farm productivity. In the absence of industry representative groups, Governments may consult with industry service groups on policy issues and seek to involve these groups in Government Working Groups and Government Advisory Councils. Being involved in government consultation can be a challenge for industry service groups, as it distracts resources from their business and they may not be able to provide consistent or legitimate advice in the same way as industry representative groups.

As with industry representative groups, significant time and effort are required to establish and maintain an industry service group. As with industry representative groups, the cost to establish and operate the industry service groups must be equivalent to or less than the benefits received by members.

A number of industry service groups have been established in Pacific Countries, often in association with donor-funded projects. Sustainability of the organisation can be a challenge, and a survey of 18 Pacific Farmer organisations[3] noted that many organisations received some outside donor funding, that the core business of the organisations was sometimes unclear, and the nature of their business could also be diverse and unclear. The viability of these groups should be a consideration if they are going to be involved in consultation.

Examples of these types of groups include:

Kastom Gaden Association (Solomon Islands): A service organisation established as a charitable trust with approximately 3000 members. It provides a range of services to subsistence and local market producers including: seed exchange; multiplication and distribution of planting material; production and marketing advice; and applied research and training. Kastom Gaden Association is also involved in a variety of donor funded projects including work to better understand markets and value chains.

Nature's Way Co-operative (Fiji): A co-operative organisation with more than 140 members that undertakes mandatory quarantine treatment of Fijian fruit exports. The organisation also provides research and extension support and supplies some inputs. The organisation has become a de facto representative body, and is involved in discussions with government, as well as donor and technical-assistance organisations.

Pro	Con
Industry involved	Sustainability dependent on the organisation
	Government may not be as engaged
	Resourcing to implement outcomes unclear
	Activity is not central to the business

[3] Stice, K. (2012) "Farmer organisations in the Pacific Islands" FAO (EU AAACP)

Government-subsidised Industry Groups

Because of the high cost of establishing industry groups, governments have been involved in subsidising or funding start-up support to assist in the establishment of industry groups. This start-up support is usually conditional upon the industry group having a business model that allows it to earn income from external sources after the initial start-up period. For this reason, government-subsidised industry groups tend to have a business model that focuses on providing services to the industry. These groups can play the same role as industry representative groups and be involved in consultation, and their advice may be considered in government decision-making. However, because they receive some funding from government, they may be viewed with scepticism by some in industry.

These groups are usually established as not-for-profit organisations, although their model for operation can vary depending on how they are established. The organisation needs to comply with any reporting and accountability requirements relevant to their structure.

The groups are supported on the basis that they will become self-supporting over time, and this does present a risk that the business model will not be successful. It is likely that this risk can be reduced if there is an industry demand for the service and industry is involved in establishing the group and scoping the services to be provided.

Given their involvement in the establishment of the group, governments may look to use these groups as a point of consultation. Consultation and representation may be included as functions when establishing the group. Being responsible for providing a service to industry as well as acting as a representative group is challenging and adds costs (and risks) to the business model.

As with industry representative groups, the cost on industry members to operate the industry service groups must be equivalent to or less than the benefits received by members if the group is to continue operating once the government subsidy is removed.

Examples of these types of groups include:

Chamber of Agriculture (Vanuatu): Established as a body corporate through legislation in 2010 by the Vanuatu Government to undertake a number of functions, including: representing farmers; providing information and services to farmers; promoting agriculture; and assisting investment in agricultural activity and agro-industry. Activities of the Chamber are paid for through membership subscriptions, and the Chamber can receive grants or other donations from Government and others. Legislation to establish the Chamber remains in place, but it is not active.

Fiji Crop and Livestock Council (Fiji): Established through legislation by the Fijian Government in conjunction with its 12 member associations in 2010 to address concerns affecting the agricultural industry. The Fiji Crop and Livestock Council is working with the International Trade Centre to develop and introduce IT services and mobile-based applications to benefit members, supported through funds provided by the EU through its Improvement of Key Services to Agriculture Programme.

Pro	Con
Government has an interest in the outcome	High cost to establish and run
	Sustainability dependent on the organisation
	Resourcing to implement outcomes unclear

Industry Good Associations

These organisations may help to facilitate consultation between industry and government but are not generally themselves regarded as representative bodies because they are not directly operating businesses in the industry. The organisations tend to be operated by staff they employ, rather than individual members from within the industry; however, the governance arrangements may include advisory type groups formed from industry members. Industry good associations may be industry-owned not-for-profit companies or statutory bodies that have been established to undertake or invest in activities that benefit an industry. These organisations can include marketing boards, or groups involved in industry promotion or investing in industry development. Where poor governance arrangements exist, or are perceived to exist, and these groups do not effectively report or involve industry participants in their operations, they may be regarded with suspicion.

These industry good associations do not normally participate in industry and government consultation on behalf of industry, as their staff are not industry representatives. However, the organisation may assist in facilitating or informing discussion between industry members and government where it is in the scope of the organisation's objectives.

Depending on whether the organisation is industry-owned or a statutory authority, the costs of its operation can be borne by either industry or government, or by a combination of the two. For example, the costs of the organisation's operation may be funded through levies collected from industry, from government appropriation, or through commercial activities. The organisation often has responsibilities to report to both government and industry, and may also run formal consultation activities such as to prioritise and approve its strategic plan or review levy rates where they are collected. Governance arrangements vary.

The mandate and types of work undertaken by these organisations vary and may change over time for a range of reasons. In Australia, the government worked with industries to introduce a number of new industry good associations (the Rural Research and Development Corporations) at a time when policy and assistance measures that had been established to maintain and stabilise farmer returns (including marketing and price support schemes and subsidies to reduce input costs) and the organisations that administered them were being dismantled. In other countries, marketing boards continue to operate with varying amount of support from industry and influence by Government.

Examples of these types of groups include:

Horticulture Innovation Australia Ltd (Australia): One of the 13 Rural Research and Development Corporations established in Australia, initially as a statutory corporation but then transferred to an industry-owned company limited by guarantee. The organisation provides leadership and promotes the development of the Australian Horticulture Industry, and seeks to improve the productivity, farm gate profitability and global competitiveness of the industry, as well as providing research, development, extension and marketing activities. It does this through investment of levies collected from industry.

Beef and Lamb New Zealand Ltd (New Zealand): A company established to promote, develop, serve and benefit (either directly or indirectly) New Zealand red meat and wool farmers. It can undertake activities related to achieving and maintaining market access; undertaking or fund research and development; increasing domestic and international demand; providing industry services, including education; and representing and advocating farmers' interests. Its funding sources include commodity levies and government funding or investment by private organisations.

Solomon Islands Commodities Export Marketing Authority (CEMA): CEMA was originally established as a government authority to promote, assist and develop commodity industries and to market commodities in export markets. In this role, CEMA was also responsible for seeking to stabilise prices in order to protect livelihoods and encourage industry development.

Pro	Con
Funding can be sustainable	High cost to establish and run
	Resourcing to implement outcomes unclear
	Activity may not be central to the business
	Good governance required to ensure industry confidence
	May not be seen as independent

Appendix B

Discussion Papers Providing a Synopsis of Each of the Industry Working Groups

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Cocoa

Background

Solomon Islands primarily produces cocoa for the bulk grinding market, with a limited amount produced for niche markets. There is currently no domestic processing of cocoa. There are a limited number of exporters, who mainly buy directly from producers or through local agents. Cocoa for niche markets tends to be purchased directly from producers who have been identified as being able to produce high quality cocoa.

There are few large plantations, and the industry relies almost exclusively on smallholder production. The cocoa plantings tend to go in and out of production, depending on the motivation of farmers (which could be affected by price, time, relative returns and need for cash crops). Problems with smoke taint as a consequence of poor drying practices have been recognised. These factors contribute to variability in the quality and consistency of cocoa bean production, resulting in most of the beans produced being sold into the bulk market.

Work has been undertaken to improve the genetics of the varieties for better volume and quality of production. Projects to improve drying results (e.g. reducing smokiness faults, reducing moisture content) have also been undertaken. However, local pricing is significantly discounted when compared to world prices. Improvements to drying practices and improved information about the quality of cocoa can help improve prices through improved quality; however, these changes might take some time before they are seen by local producers.

In the absence of improved prices for farmers and financial recognition for the production of quality product, there is likely to be only limited interest in improving the quality or increasing volumes of cocoa produced. The recent market study conducted by PHAMA (SOLS22) suggests that significant work needs to be done to improve the knowledge and understanding about the cocoa market, cocoa pricing and the international cocoa trade in Solomon Islands so that farmers, agents and exporters can operate more effectively.

In order to make the most out of the opportunity from cocoa production, an extended program of activities is required to improve the quality of the product and support the industry to achieve appropriate prices. This sort of work program extends beyond just market access to the whole supply chain, including production, processing, trading, transport, storage and quality inspections prior to export. A program of this kind also needs to be of sufficient duration that improvements to practices become standard behaviour in the industry.

To realise the value of the work completed by PHAMA to understand issues for Solomon Islands cocoa in the international market will require a supply chain or value chain approach to ensure quality standards are met and to improve pricing signals down the value chain to the farmer.

Objectives under the current PHAMA program

The objective of the Cocoa IWG is to provide an industry-specific forum, representative of both government and private sector stakeholders, for communications and engagement on quality and other international market access issues affecting Solomon Islands cocoa exports. The stated objective of the Cocoa IWG is:

- Improve returns from cocoa exports by improving quality and supporting traceability and certification systems that add market value.

PHAMA has been working on issues that relate to cocoa in the international market, and it has recognised that there is a significant gap between the price received for Solomon Islands cocoa and the price that could be achieved.

Current and future activities of the Cocoa IWG

The Cocoa IWG includes representatives of cocoa exporters and government. Farmers are not represented on the IWG, although a number of the exporters have close relationships with farmers or are involved in production. The group is in a strong position to provide advice on the supply chain from agents through to export.

Current functions that fall within the scope of the Cocoa IWG (taken from the Cocoa IWG terms of reference) include:

- Providing input into development and review of activities to improve the quality of cocoa exports and market returns for Solomon Islands cocoa
- Providing an open forum for ongoing consultations between industry, CEMA and SIG on issues that relate to cocoa quality standards, quality assurance systems and associated market access issues
- Providing opportunity for members to raise market access issues they are facing and explore options that may require industry-wide coordination and resourcing
- Providing a forum for discussion on other export-related issues such as industry structures, and marketing strategies and information
- Acting as focal point for coordination of resourcing from SIG and development partners to address identified priority activities and issues
- Providing industry-specific guidance to the PHAMA Solomon Islands Market Access Working Group (MAWG) on the need and priority for cocoa-related activities
- Reporting as a subcommittee to the National Cocoa Steering Committee on market access issues and progress made. Maintaining information sharing linkages with the other subcommittees dealing with other areas, such as production.

The current key priorities developed by the Cocoa IWG for the PHAMA program are:

1) Improving access to trade finance
2) Improving market information capacity in CEMA and industry
3) Improving quality through combined industry and CEMA approach, recognising that it should be market-led
4) Development of appropriate cocoa industry body/council to address industry issues
5) Marketing activities (sending of samples, certification, market mission visits) to promote Solomon Islands cocoa and establish new buyer relationships.

These priorities have been expanded into a more detailed potential IWG workplan by PHAMA for the next 2 years.

The balance of activities under PHAMA has been on understanding the international market and why cocoa is not achieving the prices that should be expected. Considerable work needs to now be done on addressing market structures, quality and production issues in order to improve the quality, consistency and volume of product, as well as pricing.

What next?

At the April meeting of the Cocoa IWG, it is proposed that the future priorities and operation of the Cocoa IWG be discussed. A number of questions are set out below for discussion and feedback at that meeting.

What activities need to be included in a broader set of priorities for the cocoa industry?

What evidence is there to support these revised priorities? Do these priorities represent the broader view of industry?

The Cocoa IWG could continue to work with its secretariat based in the Chamber of Commerce and Industry as an external steering committee. Under this arrangement, the Cocoa IWG will be reliant on external funds to operate. It seems likely that these funds will be available through the RDP project, but is this sustainable in the long term? Do other options for an operating structure need to be considered and planned for?

Are there other structures available to support the long-term operation of the Cocoa IWG? For example, could the group be hosted by government, or is there an industry group that could support the operation of the Cocoa IWG?

The government and industry partnership has been an important aspect of the Cocoa IWG's function. Will the Cocoa IWG still be able to undertake its advisory, consultation and representation activities under the new structure? Are there risks that need to be managed or planned for?

Consider the criteria that have helped the IWGs to be successful. What can be done to ensure that these criteria continue to be met by a new group?

Coconut Secretariat (Coconut Industry Working Group)

Background

Copra is the main agricultural export from Solomon Islands, but coconut is also exported as a range of products, including mature nuts, oil and meal. During the past decade, Solomon Islands' share of the global copra trade has increased to almost 20% and is exceeded only by Indonesia. Coconut products are a key source of rural income and employment, with more than 40,000 households growing and harvesting it for cash and food. A large proportion of cultivated land in Solomon Islands is planted with coconut, with a mix of older large plantations and more evenly age-distributed smallholder planting. Most of the copra exported goes to Asian markets for processing.

Analysis of the copra value chain indicates that it is a low-margin business for all of the value chain participants. Changes in the international price of copra have a big impact on the production of copra for export in Solomon Islands, and as a consequence there is significant volatility in the value of copra exports. SIG policy is to encourage value-adding to help manage this volatility and improve returns. There is reported to be increasing interest in products such as coconut oils and green drinking nuts.

Objectives under the current PHAMA program

The Coconut Secretariat was established as part of the consultative processes in the development of a Coconut Sector Strategy development (2009 EU/ITC funded). The Secretariat had a mandate from the cabinet to provide advice on the development of the coconut industry in Solomon Islands. PHAMA has supported the discussions and activities of the Coconut Secretariat, including a broader consultative meeting in 2014 to renew their mandate with stakeholders. The Coconut IWG is able to provide a forum representative of both government and private sector stakeholders focussed on the coconut industry, and it can assist in communication and engagement on market access, as well as production and processing issues affecting Solomon Islands coconut product exports. The stated objectives of the Coconut IWG are to improve returns from coconut product exports by:

- Improving product quality to meet identified market needs
- Supporting market access for value-added products
- Supporting traceability and certification systems that add market value.

The activities of the Coconut IWG (set out in its terms of reference) are:

1) Identifying resourcing opportunities to support implementation of the Coconut Sector Policy and its action frameworks
2) Providing an open forum for ongoing consultations between industry, CEMA and SIG on issues that relate to coconut quality standards, quality assurance systems and associated market access issues
3) Providing opportunities for members to raise market access issues that they are facing and explore options that may require industry-wide coordination and resourcing
4) Providing input into development, planning and review of activities to improve the quality and export returns of coconut product exports
5) Providing a forum for consultations between Industry, CEMA and SIG agencies on opportunities to improve coconut production and value-adding
6) Providing a forum for discussion on other export-related issues such as industry structures, infrastructure needs, and marketing strategies and information
7) Acting as focal point for coordination of resourcing from SIG and development partners to address identified priority activities and issues
8) Providing industry-specific guidance to the PHAMA Solomon Islands MAWG on the need and priority for coconut-related activities
9) Reporting as appropriate to national bodies (such as the National Trade Development Council) on market access issues and progress made
10) Promoting and maintaining information-sharing linkages with appropriate government agencies, private sector bodies, and development partners and agencies.

Current and future activities of the Coconut IWG

In addition to these activities, the Secretariat provides a forum for discussion on production aspects of the coconut supply chain. The scope of PHAMA does not include production and selling of products, as its focus is on market access issues (including regulatory, quarantine and or quality issues).

The main priority of the Coconut IWG for the PHAMA program has been the strengthening of market access around copra meal exports, and testing capacity. More consideration is required by the Coconut IWG on what other work can be considered as part of an industry-specific workplan.

Significant structural and production issues exist for the coconut sector in Solomon Islands, and a large number of these issues lie outside of the scope of the PHAMA program. Coordination of donor activities to help deliver the Solomon Islands Coconut Sector Strategy also remains a challenge.

By bringing together individuals from the public and private sector, the Coconut IWG has provided a useful consultative forum and maintained momentum to support the Solomon Islands Coconut Sector Strategy. Options for continuing the work of the Coconut IWG after the conclusion of PHAMA need to be considered.

What next?

At the April meeting of the Coconut IWG, it is proposed that the future priorities and operation of the Coconut IWG be discussed. A number of questions are set out below for discussion and feedback at that meeting.

What activities need to be included in a broader set of priorities for the coconut industry?

What evidence is there to support these revised priorities? Do these priorities represent the broader view of industry?

The Coconut IWG could continue to work with its secretariat based in the Chamber of Commerce as an external steering committee. Under this arrangement, the Coconut IWG will be reliant on external funds to operate. Is this sustainable and are there funding sources available to support this model of operation post-PHAMA? Do other options for an operating structure need to be considered and planned for?

Are there other structures available to support the long-term operation of the Coconut IWG? For example, could the group be hosted by government or is there an industry group that could support the operation of the Coconut IWG?

The government and industry partnership has been an important aspect of the Coconut IWG's function. Will the Coconut IWG still be able to undertake its advisory, consultation and representation activities under the new structure? Are there risks that need to be managed or planned for?

Consider the criteria that have helped the IWGs to be successful. What can be done to ensure that these criteria continue to be met by a new group? What mix of advisory, consultative and representational activities are there? Can these all be undertaken by one group?

Horticulture

Background

The Horticulture IWG has been established to consider new agricultural industries and non-traditional industries with low production volumes to determine if there are opportunities expand these industries in Solomon Islands (to begin discussions on horticultural and agricultural crops that were not part of the larger value chains – such as cocoa and coconut – and that may have specific value-adding opportunities). Amongst the industries are the small-scale but established industries of coffee and kava, as well as new opportunities such as fresh chillies. A workshop “informing development of potential new PHAMA activities to support export development in the horticulture sector” was held in mid-2014 to examine potential industries that may form the basis of future export industries.

The industries covered by the working group are relatively small. Typically there would only be one or two individuals who are interested in exporting the product, but there is the opportunity for these products to grow in importance. The entrepreneurs who are interested in developing export products are fundamental to the success of these new industries.

The development of new industries requires a partnership between industry and government. There is a role for government in providing information and creating awareness in the community about potential new crops and products, growing and producing the new crops, facilitating entry into markets, and ensuring that policy and regulation supports the development of new industries. Industry has a role in understanding the market potential, developing a supply chain, developing a business model to grow the industry, and ensuring that supply and quality demands are met. Without cooperation between the public and private sector partners, it is difficult to develop new industries, but it will always be difficult to understand the market potential of a new product. It is also likely that new industries may not be a commercial success, but this experience is also important in developing the skills and experience of government and entrepreneurs.

By providing a forum for government and entrepreneurs to come together and look at new agricultural opportunities, the Horticultural IWG can play an important role. However, its long term viability is not clear because there are only a small number of industries, and interest in developing these industries from entrepreneurs is sporadic.

Objectives under the current PHAMA program

The objective of the Horticulture IWG is to provide an industry-specific forum, representative of both government and private sector stakeholders, for communications and engagement on quality and other international market access issues affecting Solomon Islands horticultural exports. The stated objectives of the Horticulture IWG are:

- To evaluate export opportunities for Solomon Islands horticultural sector and small agricultural value chain commodities
- To develop and implement new export pathways for products through improved bilateral quarantine agreements and access to higher value markets
- To develop market access related skills of Biosecurity Solomon Islands using a learn-through-doing approach in developing market access bids for selected products.

Current and future activities of the Horticulture IWG

Following the 2014 workshop, there has been further work and discussion on the development of chilli as an export crop. Otherwise, the current development in the horticultural sector for export is limited. An industry plan has been developed, looking in further detail at the potential opportunities and the capacity issues and constraints in the horticultural sector and to potential activities of relevance to the needs of private sector businesses in the sector. Some intraregional trade opportunities (such as to Papua New Guinea) have been identified.

Priority areas identified by the Horticulture IWG for PHAMA action include:

1) Ongoing support for the IWG
2) Support for development of PGS traceability and certification systems that will open new markets and/or add market value to existing markets
3) HACCP training and accreditation

4) Support for value-adding activities to assist with marketing
5) Support for improved market access to higher value markets for selected horticultural products
6) Support for regulatory agencies to develop appropriate regulation and policies to facilitate horticulture trade.

These priorities have been expanded into a more detailed potential Horticulture IWG workplan by PHAMA for the next 2 years.

The Horticulture IWG forum does provide a mechanism for starting to explore options for new export products, and it provides a forum for entrepreneurs to discuss opportunities with government and to learn from each other's experience. Other benefits from the Horticulture IWG include the opportunity to influence the development of the sector and possibly guide Government policy in the future.

The development of new agricultural exports is challenging and is reliant upon government and industry working in partnership to develop opportunities. For example, biosecurity requirements, trade agreements and regulatory requirements are all areas where government and industry can work together to ensure that appropriate regulation is in place that can provide flexibility and opportunities to encourage entrepreneurs and develop new industries.

What next?

At the April meeting of the Horticulture IWG, it is proposed that the future priorities and operation of the Horticulture IWG be discussed. A number of questions are set out below for discussion and feedback at that meeting.

Is there a broader set of activities that need to be included in the priorities for the Horticulture IWG?

Are there institutional mechanisms that can be put in place (in conjunction with CEMA, the Chamber of Commerce and Industry or the Ministry of Agriculture) that would help in the development of future crops and industries?

Is there sufficient work to justify the continued operation of the Horticulture IWG?

The Horticulture IWG could continue to work with its secretariat based in the Chamber of Commerce as an external steering committee. Under this arrangement, the Horticulture IWG will be reliant on external funds to operate, but this may not be sustainable post-PHAMA. Do other options for an operating structure need to be considered and planned for?

Are there other structures available to support the long-term operation of the Horticulture IWG? For example, could the group be hosted by government or is there an industry group that could support the operation of the Horticulture IWG?

The government and industry partnership has been an important aspect of the Horticulture IWG's function. Will the Horticulture IWG still be able to undertake its advisory, consultation and representation activities under the new structure? Are there risks that need to be managed or planned for?

Consider the criteria that have helped the IWGs to be successful. What can be done to ensure that these criteria continue to be met by a new group?

Seafood Market Access Working Group

Background

Export of tuna as whole fish, frozen loins and canned meat is one of the largest export industries for Solomon Islands. In 2011, 29,000 tonnes were exported, mainly to the European Union (EU). It is a key industry in the Solomon Islands economy, representing 8% of GDP in 2011, with export returns of SBD341 million (USD47 million) and SBD133 million (USD19 million) of government revenue. The industry provides employment for 1800 people, 60% of which are women. In addition to those directly employed by the industry, there are also flow-on benefits to businesses providing associated services, including fuel, utilities and freight.

The main export market is the EU, which has stringent food safety standards and also reporting requirements related to Illegal, Unreported and Unregulated (IUU) fishing. Both of these issues require SIG 'Competent Authorities' (CAs) to audit and verify standards. The CA for food safety standards is currently housed within the Solomon Islands Ministry of Health, while the CA dealing with IUU is housed within the Solomon Islands Ministry for Fisheries.

Failure to provide appropriate oversight through the CA or failure to comply with audits would result in a loss of access to the EU market, with consequent dramatic economic and employment losses, as the main exporter Soltuna would cease to operate. Both foreign and Solomon Islands flagged vessels operate in Solomon Islands waters, with National Fisheries Development (NFD) being the largest Solomon Islands based operator. The largest onshore processor is Soltuna Ltd.

Objectives under the current PHAMA program

Under the PHAMA program, the objective of the Seafood MAWG is to provide an industry-specific forum, representative of both government and private sector stakeholders, for communications and engagement on compliance with overseas health certification, and IUU requirements, and other international market access issues affecting Solomon Islands seafood exports. The Seafood MAWG's primary focus has been on supporting industry and government to secure EU market access by meeting the EU export requirements. The stated objectives of the Seafood MAWG are:

- To strengthen the capacity of Solomon Islands to ensure compliance with overseas market access requirements
- To establish sustainable resourcing mechanisms to support market access related operations.

The functions of the Seafood MAWG (taken from the Seafood MAWG terms of reference) are:

1) Providing an open forum for ongoing consultations between industry and the regulatory agencies of SIG on the compliance of seafood exports, and the activities of the CA, with respect to overseas market access requirements
2) Providing an opportunity for members to be informed on changes in market access requirements and to raise market access issues they are facing, enabling the group to provide guidance to the CA on the setting of standards for export and market access
3) Providing input into the development and review of activities to address market access related issues
4) Acting as focal point for advocacy and coordination of resourcing from SIG and development partners
5) Providing input into policy decisions relating to exports and market access issues
6) Providing oversight for the development and operation of industry cost recovery mechanisms and associated reporting on accounts and reconciliation
7) Providing input into budget processes for the CA
8) Providing industry-specific guidance to the PHAMA Solomon Islands National MAWG and other donor fund programs on the need and priority for potential activities to support seafood market access
9) Reporting as appropriate on seafood market access issues to the National Trade Development Council, Tuna Industry Association Solomon Islands, Fisheries Advisory Council and other relevant bodies.

Membership of the group is voluntary and the group does not hold a legislated mandate for policy setting or determining actions by industry or Government departments. However, the group is intended to act as a collaborative forum for industry and government to work through and resolve priority issues in the manner of a partnership.

Current and future activities of the Seafood MAWG

The focus of the group has been on providing guidance for activities to strengthen compliance of CA operations in regard to tuna exports. The purpose of the group, its achievements and its terms of reference are subject to ongoing review by the Seafood MAWG participants.

The need to establish and maintain effective CAs will continue if market access to the EU is to be maintained. The operation and coordination of the existing authorities will need to be maintained, and a transparent forum to allow the CAs and industry to discuss issues will be required. In these circumstances, an ongoing forum (similar to the current Seafood MAWG) would be very useful for industry and government.

The key priority areas identified by the Seafood MAWG for the PHAMA program are:

1) Sustainable funding for health Competent Authority (CA)
2) Adequate capacity of health CA to meet EU requirements
3) Adequate capacity of IUU CA to meet EU requirements
4) Development of a sustainable industry body
5) Development of adequate appropriate laboratory testing capacity to support fish exports
6) Establishment of appropriate food safety accreditation (HACCP)
7) Development of appropriate industry and CA training capacity.

These priorities have been expanded into a more detailed potential IWG workplan by PHAMA for the next 2 years.

While a number of PHAMA IWGs have identified priorities and issues that need to be addressed that are broader than market access, market access issues remain central to the operation of the Seafood MAWG and this seems unlikely to change. However, with conclusion of the PHAMA program, the Seafood MAWG needs to consider its scope and priorities and how it may operate in the future.

What next?

At the April meeting of the Seafood MAWG, it is proposed that the future priorities and operation of the Seafood MAWG be discussed. A number of questions are set out below for discussion and feedback at that meeting.

Do other activities need to be included in a broader set of priorities for the Seafood MAWG?

What evidence is there to support these revised priorities? Are there other market access issues that face other sectors of the fishing industry that need to be addressed?

The Seafood MAWG could continue to work with its secretariat based in the Chamber of Commerce as an external steering committee. Under this arrangement, the Seafood MAWG will be reliant on external funds to operate. Is this sustainable in the long term? Do other options for an operating structure need to be considered and planned for?

Are there other structures available to support the long-term operation of the Seafood MAWG? For example, could the group be hosted by government or is there an industry group that could support the operation of the Seafood MAWG?

The government and industry partnership has been an important aspect of the Seafood MAWG's function. Will the Seafood MAWG still be able to undertake its advisory, consultation and representation activities under the new structure? Are there risks that need to be managed or planned for?

Consider the criteria that have helped the IWGs to be successful. What can be done to ensure that these criteria continue to be met by a new group?

Timber

Background

Forestry is Solomon Islands' largest industry. Log and timber exports between 2006 and 2011 exceeded SBD5.2 billion (USD720 million). In 2011, these exports represented 70% of foreign exchange receipts and around 17% of total government revenue. Sawn timber represents around 6% of total forest product exports; in 2012, sawn timber exports were valued at SBD94 million (USD12 million). The forestry industry is of central importance to the economy of Solomon Islands. However, it is recognised that revenues from log exports will decline significantly in the medium term as the resource is depleted. Government policy is to increase the level of value-adding of timber for export.

PHAMA recently supported a market study (SOLS18) on sawn timber that identified issues regarding timber from Solomon Islands, including lack of volume, lack of consistency of supply, variable timber quality and variable container packing methods, along with concerns relating to sustainability and legality requirements. In response to the market study, the sawn timber IWG has identified several possible initiatives to help address these issues and strengthen the timber export industry; these include improvements in timber grading and market information, and providing support for businesses to improve quality and supply.

Current and future activities of the Timber Industry Working Group

Under the PHAMA program, the Timber IWG was established to provide an industry specific forum, representative of both government and private sector stakeholders, for communications and engagement on the timber industry, with a particular focus on product quality assurance requirements and other international market access issues affecting the industry.

The initial work of the Timber IWG under PHAMA was to address timber legality assurance requirements for the Solomon Islands timber industry, and the initial activities of the IWG reflect this priority:

1) Providing input into development and review of guidelines for timber legality assurance in Solomon Islands
2) Contributing to distribution of legality guidelines to stakeholders
3) Providing opportunities for members to raise market access issues they are facing and explore options that may require industry-wide coordination
4) Providing an open forum for ongoing consultations between industry and SIG that relate to timber legality and associated market access issues.

With the progress made on the area of timber legality assurance, the focus of the IWG has subsequently moved on to look at opportunities for the Solomon Islands sawn timber industry to improve value or business effectiveness through the development of quality standards for timber.

The development and implementation of quality standards has significant implications for the sawn timber industry and how timber is sold in Solomon Islands. While the sawn timber sector is currently relatively small compared to the log timber export trade, its relative importance is expected to increase over the medium term as the timber resource is depleted and government implements policy to encourage value-adding.

The activities of the Timber IWG have been revised to draw on the findings of the completed timber legality work and the recently completed market study work on sawn timber. The IWG priority activities for PHAMA work in the Forest sector are summarised as:

1) Market information mission
2) Timber grading rules
3) Timber processing facilities
4) Establishing market information services
5) Market promotion activities
6) Improvements in business skills
7) Access to finance
8) Further development of IWG

9) Support for forest management certification

10) Support for development of timber traceability systems.

These priorities have been expanded into a more detailed potential IWG workplan by PHAMA for the next 2 years. With the work undertaken on understanding market requirements, grading and assurance, there will be the need to undertake domestic activities to support the implementation of the standards, which will have implications for the domestic mills and pricing of timber to reflect standards. The government is also intending to review the Forest Resources and Timber Utilisation Act, and the Timber IWG can provide a useful contribution to this by bringing industry members and government officials together to discuss the proposed changes and their implications for the industry.

What next?

At the April meeting of the Timber IWG, it is proposed that the future priorities and operation of the Timber IWG be discussed. A number of questions are set out below for discussion and feedback at that meeting.

What activities need to be included in a broader set of priorities for the timber industry?

What evidence is there to support these revised priorities? Do these priorities represent the broader view of industry?

The Timber IWG could continue to work with its secretariat based in the Chamber of Commerce and Industry as an external steering committee. Under this arrangement, the Timber IWG will be reliant on external funds to operate. There are risks that this structure would not be sustainable post-PHAMA. How can this be managed? Do other options for an operating structure need to be considered and planned for?

Are there other structures available to support the long-term operation of the Timber IWG? For example, could the group be hosted by government or is there an industry group that could support the operation of the Timber IWG?

The government and industry partnership has been an important aspect of the Timber IWG's function. Will the Timber IWG still be able to undertake its advisory, consultation and representation activities under the new structure? Are there risks that need to be managed or planned for?

Consider the criteria that have helped the IWGs to be successful. What can be done to ensure that these criteria continue to be met by a new group?

Appendix C

Summary of Discussions at Each of the Industry Working Groups Held in April 2015

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Cocoa IWG Sustainability Discussion (15 April)

Preferred option identified by the IWG

The discussion indicated that the Cocoa IWG should operate under the SICCI and seek to be recognised by Government as the reconvened National Cocoa Steering Committee, and that the IWG Terms of Reference and membership would be reviewed. The Cocoa IWG would provide advice to Government and donors on priorities and issues across the Cocoa Value Chain. Further work is required to determine the long-term hosting arrangements for the IWG. Options to be explored include hosting by CEMA or government agencies, or the development of an industry association.

Future activities and priorities (including scope)

Members from government and industry were invited to discuss priorities for the industry. Some of the areas raised included:

- Production, including improving production practices such as grafting and planting high-performing varieties, extension of research and training in production, participatory research programs to better engage farmers, and improved plantation management practices
- Finance, including how to access loans when capital and assets may be limited and obtaining trade finance for the purchase of cocoa beans
- Quality, particularly improving dryers to address smoke taint issues and improving prices to reward better quality production
- Marketing, including providing access to improved market information for farmers and exporters, as well as providing support and training to improve marketing by exporters
- Transport, notably costs charged by carriers such as premiums on cocoa over coconut
- Continued support for the development of an industry and government forum to advise and consult on priorities and programs
- Continued development of the IWG so that it can provide appropriate industry representation and consultation arrangements.

These activities and priorities mainly align with the priorities already set by the IWG, and suggest that the areas currently being worked on by PHAMA remain key strategic issues for the Solomon Islands cocoa industry. Areas outside of the scope of PHAMA included on-farm production issues and domestic transport.

For the priorities and activities that lie outside of the scope of PHAMA, there needs to be further discussion to understand the issue more fully and determine the work required and how the activity might be supported. This could either be done through a workshop discussion to identify and prioritise issues, or by interviewing a broader set of government and industry members and bringing these issues to an IWG meeting for prioritisation.

Role of the IWG in the future

Representation of industry and consultation between industry and government were seen to be ongoing needs for the industry. The need for better coordination of donor activities was also recognised. The industry would like to be in a position where it can provide advice to the government on priorities, including the broader priorities that had been recognised in the Solomon Islands Cocoa Development Policy and Strategy 2012–2020.

Industry members felt that there was a need for industry to be better organised and aware of the issues they face, but there was not much discussion about the formation of an industry association that covered the entire value chain (which could be difficult, given the number of farmers and the geographic spread of the industry). It is possible that in the future an industry association could develop, particularly around a smaller part of the sector such as the cocoa exporters, but the membership of such a group was not discussed in the meeting.

Options for structure organisation and requirements for establishment

There was support for the ongoing operation of the Secretariat, and industry was comfortable with the Secretariat being hosted by the SICCI. It was recognised that this arrangement could only work while funding was available, and that a longer-term arrangement would need to be found. The opportunity for CEMA to host the Secretariat was discussed. The IWG members felt comfortable with this suggestion, but the implications needed to be better understood. It was generally agreed that the Secretariat should continue and be hosted by the SICCI until alternative suitable arrangements can be identified.

A National Cocoa Steering Committee had been convened by MAL and that Committee had developed a national policy to support the industry; however, the policy had not been implemented and funds to support activities under the policy had been diverted. As a consequence, there was scepticism of the government's ability to implement policy and programs to support the development of the industry. Concerns were also raised at the large number of government representatives involved in the National Cocoa Steering Committee, which meant that it lacked industry engagement and could not truly reflect industry's needs.

A new government is now in place. This change in leadership may help rebuild trust with industry, but in the short term there is limited enthusiasm for the IWG to be hosted by MAL. The option of re-constituting the National Cocoa Steering Committee (with a revised membership to better represent industry) was discussed, and the IWG felt that it could fill the functions of this committee. The option that MAL host the IWG was discussed, but was not strongly supported. This option would need to be examined further. While not discussed at the meeting, structures such as the Cocoa Exporters and Producers Association could also provide a mechanism to allow the IWG to continue to operate in the longer term and could be further examined.

Timeframe for activities establishing the IWG

Current activities within government and interest in reinvigorating the agriculture sector mean that there is a need to ensure that the Minster and members of relevant Ministries are all aware of the operation of the Cocoa IWG and the role it could play in identifying priorities, providing advice, and coordinating donor and government programs. There are a number of positive activities that have come from the work of the Cocoa IWG through the PHAMA program that could be highlighted to demonstrate the track record of the group.

Further discussions are required with MAL and CEMA to understand the implications and opportunity for the Cocoa IWG to work with either of those two agencies and what hosting options might be available in the long term. The Terms of Reference of the National Cocoa Steering Committee and its membership list need to be examined to understand how it may align with the Cocoa IWG. The IWG and MAL representatives need to discuss revised terms of reference and membership for the Committee. Provided that it is supported by MAL, a cabinet paper could be put to government proposing that the Cocoa IWG be recognised as the National Cocoa Steering Committee. It is proposed that the Cocoa IWG continues to be hosted by SICCI in the short term and that arrangements be developed to transfer the secretariat of the IWG to either CEMA or MAL in the long term.

The possibility of involving a broader cross-section of industry from along the value chain in the work of the Cocoa IWG (or reconvened National Cocoa Steering Committee) and making the group more representative was discussed. Government and donors both have an interest in dealing with a group from industry that can articulate and represent the broader interests of the sector. With an appropriate membership and terms of reference, the National Cocoa Steering Committee could do this, and members of the Committee could be selected based on a set of selection criteria (including, for example, the sector of the value chain they represent and the region they are from), by a committee made up of government and industry representatives.

The development of a group to represent cocoa exporters made up of elected representatives presents some challenges and would be a longer term goal for the sector. The establishment of a group to represent the entire cocoa value chain, including producers, also presents large challenges, including the geographic spread of the industry, a lack of opportunities for industry members across Solomon Islands to be aware of government policy setting and priority development, and the breadth of different interests across the industry supply chain. To help address this and promote greater industry engagement and leadership, one of the terms of reference for a National Cocoa Steering Committee could be to promote industry engagement and leadership in the development of the sector. For example, the National Cocoa Steering Committee could visit provinces to report on progress and discuss issues for the sector as part of an annual process.

Coconut IWG Sustainability Discussion (14 April)

Preferred option identified by the IWG

The Coconut IWG supported the reinstatement of the Coconut Secretariat with a revised Terms of Reference. The Coconut IWG could then be recognised as the Coconut Secretariat. The reinstated Coconut Secretariat would prioritise activities and provide advice to government to support the implementation of the national coconut strategy. In the short term, the Coconut Secretariat would operate with support from the SICCI, with a view to it providing advice to Government on industry priorities. The Coconut Secretariat would be responsible for providing advice to government and donors on priorities and strategies related to the coconut sector.

Future activities and priorities (including scope)

Since market access is not a major issue for coconut products, the priorities and activities worked on under PHAMA are in reality a narrow subset of the issues faced by the industry. A comprehensive plan had been developed and was published as the Solomon Islands Coconut Sector Strategy. This plan covers the broad set of issues facing the coconut industry[4], and the Coconut IWG felt that the Coconut Sector Strategy was still relevant. It was recognised that the plan needed to be reviewed and some elements updated to account for new trends in the international industry and to reflect the current circumstances of the Solomon Islands industry. Details of reprioritising and implementing the Coconut Sector Strategy were not discussed in the meeting. There needed to be a review of the activities outlined in the national strategy. These needed to then be prioritised so that they can be taken to government.

To implement the strategy, the IWG members felt that there had to be strong links to government, particularly the Ministry of Commerce in relation to export and processing and Ministry of Agriculture and Livestock Development (MALD) on the implementation and support of on-farm activities. The views were very much that industry required government to work together with it in order to reinvigorate the industry, including on replanting coconut plantations.

Role of the IWG in the future

IWG members indicated that there was a strong advisory role for the group, and its focus should be to support the implementation of the Coconut Sector Strategy. The role would also include consultation and representation elements. The work of the IWG would include providing both government and donors with advice on priorities for the coconut industry. To do this, the IWG needs to be recognised as the lead industry group by government. This activity would also require monitoring of programs that are being implemented, and ensuring that outcomes from the program met expectations.

Options for structure organisation and requirements for establishment

There was a strong feeling that the Coconut Secretariat should be reinstated to provide advice and monitor the delivery of the Coconut Sector Strategy. This would require a cabinet paper recognising the Coconut IWG as the secretariat and a terms of reference under which the Coconut Secretariat would operate, outlining expectations for what it would deliver. There was interest in the secretariat being hosted within government, either in the Ministry of Commerce, Industry, Labour and Immigration (MCILI) or the Ministry of Agriculture and Livestock Development (MALD), although it was recognised that there were difficulties in which Ministry should ‘own’ the strategy. From the discussion, the industry preference seemed to be that the main relationship with government should be through MAL, but that a whole-of-government approach was required to support implementation of the strategy and re-invigoration of the industry.

Different structures for operating exist. There was a suggestion that the Secretariat could be an apex group, with sub-committees or groups that would work on production, copra or oil processing, marketing and other issues. It could be that these sub-groups would be associated with projects or the activities of a particular Ministry.

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[4] The plan includes six broad strategic objectives:
1. Create a Coconut Sector Strategy implementation and coordination body that is self-sustaining by the end of 2011.
2. Consistently improve the quality of market, production and business feasibility information to enable stakeholders to effectively plan for sector diversification and development.
3. Increase collection and supply of coconuts by 30% by 2012.
4. Develop finance mechanisms to enable Strategy implementation and investment by all stakeholders by 2015.
5. Develop a coconut processing industry for value-added and diversification of coconut products by 2015.
6. Improve support services to respond to sector needs by 2015.

External hosting of the Secretariat by the SICCI was supported, and there was an opportunity for the group to be moved to an appropriate host in a few years. Hosting by CEMA was discussed but there was no strong support for this option. The alignment and hosting by a government agency need to be considered in light of the best way of achieving outcomes for the industry.

The development of a formal association for industry was discussed, but this was not seen as an immediate priority and was considered something that could be addressed or developed later. The Coconut IWG recognised the importance of ensuring that the group represented the various interests of the sector, but there was no discussion of how representative members would be identified.

Timeframe for activities establishing the IWG

Current activities within government and interest in reinvigorating the coconut sector mean that there is a need to ensure that the Minster and members of relevant Ministries are all aware of the operation of the Coconut IWG and the positive role that a reinstated Coconut Secretariat could play. The Coconut IWG has an established record for delivering, and could effectively play the role of the secretariat, although membership may need to be adjusted depending on the final terms of reference.

Relevant Ministers should be briefed on the work of the Coconut IWG, including the Ministers responsible for agriculture, trade, industry and commerce. The existing terms of reference for the previous Coconut Secretariat and its membership need to be circulated to IWG members and reviewed to encompass implementation of the National Coconut Strategy. The terms of reference need to be revised in consultation with MAL and MoC, along with the membership of the Coconut Secretariat. It is important that industry is strongly represented in the Secretariat in order to ensure that implementation priorities reflect the needs of industry. The revised terms of reference should be included in a draft Cabinet paper and this should be presented to Government, together with a workplan for the Coconut Secretariat. The Cabinet paper should refer to the Coconut IWG taking on the role of the Coconut Secretariat.

Horticulture IWG Sustainability Discussion (16 April)

Meeting outcomes

The Horticulture IWG should continue with its secretariat hosted by the SICCI. The group needs to be recognised by government and donors as being the group representing small and developing agricultural export industries in Solomon Islands. The Horticulture IWG needs to be able to represent the needs of industry to a range of government ministries (including MALD and MCILI), and a long-term strategy to allow its continued operation still needs to be developed. It is possible that the SICCI could act as the long-term host for the group, assisting it with advocacy as well as supporting the development of the export businesses that make up the IWG. Alternatives include using MALD as a host, or the development of a standalone organisation such as a charitable trust.

Future activities and priorities (including scope)

The existing Horticulture IWG priorities were discussed and were confirmed as being appropriate, and the current priority order was confirmed. In addition, the group raised the need for market studies that include travel for the potential exporters so that they have greater ownership and are better engaged in the study, and the opportunity for investment in public infrastructure (such as heat treatment facilities) to facilitate export development. At present, the Horticulture IWG felt that Papua New Guinea (particularly mining camps) had the highest priority related to investigating market access opportunities, followed by New Caledonia and then tourism opportunities.

The group considered visits to potential markets involving exporters to be important, as they allowed the exporters to raise options based on their knowledge of the opportunities and possibilities in Solomon Islands. Such visits also gave exporters ownership over the study. It was recognised that market studies were already included under the work to support improved market access into high value markets. The potential for investment in equipment and facilities to support export is within the scope of the examining feasibility activity.

During the discussion, the need to deal with supply-side issues to support export development was touched on, and it was noted that these were not being dealt with through the current work of the Horticulture IWG. This was partly because there were not any new exports that had come through the PHAMA program, but a number of Horticulture IWG members raised it as an area to consider that could in part be addressed or included in discussion through greater involvement by farmers in the work of the Horticulture IWG. The need for farmers to be involved in the discussion of the IWG versus their engagement being the responsibility of exporters seeking to secure a supply to meet market demand needs to be discussed and resolved in developing a terms of reference for the future composition and operation of the Horticulture IWG.

Role of the Horticulture IWG in the future

The IWG members noted that PHAMA support for the Horticulture IWG would finish in mid-2017 and that support from the RDP program would only extend until early 2020. It was recognised that an alternative option to ensure the long-term sustainability of the Horticulture IWG was required, and that the period of support through to early 2020 should be sufficient to establish such a group.

During the discussion, the Horticulture IWG members identified the need to represent businesses seeking to develop new agricultural exports to government, and the need to present clear priorities that the government could use to develop policy and budget priority setting. The discussion tended to focus on industry taking ownership of the issues and working with government to make sure that barriers – including market access work (submissions, protocols, negotiations), regulations, cost and infrastructure – to taking advantage of these opportunities were reduced. The Horticulture IWG did not see a role for Government in facilitating discussion between those involved in the agricultural export sector to assist its growth, and felt that industry needed to take ownership of this.

Unlike other IWGs where there are established industries and clearly defined issues, the Horticulture IWG represents challenges for Government as to how it should be involved. The scope for government to consult and request advice on issues is limited without industry providing clear priorities or commodity examples that government could respond to. The development of agribusinesses around new industries also brings challenges that are outside the responsibility of the MALD. For example, there are links to a range of businesses and facilities related to packaging, nutritional testing and treatment for export (such as temperature treatment facilities), as well as policies related to trade, commerce and business. The Horticulture IWG needs to be established so that it can provide advice and consult with a range of Ministries from across government.

During discussion, it was noted that the group's membership involved a cross-section of businesses – from large established companies, such as SolFish, to much smaller companies. The larger businesses did not need to be involved but saw other opportunities from supporting the group, such as giving an opportunity to discuss issues and share experiences (for example, during the meeting there was a discussion on importing plastic containers and it was suggested that this could be done cheaply by sharing space in a container carrying heavy loads). While not currently in the group's terms of reference, the opportunity to mentor, discuss and share business experiences could be part of the terms of reference for the group in the future. This activity is also aligned with the role of the Solomon Islands Chamber of Commerce in business development, which is the proposed interim host of the Horticulture IWG.

The point was raised that there is a need for donor programs and government to be able to respond more quickly when industry identifies opportunities. Industry may look to develop opportunities when it has the money and resources, and if government and donors cannot respond in an appropriate timeframe then these businesses will reprioritise their activities and investment elsewhere. There are a few layers to this issue: industry needs to be able to clearly articulate what it needs from government and donors, government and donor processes need to be designed so that they can respond to the private sector within appropriate timeframes, and there needs to be accountability to ensure that issues are responded to in a timely way. The role of the Horticulture IWG in improving this may be their involvement in the prioritisation of donor and government program activities and advocating for accountability in government processes.

Options for structure organisation and requirements for establishment

There was support for the development of an industry-focussed organisation that was recognised by government as representing the interests of smaller and new agricultural industries. The group needs to be in a position to provide advice to government and to be representative of those involved in these industries. To succeed, it is important that government recognises the group as being representative of agricultural export industries, particularly small and developing industries. A challenge is that the small number of businesses involved would make the establishment of a sustainable industry association difficult.

A broad engagement with government across agencies may be required to facilitate the development of agricultural export businesses and trade development. Industry needs to be able to identify these broad priorities to help understand what government ministries it needs to work with. There may be opportunity to work with government to look at proactive policies to promote diversification of agricultural exports. It may not be sensible to be hosted by the MALD if that limits the group's ability to deal with these broader issues.

The interim arrangement of hosting the Horticulture IWG within the Solomon Islands Chamber of Commerce and Industry is a positive opportunity. In the longer term, it may be possible to develop an industry association; however, the relatively small and potentially variable membership means that the SICCI could also act as a stable long-term host for the group. The SICCI also has advantages in that it can work with the IWG and potentially advocate on broader issues outside of agriculture, such as trade and commerce.

The need for the organisation to link with farmers was discussed by the Horticulture IWG as a way to help farmers understand supply-side issues in the development of new industries. While there is a need for export businesses to link with farmers to promote the development of a particular commodity, it may be best to establish these links once a commodity has been identified and the exporter can articulate their requirements. The terms of reference of the organisation need to be clear, and then membership drawn to ensure it matches the terms of reference and helps the group achieve the outcomes it needs.

It was noted that a number of small industry associations (Ngali Nut Growers Association of Solomon Islands [NGASI] and Kastom Gaden) had developed relationships and organisation structures (e.g. charitable trusts) with the government that allowed them to operate with limited income from membership subscriptions. For example, NGASI has a Memorandum of Understanding (MoU) with the Ministry of Agriculture, and was established to develop and promote indigenous fruits and nuts through its members and in collaboration with SIG, national and international institutions, Non-government Organisations and Private Sector Enterprises. This model may also be an option for establishing the HIWG on a more formal basis. On the 'down side' these arrangements have not been particularly successful in shaping government priorities and programs, and better advocacy (including sharing priorities, providing costed budget measures and briefing with government) by industry to influence budget development in a timely way was identified as one way of improving this. Industry was also disappointed that government did not seem to be accountable for achieving their agreed policy priorities. Government hosting a secretariat for agricultural export businesses was seen as an opportunity to improve some aspects of government performance, but there was also some scepticism that this would work given previous problems related to changes in government policy and priorities and operational issues including changes of staff.

Timeframe for activities establishing the IWG

As with the other IWGs, the government's current interest in reinvigorating the agriculture sector means there is a need to ensure the Minster and members of relevant Ministries are aware of the operation of the Horticulture IWG and the role it could play in identifying priorities, providing advice as well as coordinating donor and government programs.

Background discussions are required with SICCI and IWG members to understand if there might be an opportunity for the IWG to be hosted by SICCI in the longer term. Alternative options for operation, such as those established to support NGASI and Kastom Gaden within MAL, need to be understood and discussed by the IWG. The constitutions of NGASI and Kastom Gaden as well as any MoU's with MAL need to be considered to determine how these relationships work and if they may be useful to the IWG. The requirements to establish and operate as an industry association also need to be understood. Once these different structures for operating are understood the IWG should make a decision about its long term strategy for operating should be. Following that decision its terms of reference and membership should be revised to reflect it future operation, along with plans to move to the new structure.

Seafood Market Access Working Group Sustainability Discussion (22 April)

Preferred option identified by the IWG

The Seafood Market Access IWG (SMAWG) will be hosted by SICCI until mid-2017. A plan to transition to an alternative structure is required. The alternative structures include an independent group within SICCI or an industry hosted group working with the Tuna Industry Association (TIA).

Future activities and priorities (including scope)

The priorities of the SMAWG remain as agreed in earlier meetings.

Role of the IWG in the future

Market access is a fundamental issue for the industry, particularly compliance with the requirements for the EU market. Industry and government members of the SMAWG recognise the value in working together to ensure the continued operation of the Competent Authorities (CAs) and that industry performs in line with the requirements of the CAs. This is particularly important as the two competent authorities are in different Ministries and it would be difficult for industry and the CAs to coordinate without such a forum. The IWG brings industry and government together so that they can consult on issues relating to market access requirements, and advise and report to each other on their activities. It also provides an opportunity to coordinate with the activities of donor programs and related project. There is a strong need for this coordination to continue in order to secure ongoing market access.

Options for structure organisation and requirements for establishment

The Seafood Market Access WG (SMAWG) will be hosted by the SICCI until mid 2017. Whilst other PHAMA supported IWGs can receive support through Phase 2 of the Rural Development Program the SMAWG is unlikely to be eligible to receive funding because of the industry structure. Other sources of funding may be available, but there is a risk that funding will stop and the SMAWG will cease to function which would make coordination between government and industry difficult.

From the discussion it is unlikely that government would be a suitable host due to difficulties in securing ongoing funding. Market access is also an area where industry clearly has a leadership role as decisions about servicing markets are commercial ones.

A third party hosted SMAWG could continue to operate whilst funding was available, and involve representatives from the Tuna Industry Association and the two CA's as is currently done under PHAMA. An alternative arrangement for funding the hosting of the SMAWG has not been identified, although an option may exist through the Pacific Island Fisheries Forum Agency (FFA) and the NZ Aid supported Mekem Strong Solomon Islands Fisheries (MSSIF) program. This would require further discussions with the FFA and MSSIF program to determine if this is a viable option.

An alternative option is an industry coordinated SMAWG, hosted by SITIA. Market access issues are one of the issues faced by SITIA. Two options exist for the operation of the SMAWG within the SITIA. The SMAWG could operate as a subcommittee, which would allow it to meet on a regular basis to progress issues and progress could be reported to the SITIA Board. Alternatively the business of the SMAWG could be discussed by the SITIA Board and relevant CA staff invited to provide updates.

Timber IWG Sustainability Discussion (21 April)

Preferred option identified by the IWG

The Timber IWG should continue to operate with support from SICCI, with a view to it eventually being part of an industry organisation. There has been a move to establish an industry organisation to represent the processed timber sector, but its establishment had stalled. However, it may present an opportunity for supporting the activities of the IWG in the future. For the medium term the group should continue as a partnership between industry and government, and seek to provide a neutral forum for industry members to come together and discuss issues and priorities for the industry. The Timber IWG should be identified by government as the appropriate group to provide advice to government and donors on priorities and strategies related to the Timber sector.

Future activities and priorities (including scope)

The group discussed priorities, particularly in light of the recent market mission to Australia and New Zealand. The market mission was an opportunity for a group form the Solomon Islands timber industry to understand the requirements of timber importers, processors and retailers in the Australian and New Zealand markets so that the Solomon Islands industry would be better able to meet market requirements. The market mission highlighted the differences in the quality of product supplied by international competitors, the need to understand and comply with market expectations in order to retain markets, and the need for linkages with markets to better understand the needs of customers.

The priorities for the Timber IWG remained as previously discussed, but with a new priority of understanding requirements for third party legality verification (which is seen as a step towards meeting sustainability certification). The top three priorities include; third party verification; quality improvements (timber grading and timber processing facilities) and further development of the IWG. To address the issue of third party legality verification it was generally agreed that an invitation be extended for a subset of the New Zealand Importers of Tropical Timbers Group (NZ ITTG) to visit Solomon Islands to meet with industry so they can better understand the Solomon Islands industry, to discuss requirements and better understand how the issue might be addressed. Issues of certification of legality and sustainability, consistency of quality and supply are likely to be long term issues for the industry which will require a sustained joint effort by industry if they are to be addressed. In light of this there will be an ongoing need for a group like the IWG to bring industry together to jointly address these issues.

There had been some discussion early in the meeting of the challenges faced by the Solomon Islands timber industry which highlighted the need for ongoing collective discussion by exporters. It is believed Solomon Islands can provide a good product and the demand currently outstrips supply. The round log industry will not be able to sustain the current levels of export, so value adding through sawn timber was recognised to be a way of allowing the industry to continue at a smaller but more sustainable level. Issues of quality, legality and sustainability will continue to be challenges and given the small size of the industry are best addressed collectively. The collective ownership of issues and coordination of industry members can be used to secure markets and continue the good reputation that Solomon Island sawn timber enjoys.

Role of the IWG in the future

The Timber IWG members believe the IWG has been a good mechanism for bringing a number of small and large exporters in the timber industry together to discuss issues in a neutral forum. The members participating in the meeting supported the continuation of the IWG. It was felt that the IWG had allowed the industry to come together and address issues as a group and that it built collective ownership of issues by the industry.

The government representatives at the meeting noted that the new government had a priority to develop a sustainable timber industry and increase value-adding. It saw that the IWG could play a role in providing options and advice on priorities for the government, but also in defining and clarifying the role that donors can play in the development of the industry. It was also noted that there are opportunities to work with the government to improve and better direct activities, such as training through the rural training centres. Industry did however note that government often did not have the resources or was not prepared to make policy changes that were required (for example, greater flexibility in the collection of timber milling license fees which disadvantages those outside of Honiara). Government IWG members noted their preference that the IWG was completely industry focussed and run, and operated independently of government and government officials were only invited to attend where required. Industry members disagreed with this view, as on issues like sustainability, certification and traceability industry believed it was important that government was involved in a discussion of options and how government policy and programs may link.

The Timber IWG has provided advice on priorities to PHAMA, but also allowed government and industry to better understand and prioritise their activities. The forum has allowed discussion of issues (for example the importance of presentation and kilning) and how to address issues amongst industry and government. By involving a large number of industry members the forum has developed into a group which has a strong representation from Solomon Island sawn timber exporters.

Options for structure organisation and requirements for establishment

Government IWG members indicated a strong preference that the IWG should not become a committee or secretariat supported by government and that industry needed to take on responsibility and leadership. Members of industry felt that the current independent IWG structure, hosted by a third party, allowed industry members to come together to discuss issues and all industry members were comfortable participating. In the medium term this structure could continue to be hosted under SICCI whilst funding was available. However, the long term operation of the IWG would require alternative funding sources to be found to allow it to be independently hosted, or for an industry association to be developed to host the group. Two years ago some progress had been made towards developing an industry association which may provide an option for the longer term hosting of the group, but this had stalled.

Appendix D

Interim Activities to Assist in Better Understanding the Operation and Establishment of the Industry Working Groups

Appendix D Interim Activities to Assist in Better Understanding the Operation and Establishment of the Industry Working Groups

Seafood Market Access Working Group

Arrange to meet with the SITIA Chairman and discuss the hosting arrangements for the SMAWG, and ask for an opportunity to present at the next SITIA Board meeting. The proposal presented to the SITIA Board should include a budget for the costs of running the SMAWG meetings and SICCI hosting the SMAWG. Whilst industry funding is not required until the end of PHAMA (mid-2017), a 12 month transition (or similar) should be developed for them to take over the running of the group (possibly from mid-2016) to give a 12 month handover. SICCI should be made aware of the discussions, and advice should be sought as to if a presentation to the SICCI Board is required.

Meetings should be arranged with officials from the SMAWG member organisations, including the Ministry of Fisheries and Marine Resources (MFMR), the Ministry of Health and Medical Services (MHMS) as well as their respective competent authorities (CA) and non-government organisations (Pacific Islands Fisheries Forum) that participate in the SMAWG. Specifically they should be updated on the discussion about next steps for the hosting of the SMAWG, asked for their opinions and comments about how the arrangements should work, and asked for their continued support and involvement in the SMAWG.

Once there has been in principle support of the arrangement made, then a budget needs to be prepared for SITIA so that they can pay SICCI for hosting the SMAWG along with a revised terms of reference that SITIA should agree to and an MoU should be drafted between SITIA and SICCI that outlines responsibilities, reporting arrangements and how the group will operate.

Checklist

1) Develop a budget for the annual meeting costs and secretariat support costs for hosting of the SMAWG so this can be included in discussions with stakeholders (particularly SITIA).
2) Meet with Chairman of the SITIA and discuss the hosting arrangements for the SMAWG.
3) Present at the next SITIA Board meeting and request their support for the proposed hosting arrangements of the SMAWG, suggesting that arrangements be put in place over the next 12 months (MoU, agreed budget etc) and SITIA begins financial support from mid-2016.
4) Meet with MFMR and respective CA to discuss arrangements for hosting and future of the SMAWG. Discuss government recognition of the group, and its potential relationship to existing structures such as the Fisheries Advisory Group.
5) Meet with MHMS and respective CA to discuss arrangements for hosting and future of the SMAWG. Discuss government recognition of the group.
6) Meet with relevant non-government organisations (Forum Fisheries Agency) to discuss arrangements for hosting and future of the SMAWG.
7) Brief SICCI on progress, possibly also briefing the SICCI Board on arrangements.

Timber Industry Working Group

Arrange to meet with key members of the Timber industry that had been involved in the Timber Industry Working Group (TIWG) and had also been involved in earlier discussions about a Timber Industry Association. There needs to be a discussion with these individuals about what they were looking for from the establishment of the industry association, what groups were being targeted as members and if carrying on the work of the TIWG was aligned with the intentions of the association they were looking to develop. Once the history and expectation of the proposed association were understood it may be possible to see how it could be aligned with operating the TIWG. A budget for TIWG meetings needs to be prepared so that meeting costs can be included in any discussions about incorporating the TIWG into activities of an industry association.

Options for how PHAMA may be able to assist the establishment of the association need to be discussed (and also discussed within PHAMA), for example the cost of paperwork to register the association, the costs of meetings – particularly where the costs are related to scoping the association and bringing industry together to discuss the association, could be areas where PHAMA might assist.

Meetings should be arranged with officials from the Ministry of Forestry and any other IWG member organisations. Specifically they should be updated on the discussion about next steps for the hosting of the TIWG, asked for their opinions and comments about how the arrangements should work, and ask for their continued support and involvement in the TIWG.

Checklist

1) Develop a budget for the annual meeting costs and secretariat support costs for hosting of the TIWG so this can be included in discussions with stakeholders.
2) Identify the timber industry members who were behind the proposed development of an industry association.
3) Meet with key members of the timber industry involved with the proposed industry association and discuss their expectations for the association, the membership and alignment with the work of the TIWG. Understand what might need to be done to establish the association and get it operational, and how PHAMA might assist. Also identify and discuss alternative models of TIWG operation with these industry members.
4) Meet with Ministry of Forestry to discuss arrangements for hosting and future of the TIWG. Discuss government recognition of the group.
5) Based on the discussion with industry, discuss PHAMA's involvement with the timber association and how PHAMA might play a role and provide support.
6) Brief SICCI on progress, possibly also briefing the SICCI Board on arrangements.

Coconut Industry Working Group

Arrange to meet government Ministers and officials about the proposed hosting arrangements of the Coconut IWG and its role in representing industry, particularly its ongoing support from RDP and hosting by SICCI. Discuss the government's position on reinstating the Coconut Secretariat and rejuvenating the Coconut Sector Strategy, and how the Coconut IWG can usefully contribute to this. Determine what steps are required to allow the Coconut IWG to be formally recognised by government.

Arrangements between PHAMA, RDP and SICCI for the continued hosting of the Coconut IWG need to be confirmed. An annual budget for meetings and secretariat support needs to be developed and discussed with RDP and SICCI. PHAMA and RDP need to develop an annual work plan that informs these projects and their annual priority setting plan, and links with the annual government planning cycle and budget process. Part of developing this work plan should include the development of terms of reference and policies around chairing and appointing and renewing members to the Coconut IWG. This work plan, policies around meetings and budget should then be discussed with SICCI and a MoU developed with SICCI, PHAMA and RDP to cover the future hosting arrangements of the Coconut IWG.

Checklist

1) Meet with Ministers, Permanent Secretary (PS) and key staff of MALD and MCILI to discuss arrangements for hosting and future of the Coconut IWG. Discuss government recognition of the group, the possibility of reinstating the Coconut Secretariat and the status of the Coconut Sector Strategy. Clarify how recognition of the group can be formalised and what useful role it can play for government.
2) Follow up on government requirements for formal recognition.
3) Develop a budget for the annual meeting costs and secretariat support costs for hosting of the Coconut IWG.
4) Work with RDP and government to develop an annual work plan that informs the RDP and PHAMA projects and their annual priority setting plan, and links with the annual government planning cycle and budget process.
5) From these work plans develop a scope and terms of reference for the future work of the IWG, including policies around chairing and appointing and renewing members. Discuss the scope and terms of reference with the IWG members and seek their support.
6) Take the agreed scope and terms of reference to SICCI, including potentially the SICCI Board, for confirmation.
7) Develop a MoU between PHAMA, RDP and SICCI for the continued hosting and operation of the Coconut IWG.

Cocoa Industry Working Group

Arrange to meet government Ministers and officials about the proposed hosting arrangements of the Cocoa IWG and its role in representing industry, particularly its ongoing support from RDP and hosting by SICCI. Discuss the government's position on the National Cocoa Strategy and Policy 2012–2020 and opportunities for the Cocoa IWG to contribute to national coordination and advice in a similar way to the previous National Cocoa Steering Committee. Determine what steps are required to allow the Cocoa IWG to be formally recognised by government.

Arrangements between PHAMA, RDP and SICCI for the continued hosting of the Cocoa IWG need to be confirmed. An annual budget for meetings and secretariat support needs to be developed and discussed with RDP and SICCI. PHAMA and RDP need to develop an annual work plan that informs these projects and their annual priority setting plan, and links with the annual government planning cycle and budget process. Part of developing this work plan should include the development of terms of reference and policies around chairing and appointing and renewing members to the Cocoa IWG. This work plan, policies around meetings and budget should then be discussed with SICCI and a MoU developed with SICCI, PHAMA and RDP to cover the future hosting arrangements of the Cocoa IWG.

Checklist

1) Meet with Ministers and PS and key staff of the MALD and MCILI to discuss arrangements for hosting and future of the Cocoa IWG. Discuss government recognition of the group, the status of the National Cocoa Strategy and Policy 2012–2020 and the role of the Cocoa IWG in national coordination and advice. Clarify how recognition of the group can be formalised and what useful role it can play for government.
2) Follow up on government requirements for formal recognition.
3) Develop a budget for the annual meeting costs and secretariat support costs for hosting of the Cocoa IWG.
4) Work with RDP and government to develop an annual work plan that informs the RDP and PHAMA projects and their annual priority setting plan, and links with the annual government planning cycle and budget process.
5) From these work plans develop a scope and terms of reference for the future work of the IWG, including policies around chairing and appointing and renewing members. Discuss the scope and terms of reference with the IWG members and seek their support.
6) Take the agreed scope and terms of reference to the SICCI, including potentially the SICCI Board, for confirmation.
7) Develop a MoU between PHAMA, RDP and SICCI for the continued hosting and operation of the Cocoa IWG.

Horticulture Industry Working Group

Arrange to meet government Ministers and officials about the proposed hosting arrangements of the Horticulture IWG and its role in representing horticulture industries and agricultural exporters seeking to develop new products and markets. Determine what steps are required to allow the Horticulture IWG to be formally recognised by government.

Arrangements between PHAMA, RDP and SICCI for the continued hosting of the Horticulture IWG need to be confirmed. An annual budget for meetings and secretariat support needs to be developed and discussed with RDP and SICCI. PHAMA and RDP need to develop an annual work plan that informs these projects and their annual priority setting plan, and links with the annual government planning cycle and budget process. Part of developing this work plan should include the development of terms of reference and policies around chairing and appointing and renewing members to the Horticulture IWG. This work plan, policies around meetings and budget should then be discussed with SICCI and a MoU developed with SICCI, PHAMA and RDP to cover the future hosting arrangements of the Horticulture IWG.

Checklist

1) Meet with Ministers and PS and key staff of MALD to discuss arrangements for hosting and future of the Horticulture IWG. MCILI could also be approached to discuss to group and where interests of MCILI overlap. Discuss government recognition of the group, and clarify how recognition of the group can be formalised and what useful role it can play.
2) Follow up on government requirements for formal recognition.
3) Develop a budget for the annual meeting costs and secretariat support costs for hosting of the Horticulture IWG.
4) Work with RDP and government to develop an annual work plan that informs the RDP and PHAMA projects and their annual priority setting plan, and links with the annual government planning cycle and budget process.
5) From these work plans develop a scope and terms of reference for the future work of the IWG, including policies around chairing and appointing and renewing members. Discuss the scope and terms of reference with the IWG members and seek their support.
6) Take the agreed scope and terms of reference to the SICCI, including potentially the SICCI Board, for confirmation.
7) Develop a MoU between PHAMA, RDP and SICCI for the continued hosting and operation of the Horticulture IWG.

Appendix E

Draft Briefing Papers Prepared to Assist with Briefing Ministers on the Activities and Direction of the Industry Working Groups

Appendix E Draft Briefing Papers Prepared to Assist with Briefing Ministers on the Activities and Direction of the Industry Working Groups

Briefing on the Operation of the Cocoa Industry Working Group post-PHAMA

Summary

It is proposed that the secretariat arrangements for the Pacific Horticulture and Agriculture Market Access (PHAMA) Cocoa Industry Working Group will be changed, and the group will be hosted by the Solomon Islands Chamber of Commerce in the future. The Rural Development Program (RDP) has indicated that it will cover the cost of operating the Cocoa Industry Working Group and its Secretariat until 2020. A commitment from government and industry is being sought for their continued recognition, support and participation in the group.

Formal government recognition is sought for the work of the Cocoa Industry Working Group, and it is recommended that the government uses this group when it seeks advice and views from industry on the development and implementation of policy and programs for the Cocoa industry.

What is PHAMA, and what are Industry Working Groups (IWGs)?

PHAMA's objective is to promote sustainable economic growth through new or improved market access for primary products. Work on market access issues for industries has been hindered in the past by a lack of effective sectoral planning and representative industry bodies, and limited mechanisms for government and industry stakeholders to discuss issues. To address this need PHAMA has facilitated establishment of Industry Working Groups (IWGs) for key export industries and has provided them with secretariat and technical support.

The IWGs have been very effective in providing advice to PHAMA, and have also proved to be an effective way of bringing industry and government to discuss issues as well as providing advice and better coordinating donor activities. The IWGs have provided a forum for representatives of industry and government to consult in a constructive way on industry priorities and issues.

The Cocoa Industry Working Group is a group made up of representatives from the Cocoa exporters, government representatives (including the Ministry of Agriculture and Livestock (MAL) and the Commodities Export Marketing Authority (CEMA)). A significant achievement of this group in the last 12 months has been the refurbishment of the CEMA testing laboratory to improve farmers and exporters understanding of the quality of Cocoa being produced and help to improve the prices achieved for Solomon Islands Cocoa in the future.

The current phase of PHAMA will finish in 2015 and PHAMA support for the IWGs will finish. The government and industry members of the IWGs have supported the continued operation of these groups, and are working with PHAMA to identify how these groups can continue to operate.

Options for continuing the IWG after the conclusion of PHAMA

A number of options for funding the operation of the IWGs after the conclusion of PHAMA in mid-2017 were considered. Options include finding an alternative donor to fund the IWG, arranging for government to fund the support of the IWG or arranging for industry fund the support of the IWG. Each of these three options has risks and opportunities associated with them depending on the likelihood that funding could be made available by donors, government or industry and the continuity of funding over time. These options have been discussed by the IWG members.

The IWG members believe that the best option is continue the operation of the Cocoa IWG, with the Secretariat being hosted by the Solomon Islands Chamber of Commerce and Industry and supported by donor funding. Formal government recognition of the Cocoa IWG should be sought, and the Cocoa IWG asks that it be used by government when it seeks advice and views from industry on the development and implementation of policy and programs. RDP has indicated that it will cover the cost of operating the Cocoa IWG and Secretariat for the duration of the RDP. A plan should then be put in place to support the transition of the Cocoa IWG to an industry association so that it can operate independently and be self-sustaining upon the conclusion of the RDP.

The option to host the Cocoa IWG through industry was discussed, but the industry does not currently have the resources to support the development of an industry association and support the work of the IWG. The option of hosting the group within government was discussed, but it was recognised that securing an ongoing commitment from the government to provide secretariat support and resources would be difficult.

The Cocoa IWG believes that there is a need for national leadership and coordination on issues of importance to the Cocoa industry if the industry is to prosper. To achieve this level of leadership the Cocoa IWG believes that a national coordinating group, such as the previous National Cocoa Steering Committee, should be recognised.

Support from RDP for the operation of the Cocoa IWG means that there is no need for direct financial support from either government or industry. However, government and industry members need to commit to regularly attending meetings of the group and to contribute to meeting discussions. The Cocoa IWG meetings may be held every two months, and over the course of the year this may total to three or four days of meetings for government and industry representative.

Next Steps

PHAMA is currently meeting with the industry, government, donor and NGO partners who are involved in the IWG to discuss the preferred option for supporting the IWG and discuss the implications. PHAMA staff will be asking for the partners to confirm their continued support and involvement in the IWGs. A detailed plan will then be prepared for each of the IWGs to cover the period to mid-2017 when the PHAMA program ends. The terms of reference for the IWGs will need to be revised to reflect changes in their operation, along with policies about the operation of the IWG such as renewal of membership.

Briefing on the Operation of the Coconut Industry Working Group post-PHAMA

Summary

It is proposed that secretariat arrangements for the Pacific Horticulture and Agriculture Market Access (PHAMA) Coconut Industry Working Group will be changed, and the group will be hosted by the Solomon Islands Chamber of Commerce in the future. The Rural Development Program (RDP) has indicated that it will cover the cost of operating the Coconut Industry Working Group and its Secretariat until 2020. A commitment from government and industry is being sought for their continued recognition, support and participation in the group.

Formal government recognition for the work of the Coconut Industry Working Group is sought, and it is recommended that the government uses this group when it seeks advice and views from industry on the development and implementation of policy and programs for the Coconut industry. As part of formal recognition for the Coconut Industry Working Group, the Coconut Industry Working Group requests that the government reinstate the Coconut Secretariat to oversee and provide advice on the implementation of the Coconut Sector Strategy. The Coconut Industry Working Group believes that it could undertake the function of the Coconut Secretariat. Advice is sought as to if this request is appropriate, and how it might be done.

What is PHAMA, and what are Industry Working Groups (IWGs)?

PHAMA's objective is to promote sustainable economic growth through new or improved market access for primary products. Work on market access issues for the main industries has been hindered by a lack of effective sectoral planning and representative industry bodies, and limited public/private partnership mechanisms. To address these issues PHAMA has facilitated establishment of Industry Working Groups (IWG) for key export industries and is providing them with secretariat and technical support.

The IWGs have been very effective in providing advice to PHAMA, and have also proved to be an effective way of bringing industry and government to discuss issues as well as providing advice and better coordinating donor activities. The IWGs have provided a forum for representatives of industry and government to consult in a constructive way on industry priorities and issues.

The PHAMA Coconut Industry Working Group was formed out of the Coconut Secretariat, which had been responsible for developing the comprehensive Coconut Sector Strategy. The Coconut IWG is a group made up of representatives from the Coconut exporters, government representatives (including MALD, MCILI and the Commodities Export Marketing Authority (CEMA)).

The current phase of PHAMA will finish in 2017 and PHAMA support for the IWGs will finish. The government and industry members of the IWGs have all sought the support of PHAMA to identify how the operation of these groups can continue.

Options for continuing the IWG after the conclusion of PHAMA

A number of options for funding the operation of the IWGs after the conclusion of PHAMA in mid-2017 were considered. Options include finding an alternative donor to fund the IWG, arranging for government to fund the support of the IWG or arranging for industry fund the support of the IWG. Each of these three options has risks and opportunities associated with them depending on the likelihood that funding could be made available by either a donor, government or industry and the continuity of funding over time. These options have been discussed by the IWG members.

The IWG members believe that the best option is continue the operation of the Coconut IWG, with the Secretariat being hosted by the Solomon Islands Chamber of Commerce and Industry and supported by donor funding. Government recognition of the Coconut IWG should be sought, and the Coconut IWG asks that it be used by government when it seeks advice and views from industry on the development and implementation of policy and programs. RDP has indicated that it will cover the cost of operating the Coconut IWG and Secretariat for the duration of the RDP.

The Coconut IWG was formed out of the Coconut Secretariat as a sub-group focussed on market access issues. The Coconut Secretariat had been hosted within MCILI, and was responsible for developing the comprehensive Coconut Sector Strategy. The Coconut IWG believes that there is a continuing role for the Coconut Secretariat to oversee and provide advice to government, particularly MCILI and MALD, on the implementation of the National Coconut Industry Strategy. The Coconut Industry Working Group requests that the government reinstate the Coconut Secretariat to oversee and provide advice on the implementation of the Coconut Sector Strategy. The Coconut Industry Working Group believes that it could undertake the function of the Coconut Secretariat.

The option described was preferred by the Coconut IWG because industry was not sufficiently organised to support the development of an industry association. The option of hosting the group within government was discussed and it was recognised that MCILI or MALD may be appropriate hosts. It was recognised that MALD had an interest in coconut production whilst MCILI had a greater focus on trade and processing, which would make it difficult for one secretariat to appropriately deal with the issues of the industry. Securing an ongoing commitment from the government to provide secretariat support and resources was also seen as presenting difficulties.

Support from the RDP for the operation of the Coconut IWG means that there is not a need for direct financial support from either government or industry. However, government and industry members need to commit to regularly attending meetings of the group and to contribute to meeting discussions. The Coconut IWG meetings may be held every 2 months, and over the course of the year this may total to 3 or 4 days of meetings for government and industry representative.

Next Steps

PHAMA is currently meeting with the industry, government, donor and NGO partners who are involved in the IWG to discuss the preferred option for supporting the IWG and discuss the implications. PHAMA staff will be asking for the partners to confirm their continued support and involvement in the IWGs. A detailed plan will then be prepared for each of the IWGs to cover the period to mid-2017 when the PHAMA program ends. The terms of reference for the IWGs will need to be revised to reflect changes in their operation, along with policies about the operation of the IWG such as renewal of membership.

Briefing on the Operation of the Horticulture Industry Working Group post-PHAMA

Summary

It is proposed that the secretariat arrangements for the The Pacific Horticulture and Agriculture Market Access (PHAMA) Horticulture Industry Working Group will be changed, and that the group will be hosted by the Solomon Islands Chamber of Commerce in the future. The Rural Development Program (RDP) has indicated that it will cover the cost of operating the Horticulture Industry Working Group and its Secretariat until 2020.

Formal government recognition is sought for the work of the Horticulture Industry Working Group, and it is recommended that the government uses this group when it seeks advice and views from industry on the development and implementation of policy and programs for the Horticulture industry.

What is PHAMA, and what are Industry Working Groups (IWGs)?

PHAMA's objective is to promote sustainable economic growth through new or improved market access for primary products. Work on market access issues for industries has been hindered in the past by a lack of effective sectoral planning and representative industry bodies, and limited mechanisms for government and industry stakeholders to discuss issues. To address this need PHAMA has facilitated establishment of Industry Working Groups (IWG) for key export industries and has provided them with secretariat and technical support.

The Horticulture IWG is a group made up of representatives from industry members who have established export businesses, industry members looking to grow their businesses with a view to exporting, government representatives (including MALD and the Commodities Export Marketing Authority (CEMA)).

The IWGs have been very effective in providing advice to PHAMA, and have also proved to be an effective way of bringing industry and government to discuss issues as well as providing advice and better coordinating donor activities. The IWGs have provided a forum for representatives of industry and government to consult in a constructive way on industry priorities and issues.

The current phase of PHAMA will finish in 2017 and PHAMA support for the IWGs will finish. The government and industry members of the IWGs have supported the continued operation of these groups, and are working with PHAMA to identify how these groups can continue to operate.

Options for continuing the IWG after the conclusion of PHAMA

A number of options for funding the operation of the IWGs after the conclusion of PHAMA in mid-2017 were considered. Options include finding an alternative donor to fund the IWG, arranging for government to fund the support of the IWG or arranging for industry to fund the support of the IWG. Each of these three options has risks and opportunities associated with them depending on the likelihood that funding could be made available by either donors, government or industry and the continuity of funding over time. These options have been discussed by the IWG members.

The IWG members believe that the best option is continue the operation of the Horticulture IWG, with the Secretariat being hosted by the Solomon Islands Chamber of Commerce and supported by donor funding. The group believes that formal government recognition of the Horticulture IWG should be sought, and the Horticulture IWG asks that it be used by government when it seeks advice and views from industry on the development of horticultural and agricultural crops for export and support for export businesses, and implementation of associated policy and programs. RDP has indicated that it will cover the cost of operating the Horticulture IWG and Secretariat for the duration of the RDP. In the longer term a plan should be put in place to support the transition of the Horticulture IWG to an industry association or other structure so that it can operate independently and be self-sustaining upon the conclusion of the RDP.

This arrangement to host the Horticulture IWG within SICCI also makes sense as many of the businesses participating in the Horticulture IWG are SICCI members. At present the small number of businesses involved and the diversity of their interests makes it difficult to justify the development of an industry association to represent their shared interests. The option of hosting the group within government was discussed, but it was recognised that securing an ongoing commitment from the government to provide secretariat support and resources would be difficult.

Support from RDP for the operation of the Horticulture IWG means that there is not a need for direct financial support from either government or industry. However, government and industry members need to commit to regularly attending meetings of the group and to contribute to meeting discussions. The Horticulture IWG meetings may be held every two months, and over the course of the year this may total to three or four days of meetings for government and industry representative.

Next Steps

PHAMA is currently meeting with the industry, government, donor and NGO partners who are involved in the IWG to discuss the preferred option for supporting the IWG and discuss the implications. PHAMA staff will be asking for the partners to confirm their continued support and involvement in the IWGs. A detailed plan will then be prepared for each of the IWGs to cover the period to mid-2017 when the PHAMA program ends. The terms of reference for the IWGs will need to be revised to reflect changes in their operation, along with policies about the operation of the IWG such as renewal of membership.

Briefing on the Operation of the Seafood Market Access Working Group post-PHAMA

Summary

It is proposed that the Secretariat arrangements for the the Pacific Horticulture and Agriculture Market Access (PHAMA) Seafood Market Access Working Group (SMAWG) be changed, so that the group is hosted by the Solomon Islands Chamber of Commerce and Industry (SICCI) and that responsibility for funding its operation be transferred to Tuna Industry Association of the Solomon Islands (TIASI). The work of the Seafood Market Access Working Group will continue to focus on addressing market access issues for the industry and provide a forum for industry to and government to consult on issues affecting market access. The Tuna Industry Association of the Solomon Islands remains the peak body representing the industry, and the Seafood Market Access Working Group will report to TIASI and government through the SICCI Board. PHAMA will work with TIASI and SICCI to facilitate this new arrangement, including the operating and reporting arrangements.

What is PHAMA, and what are Industry Working Groups (IWGs)?

PHAMA's objective is to promote sustainable economic growth through new or improved market access for primary products. Work on market access issues for industries has been hindered in the past by a lack of effective sectoral planning and representative industry bodies, and limited mechanisms for government and industry stakeholders to discuss issues. To address this need PHAMA has facilitated establishment of Industry Working Groups (IWG) for key export industries and has provided them with secretariat and technical support.

The SMAWG is a group made up of representatives from the Seafood exporters, government representatives (including representatives from the competent authorities in the Ministry of Fisheries and Marine Resources (MFMR) and the Ministry of Health and Medical Services (MHMS) and non-government organisations (Forum Fisheries Agency [FFA]).

The current phase of PHAMA will finish in 2015 and PHAMA support for the IWGs will finish. The government and industry members of the IWGs have supported the continued operation of these groups, and are working with PHAMA to identify how these groups can continue to operate.

Options for continuing the IWG after the conclusion of PHAMA

A number of options for funding the operation of the IWGs after the conclusion of PHAMA in mid-2017 were considered. Options include finding an alternative donor to fund the IWG, arranging for government to fund the support of the IWG or arranging for industry fund the support of the IWG. Each of these three options has risks and opportunities associated with them depending on the likelihood that funding could be made available by either a donor, government or industry and the continuity of funding over time. These options have been discussed by the IWG members.

The IWG felt that industry should be approached to see if they were prepared to fund the Seafood Market Access Working Group. Maintaining market access to the European Union Market is critical for the survival of the industry, and the Competent Authorities were established within government to facilitate access. There is a strong rationale for industry to provide leadership and fund the operation of the Seafood Market Access Working Group to ensure the Competent Authorities are performing appropriately and so that industry is aware of the concerns the EU market might raise through the competent authorities. Under this arrangement the Solomon Islands Tuna Industry Association (SITIA) remains the peak body representing the industry, and the Seafood Market Access Working Group will report to SITIA and government through the SICCI Board.

The IWG members felt that whilst it is possible that donor funding could fund the SMAWG this would be a short term solution, and alternative options would need to be found again when the donor program finished. The option of hosting the group within government was discussed, but it was recognised that securing an ongoing commitment from the government to provide secretariat support and resources would be difficult and this would pose a significant risk for the operation of the industry.

Next Steps

PHAMA is currently meeting with the industry, government, donor and NGO partners who are involved in the IWG to discuss the preferred option for supporting the IWG and discuss the implications. PHAMA staff will be asking for the partners to confirm their continued support and involvement in the IWGs.

PHAMA will work with SITIA and SICCI to facilitate this new arrangement, including the operating and reporting arrangements. There may need to be a working group convened that includes representatives of the SITIA Board to help develop these arrangements and an agreement between SI TIAand SICCI regarding what funding is required for the services of SICCI and how the reporting arrangements are dealt with. A detailed plan will be prepared for each of the IWGs to cover the period to mid-2017 when the PHAMA program ends. The terms of reference for the IWGs will need to be revised to reflect changes in their operation, along with policies about the operation of the IWG such as renewal of membership.

Briefing on the Operation of the Timber Industry Working Group post-PHAMA

Summary

It is proposed that the Secretariat arrangements for The Pacific Horticulture and Agriculture Market Access (PHAMA) Timber Industry Working Group be changed, so that the group is hosted by the Solomon Islands Chamber of Commerce and Industry (SICCI).

Funding for the operation of the Timber Industry Working Group after the conclusion of the current phase of PHAMA in mid-2017 is not clear. The PHAMA program understands that there had been a move to establish a representative association that could support the Timber IWG, but this had stalled. The PHAMA program needs to understand if this is a valid option or what alternative options exist.

What is PHAMA, and what are Industry Working Groups (IWGs)?

PHAMA's objective is to promote sustainable economic growth through new or improved market access for primary products. Work on market access issues for industries has been hindered in the past by a lack of effective sectoral planning and representative industry bodies, and limited mechanisms for government and industry stakeholders to discuss issues. To address this need PHAMA has facilitated establishment of Industry Working Groups (IWG) for key export industries and has provided them with secretariat and technical support.

The Timber Industry Working Group is a group made up of representatives from Sawn Timber and Round Log exporters as well as government representatives from the Ministry of Forestry.

The current phase of PHAMA will finish in mid-2017 and PHAMA support for the IWGs will finish. The government and industry members of the IWGs have supported the continued operation of these groups, and are working with PHAMA to identify how these groups can continue to operate.

Options for continuing the IWG after the conclusion of PHAMA

A number of options for funding the operation of the IWGs after the conclusion of PHAMA in mid-2017 were considered. Options include finding an alternative donor to fund the IWG, arranging for government to fund the support of the IWG or arranging for industry fund the support of the IWG. Each of these three options has risks and opportunities associated with them depending on the likelihood that funding could be made available by donors, government or industry and the continuity of funding over time. These options have been discussed by the IWG members.

No clear option for supporting the Timber IWG after mid-2017 was identified. The PHAMA program is not aware of donor funded programs would provide support for the operation of the Timber IWG. The option of hosting the group within government was discussed by the Timber IWG, but it was recognised that securing an ongoing commitment from the government to provide secretariat support and resources would be difficult.

The option of industry supporting the ongoing operation of the Timber IWG was discussed and needs to be further understood. The PHAMA program understands that there had been a move to establish a representative association that could support the Timber IWG, but this had stalled. Under this arrangement the Timber IWG could be hosted by the SICCI and funded by the industry association or it could operate as a committee of the industry association. The PHAMA program needs to understand if this is a valid option or if alternative options are required.

In addition to financial support for the operation of the Timber IWG a commitment is required from government and industry to ensure representatives continue to regularly attending meetings of the group and to contribute to meeting discussions. The Timber IWG meetings may be held every two months, and over the course of the year this may total three or four days of meetings for government and industry representative.

Next Steps

PHAMA is currently meeting with the industry and government partners who are involved in the IWG to discuss options for supporting the IWG and discuss the implications. PHAMA staff will be asking for the partners to confirm their continued support and involvement in the IWGs.

Provided a funding option to support the Timber IWG can be identified a detailed plan for each of the IWGs to cover the period to mid-2017 when the PHAMA program ends will be prepared. If industry is still considering the development of an industry association, then PHAMA needs to understand how the Timber IWG might align with the operation of the association.