

## SECRETARIAT OF THE PACIFIC COMMUNITY (SPC) –EU FACT PROJECT: FOCUS ON THE COCONUT INDUSTRY IN THE PACIFIC FROM THE YEAR 2008 TO 2012

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The Secretariat of the Pacific Community (SPC) is an international organisation that provides technical and policy advice and assistance, training and research services to its Pacific Island members. SPC works in a wide range of sectors with the aim of achieving three development outcomes: sustainable economic development; sustainable natural resource management and development; and sustainable human and social development. Its work programme is determined by members, and all of the regional initiatives aim to support members' national policies and plans. The Pacific Community has 26 members. They include the 22 Pacific Island countries and territories served by SPC: American Samoa, Cook Islands, Federated States of Micronesia, Fiji, French Polynesia, Guam, Kiribati, Marshall Islands, Nauru, New Caledonia, Niue, Northern Mariana Islands, Palau, Papua New Guinea, Pitcairn Islands, Samoa, Solomon Islands, Tokelau, Tonga, Tuvalu, Vanuatu, and Wallis and Futuna plus Australia, France, New Zealand and the United States of America (Four of the founding countries).

One of the projects implemented by the SPC is the FACT Project. The European Union-funded Facilitating Agricultural Commodity Trade (FACT) pilot project aims to support commercial ventures and producer groups to become export-oriented, market-driven enterprises that will consistently supply overseas market with competitive agricultural and forestry products. The project is implemented by the Land Resources Division of the Secretariat of the Pacific Community (SPC) in Suva, Fiji and started in May, 2008. This is a

new approach for development as far as SPC LRD is concerned: in the past assistance was provided via the national government machinery while in FACT the assistance is provided both to government and directly to enterprises and fostering of relations between private and public sectors.

The assistance provided is divided into two categories;

1. Enterprises that were selected for direct assistance (the assistance targeted to address



VCO from FIJI

sub-standard components of the supply chain and ranges from development of business and marketing plans and studies, through to training and improvements to producer networks and infrastructure). A call of proposal was circulated

in the region and from the application received, 18 partner enterprises were selected and two of these are coconut based enterprises (Origins Pacific Ltd., Fiji Islands and Amruqa of Papua New Guinea). Both of these enterprises are exporters of Virgin Coconut Oil.

2. Generic assistance – The types of assistance (also ranging from production to marketing) provided to the whole sector, including limited technical assistance support to additional enterprises and producers.

Aside from the above, the SPC EU FACT Project collaborates with other partners in the region like the Asian and Pacific Coconut Community, Universities and other Development Agencies on specific issues relating to coconut that will enhance exports of value-added coconut products in general.

The two enterprises that receive direct assistance specialise in the processing and export of Virgin Coconut Oil plus Spa Products. These products are marketed locally (local tourist market in Fiji), and overseas into Europe, Japan, New Zealand and Taiwan. The types of assistances provided to them are as follows :

- Business planning
- Packaging and labelling
- Pilot tumble dryer and new models of VCO presses
- Support enterprises in attending trade shows and VCO promotional campaigns
- One enterprise will receive the first centrifuge machine in the Pacific especially for the production of high quality VCO. PNG Amruqa has a mechanised system of de-shelling, pairing, grating and removal of coconut milk. The

use of this unit will mean that the production line will now all be fully mechanised. In return, it is expected that the VCO production capacity will increase and quality will improve.

Important lessons learnt from EU-FACTs work with these two enterprises will be disseminated to other coconut processors in the region. It must, however, be stated that the assistance provided to date has resulted in the increase of export destinations, value and volume. One of the enterprises has reported establishing and increasing the distribution of bottled VCO in a local supermarket chain in Fiji (Morris Hedstrom). In addition, the VCO processing model used is now being trialed in a franchise system. This will include centralised marketing.

The SPC EU-FACT project jointly conducted a round table meeting in Nadi, Fiji in 2009 with APCC. A communiqué was developed as a result of this meeting and this can be accessed at this link: <http://www.apccsec.org/document/ROUNDTABLE%20COMMUNIQUE.pdf>. The communiqué was presented to the Pacific's Heads of Agriculture and Forestry, who endorsed that the coconut is a unique commodity with the potential to contribute to sustainable and healthy rural livelihoods throughout the Pacific Islands. Coconuts are seen to provide an engine for economic growth in the region.

In addition, another positive outcome of this roundtable meeting was improved networking amongst coconut stakeholders which provided the genesis for a major new project proposal which is currently awaiting EU endorsement and funding. The project is titled Pacific ACP Regional Coconut Project and it aims to process and export high value coconut products from a number of countries in the Pacific region.

The EU-FACT project has also in the past funded the participation of three private enterprise representatives at the APCC COCOTECH meeting that was held in Thailand in 2010. One of the enterprise representatives proceeded to Davao, Philippines with the collaboration of the Philippines Coconut Authority to study the production of coconut sugar.

Currently, coconut sugar production has started to be produced on modest experimental scale in the Pacific, which is expected to lead to a more substantial cottage industry over the next year or two. A number of women (members of the Kiribati Organic Association) were trained on how to produce coconut sugar from toddy. Coconut toddy is traditionally tapped and used as a beverage in Kiribati. This training was sponsored by the SPC EU-FACT project. In addition to this assistance, a number of essential equipment necessary for coconut sugar processing was also donated to KOA by the Project. For almost a year now, three islands in Kiribati are regularly producing coconut sugar (100 - 200 kg per month) and these are currently being marketed locally in South Tarawa with plans underway to export the product.

The SPC EU-FACT Project has also funded the publication of the Pacific Virgin Coconut Oil Manual. The manual provides details of the different methods used in Virgin Coconut Oil production, health benefits and some preliminary marketing information. It has also been regarded as a useful reference material and this was widely distributed in the Pacific. In relation to the above, the SPC EU-FACT project also supported a number of trainings and advisory services in the production of VCO using the modified kitchen method and on the need to improve and maintain quality assurance in VCO production. A few of these training programs were conducted in collaboration with other donors.

Women's groups, individuals and communities are the key beneficiaries of this assistance. The Project also assisted in developing of improved labeling for their products, especially VCO. A few of the above are now successfully marketing their products.

From the food safety aspect, more and more exporters are expected to have their products HACCP (Hazard Analysis of Critical Control Points) certified. The SPC FACT EU project has staff members who are trained in this field and they assisted a number of enterprises in their pre-audit evaluation. Due to the high investment cost (for modifying the production line flow which was put in place before the HACCP regulation came about) only a small number of Pacific Islands enterprises are certified.

The SPC EU-FACT Pilot Project will conclude at the end of 2012. The lessons learnt in this project will now be used to further broaden the base of assistance to other enterprises and stakeholders in their export capabilities especially in Agriculture, Fisheries and Forestry. The assistance will be a catalyst to enhance and consolidate their position from the business and trade perspective as these sectors receive minimal support from financial institutions and even governments when compared to other sectors. This will hopefully change for the better in the future. A new project called Increasing Agricultural Commodity Export or IACT has recently been launched and a number of new coconut initiatives will potentially be supported through this EU (EDF 10) funded project. The EU support is gratefully acknowledged by SPC and has contributed to the benefit of peoples of the Pacific.

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