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Value chain analysis: providing an evidence base for agricultural development and policy interventions in Fiji

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Background

Fiji's Food Industry is changing

- Consumers, food retailers and food systems are changing globally
  - This transformation is well documented across faster growing developing countries in Asia, Latin America and Africa (Pinstrup-Andersen, 2002; Reardon et al., 2000; Reardon et al., 2003)
- Key drivers include: (Godfray et al., 2010; Hazell and Wood 2008; Reardon et al., 2004; Pingali, 2007)
  - Urbanization and rising urban incomes – Fiji has both (Narsey 2011)
  - Private sector investment – Fiji doesn't have this which makes it unique

Background

Fiji's Food Industry is changing

- Potential Impacts and Implications
  - 65% of population involved in agriculture (Fiji Ministry of Agriculture, 2009)
  - Smallholders can not always meet modern retailer requirements which can have implication on local agriculture, food security, govt policy and the private sector (Boselie et al., 2003; Farina and Reardon, 2000; Hughes and Lawrence, 2005; Reardon et al., 2009)
- Understanding these changes may lead to better policies and development outcomes
  - Very little detailed analysis of Fijian food retailer and consumer behaviour is available (Chandra 1979, Owen 1999; Thaman 1990)
  - This type of detailed analysis of an entire value chain has not been attempted in a small island developing state (SIDS)

Method

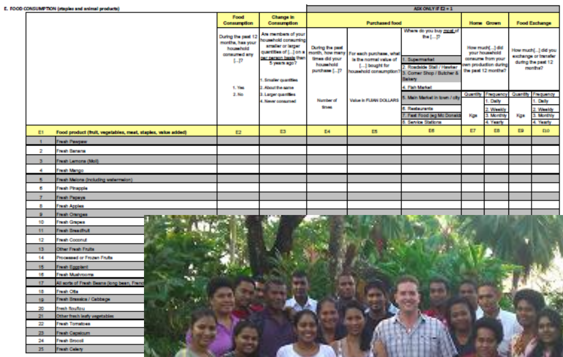
Value Chain Analysis (VCA) as a suitable framework

- VCA is used as a diagnostic tool for understanding and improving agribusiness chains (Francis et al., 2008; Simons et al., 2003; Taylor, 2005)
- Traditionally VCA's focused on single chains but have increasingly been used to understand industry networks (Braziotis et al., 2013; Peppard and Rylander, 2006) and provide policy insights (Cattaneo et al., 2010; Kaplinsky and Morris, 2001).
- VCA's focus on identifying consumer values and analysing activities along the chain to prioritise improvements or new opportunities (Bonney et al., 2007; Fearne, 2009)
- These insights can then be shared with private and public sector stakeholders, including relevant government and donor agencies (Cattaneo et al., 2010; Kaplinsky, 2000)

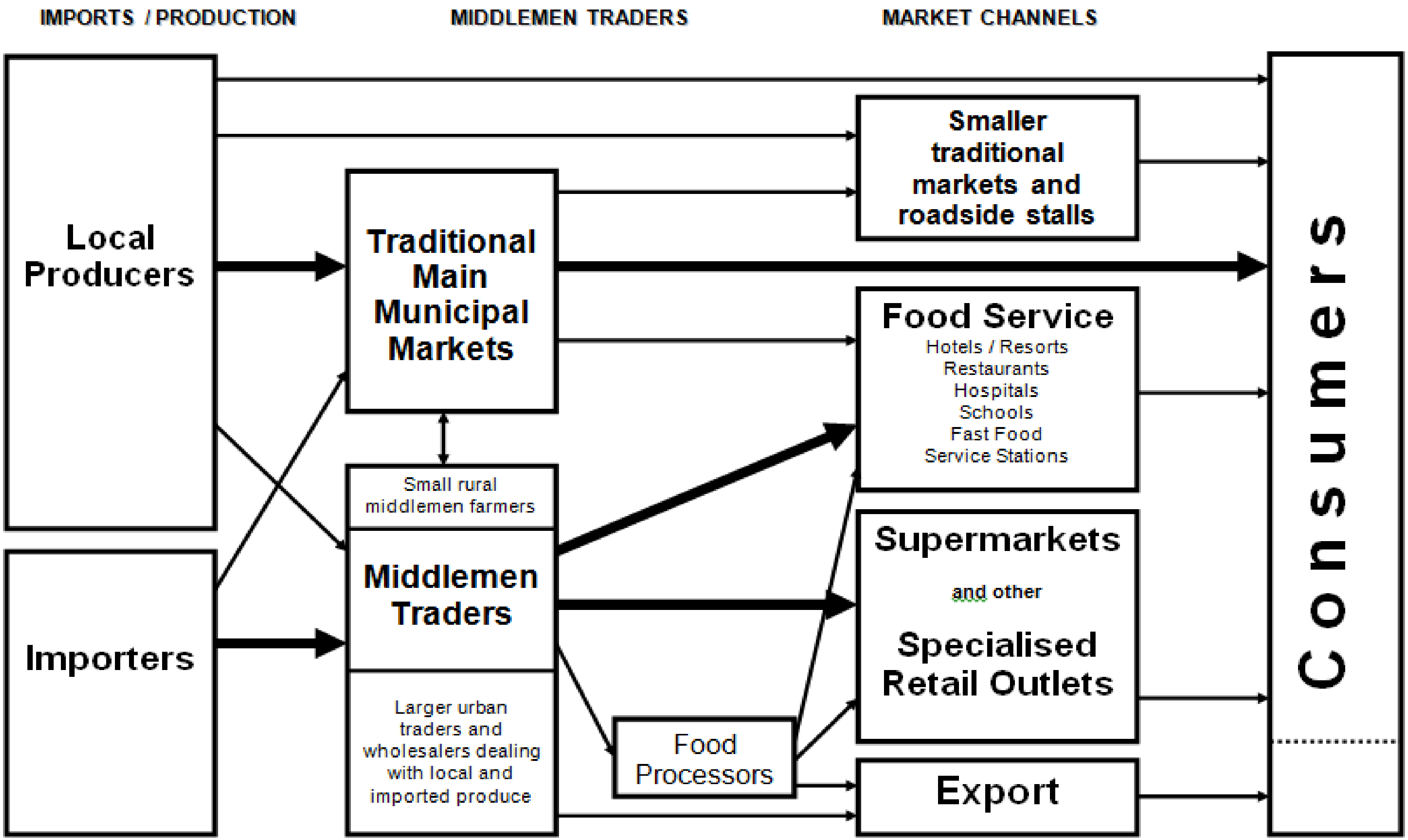
Activities

- ACIAR funded with key partners including:
  - University of South Pacific (USP)
  - Secretariat of the Pacific Community (SPC)
  - Fiji Bureau of Statistics (FBOS)
  - UNWomen
  - Fiji Ministry of Agriculture.

- Activities
  - Interviewed all major Supermarkets, Resorts & Food Processors
  - A study of the Main Municipal Market
  - 1000 Urban household consumer surveys on food shopping behaviour
    - 79 different food categories / 8 retail outlet types
  - 1200 Producer surveys (600 female)
    - 89 different crops / shopping behaviour
    - BMI of all HH members
  - 85 Trader surveys to understand links to market



Fiji Fresh Fruit and Vegetable Value Chain Map



Producers

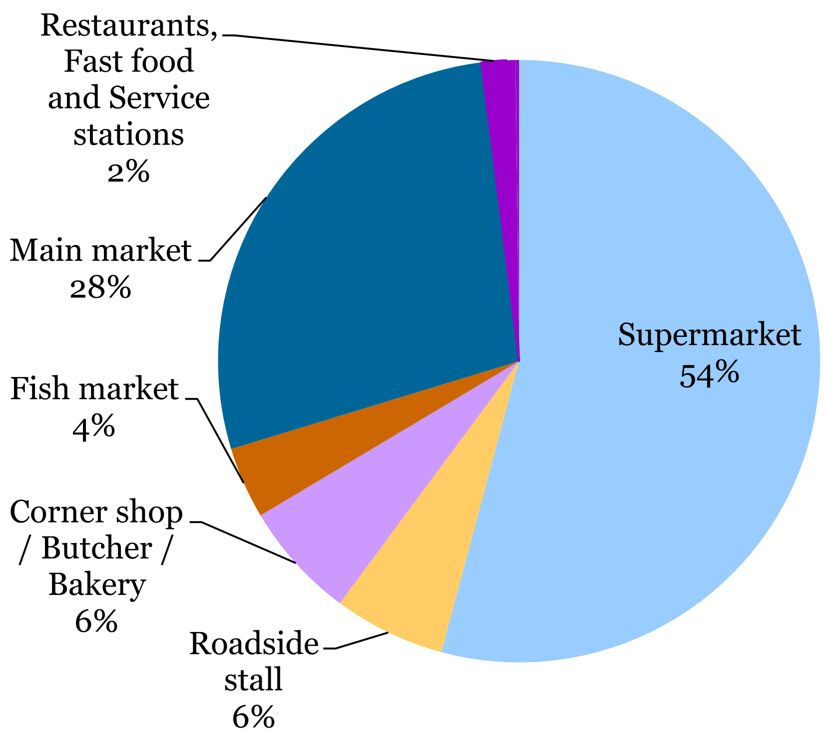
Market Channels

Modern Channel	% of farmers selling through this channel	Traditional Channel	% of farmers selling through this channel
Supermarkets	1.81%	Municipal Market	92.48%
Processors	1.75%	Roadside Stall	14.25%
Exporters	15.41%	Village Market	6.95%
Hotels	2.27%	Next door neighbour	12.37%

Source: Anna Finizio, unpublished

Urban Household Consumers

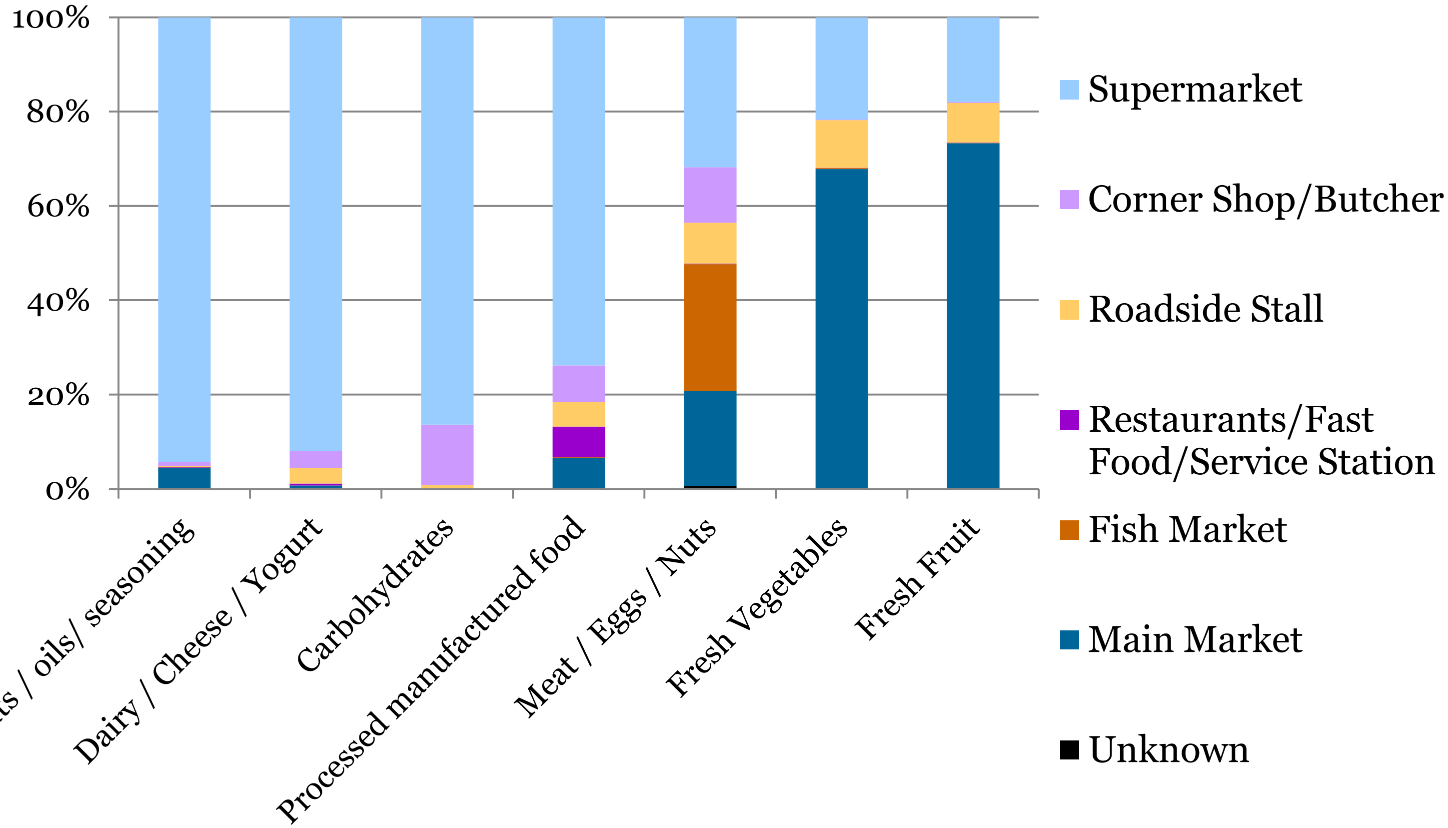
Share of urban food expenditure by type of retailer



- Supermarkets with 54% of food expenditure . Main market still with 28%
- Roadside stalls 6% and interestingly sell 75 of the 79 products surveyed
- Combined 1.8% for restaurants, service stations and fast food indicate they are more likely servicing tourists rather than locals

Urban HH Consumers

Share of spending on each food category by type of retailer



- Supermarkets dominate processed food categories while the main market is preferred for fresh produce

Key Insights

- Supermarkets have taken significant market share
- Households patronize both modern supermarkets (100% surveyed) and traditional main markets (97%)
- Modern retailers tend to capture the processed food category first (Minten and Reardon, 2008) before seeking additional growth in the fresh produce category (Neven et al., 2006; Brown, 2005)
- Whether traditional outlets can hold onto their fresh produce market share is a topic of debate in the literature (Goldman et al., 2002; Neven et al., 2006)
- Important implications for food security, health and nutrition and opportunities for local producers
- Which is why these types of consumer and whole of value chain studies are so important for SIDS countries experiencing similar global pressures
- Future Research: more detailed economic analysis of existing data and repetition of the survey over time to monitor trends and implications

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Thank you!
Questions?

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