

# Voluntary Sustainability Standards (VSS) assessment of Kava Value Chain in Solomon Islands

Fostering the Development of Green Trade  
Trough VSS in the Melanesian Spearhead Group



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# Introduction

- Kava- a significant contribution to rural household income.
- Kava-introduced -in 1961 from Vanuatu.
- Santa Isabel province popularized the crop.
- Kava exports- year 2000/Varivao Holdings limited.
- The early buyers and exporters-Varivao Holdings and Sol-popular in Isabel.
- In 2010, Solomon Islands export 50 MT of dried kava powder to Kiribati, Fiji and recently small quantity to the United States of America.



# Methodology

- **Mix-method,**
- **A field survey,**
- **Survey and personal interviews (open and close ended questionnaires)**
- **(Malaita, Santa Isabel and Guadalcanal provinces), including companies, government offices and SOEs.**
- **In Malaita, focus group was also adopted.**
- **43 questionnaires (Farmers), 20 (companies) and another 20 (government officials).**
- **Data -tabulated and analysed.**
- **Secondary sources (government reports, documentations and other scholarly articles).**



# Background Information: Economic Structure and Social Development Indicators

- 700,000- Solomon Islanders depend- rain-feed agriculture, fishing, and forestry for their livelihood (Fenny, 2014).
- Most manufactured goods and petroleum products are imported (ibid.).
- The major exports- logs, copra, cocoa, palm oil and recently minerals such as Gold, Bauxite and value-added agricultural products like coffee, kava, nail-nut, cassava, virgin coconut oil, spices and sea resources (CBSI, 2016).
- Economically, Solomon Islands is a lower income country (Fenny, 2014:4)- Least Developed Countries (LDCs). In 2022, GDP of US\$ 1.6 billion (US\$ 2,380 per capita)(IMF, 2022).
- The economy is small, undiversified with poor infrastructure and onerous regulatory environments.
- The 2014 World Bank report (Vulnerability and Hardship)
- hardship to obtain non-food items in the country.
- 73 % urban households - not able to afford food (scarcity), compared with 48 % in rural areas (Posso and Clarke, 2014:74).
- 45.6 % live with less than USD 1.90 (Purchasing power parity) (PPP) a day (ADB, 2016).

# Solomon Islands Agriculture

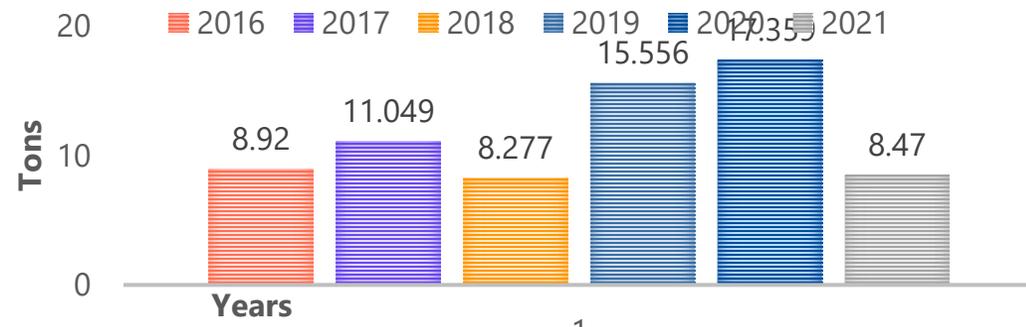
## Agricultural Exports;

- 2018, palm oil with 56 %, cocoa beans -18 %, copra 14 % and coconut oil 12 % (Government of Solomon Islands, 2021).
- In 2011, agricultural exports valued at SBD 564 million/ declined 28 % since 2018 to SBD 375 million (Ibid, iii.).
- Covid 19: Food security and stabilize economic growth,
- “Redirection policy” aimed to “revitalized agriculture” through the Agriculture Sector Growth and Investment Plan (ASGIP).
- The investment plan: PPP investment; aims to tap into the potential that non-traditional crops such as kava, cassava and taro can bring to the economy.

## Kava Economy

Kava exports in Solomon Islands began around 2000.

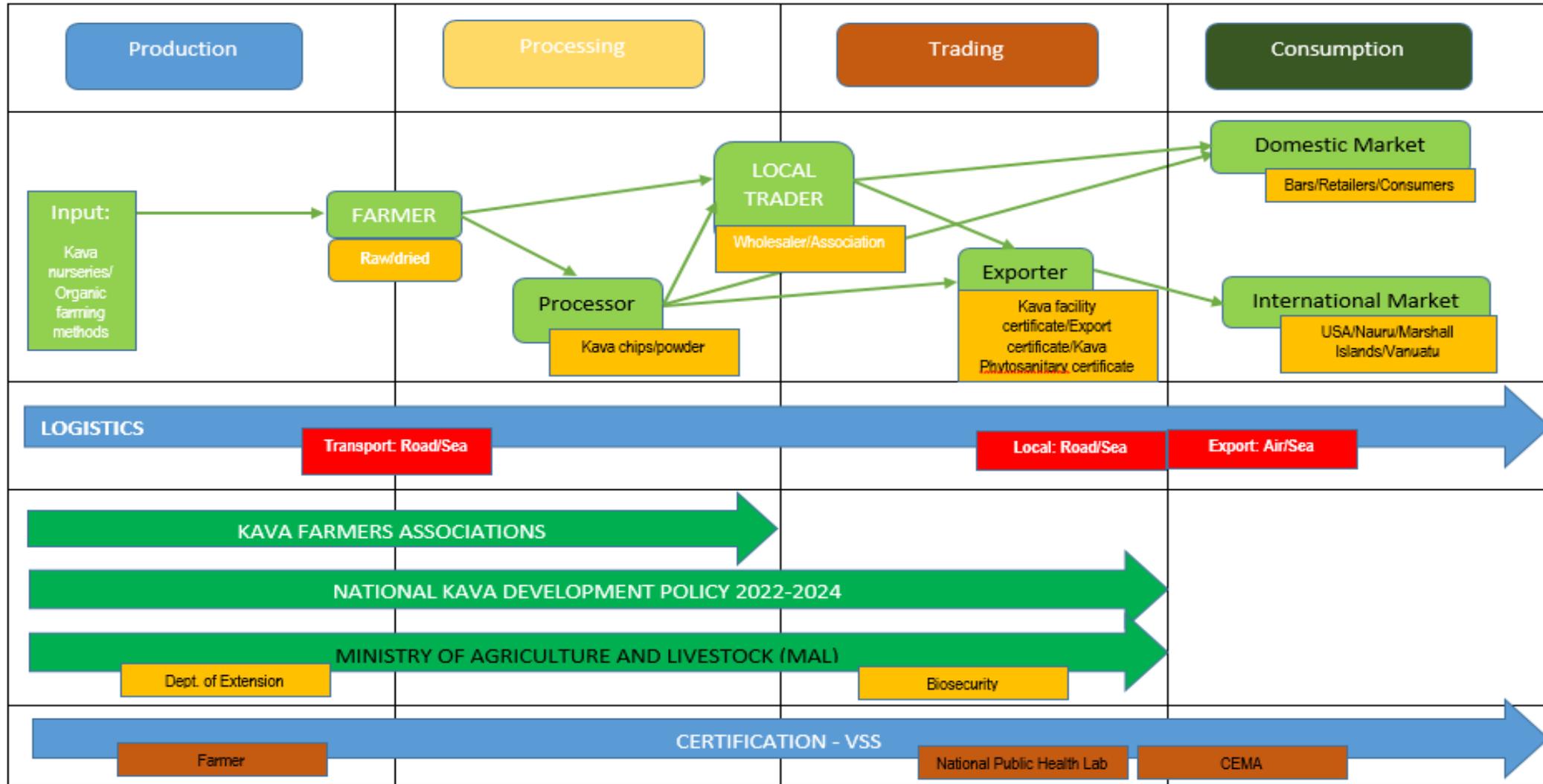
GRAPH OF KAVA EXPORT BY YEARS



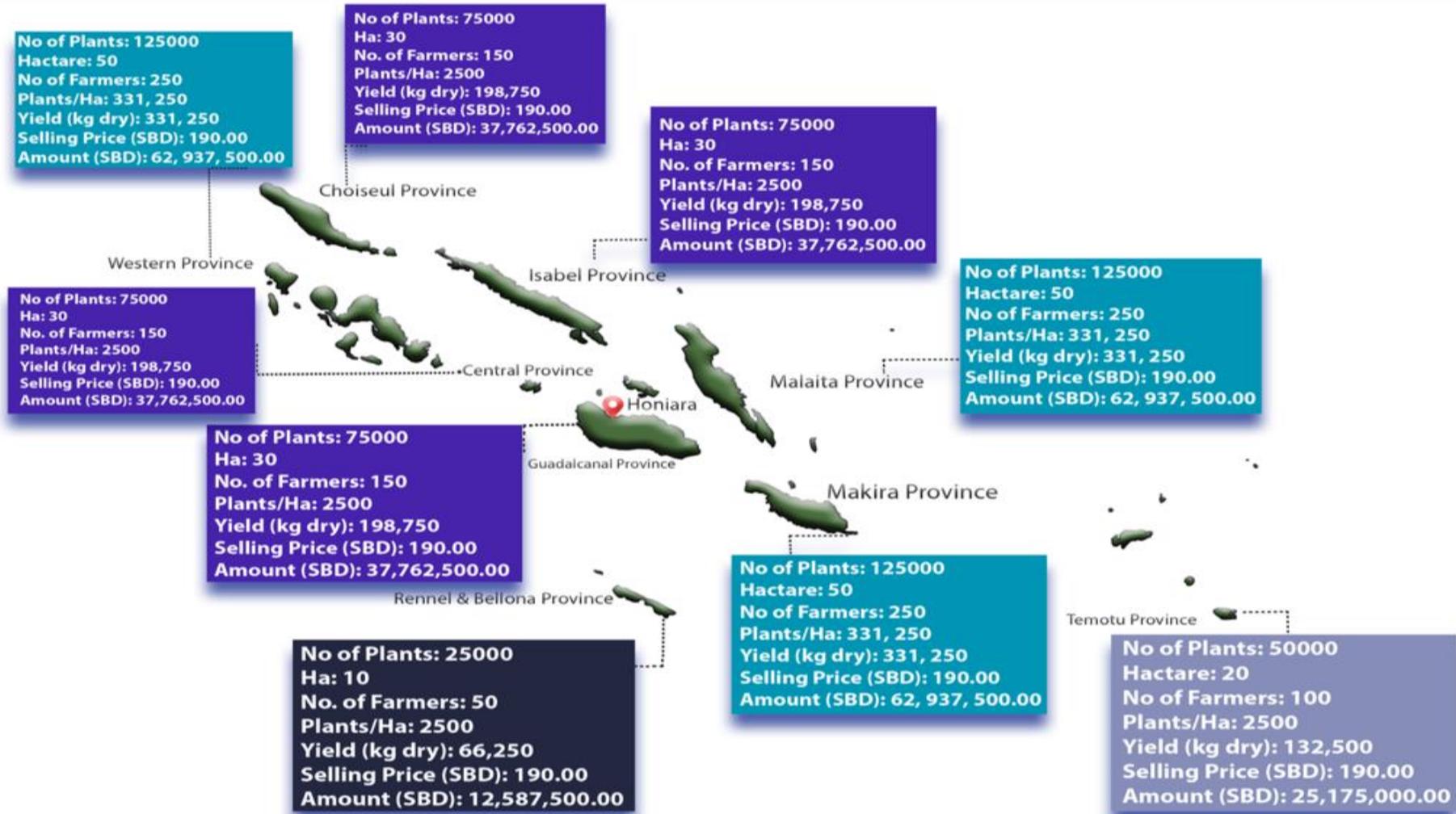
2016: SBD 3 million, the industry injected over SBD 5 million into the local economy by 2020.

2023: kava contributed SBD 2 million in the first quarter.

# Mapping the Kava Value-Chain

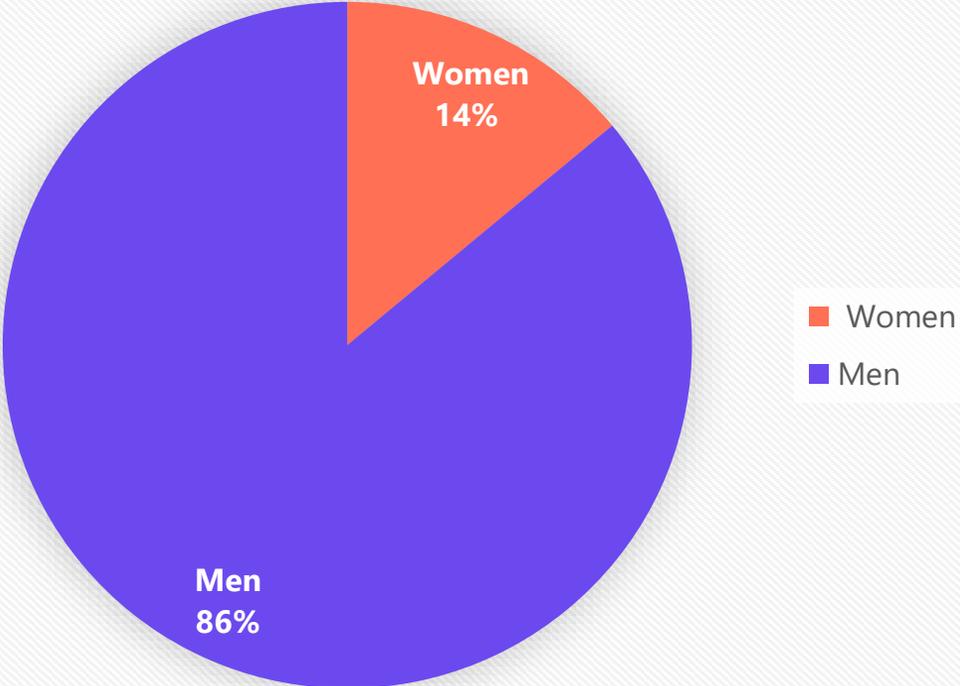


# Current Outlook

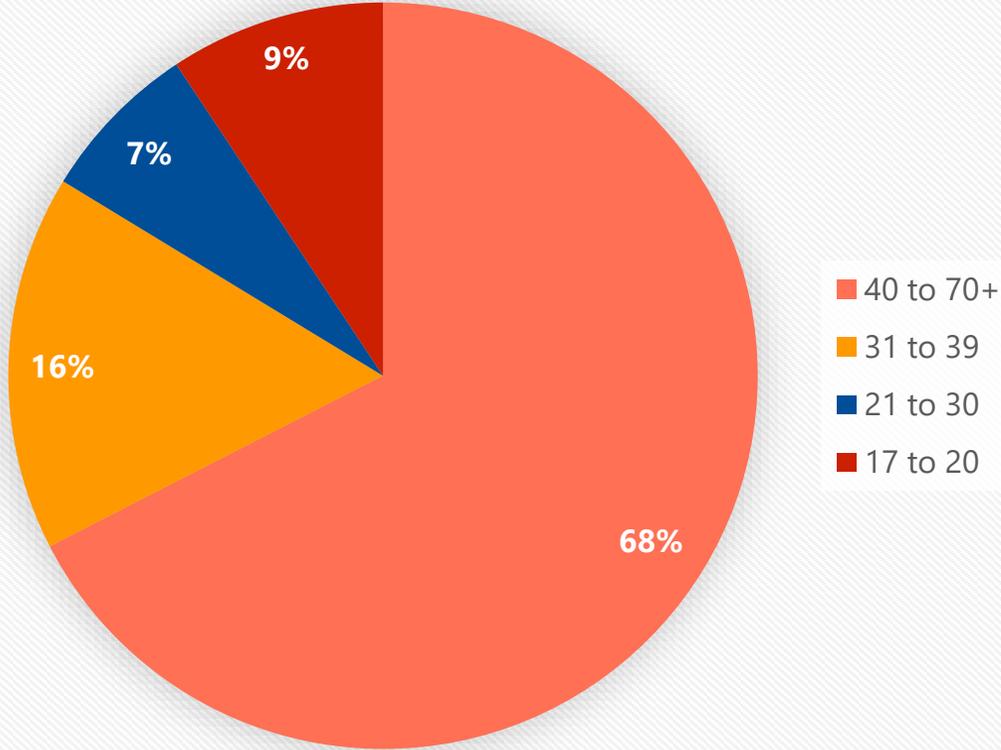


# Rural Kava Farmers: Characteristics of the Survey Respondent

### Gender of kava farmers consulted

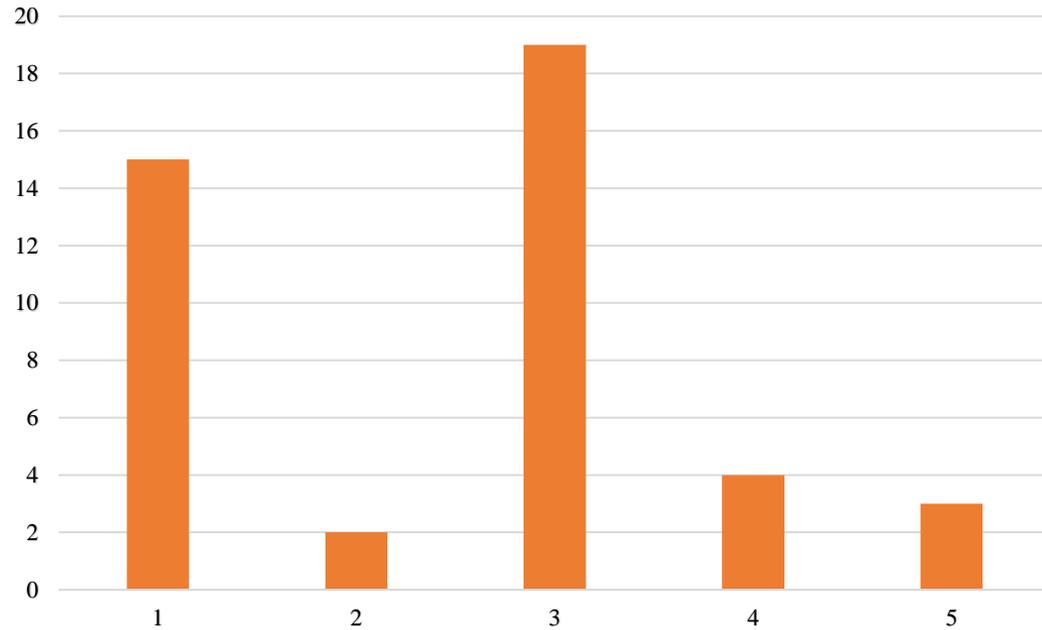


### Age groupings of respondents

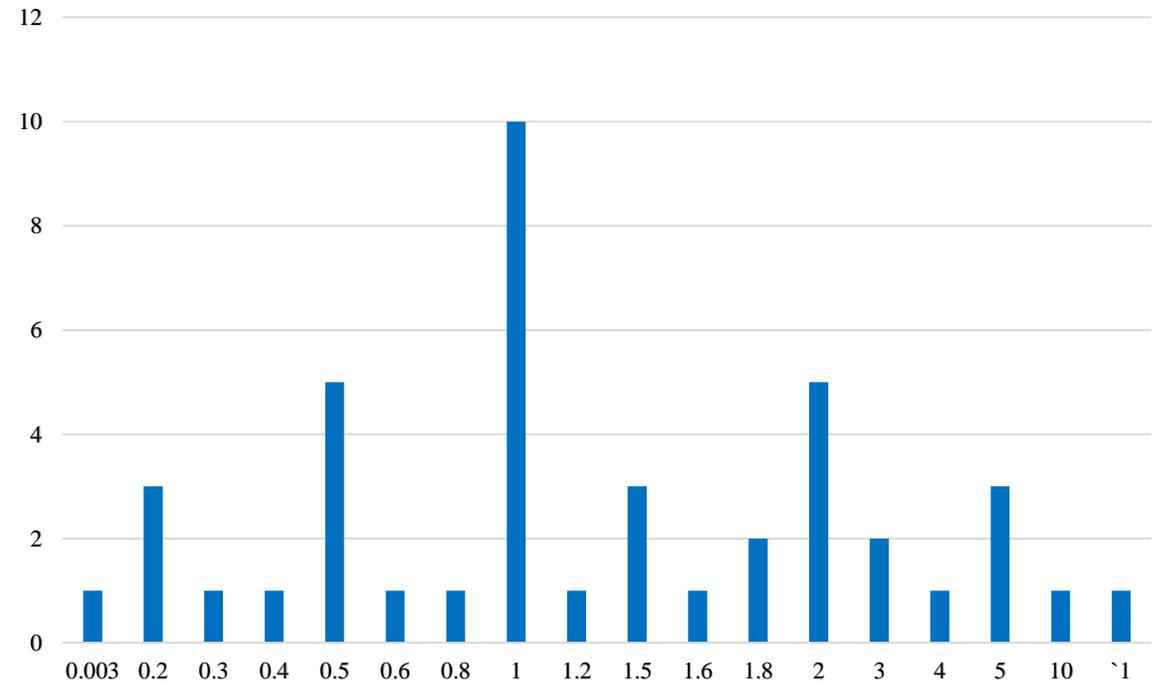


# Education & Land Farm Size

Education Level ( 1=Primary 2=Technical College 3=Secondary 4=Tertiary 5=No education)



Farm Land size (hectare)



# Perception on Certification & Cost Factor

## Perception on Certification

| Respondent | Is the farm certified<br>(1=Yes 2=No) |             | Do you have certified<br>seedlings? (1=Yes<br>2=No) |             | Do you own a phone /<br>smartphone / computer?<br>(1=Yes 2=No) |             | a. [if any] Do you use<br>any of them for<br>business related<br>activities? (1=Yes<br>2=No) |             |
|------------|---------------------------------------|-------------|---|-------------|--|-------------|--|-------------|
|            | N=43                                  | per<br>cent | N=43  | per<br>cent | N=43   | per<br>cent | N=43   | per<br>cent |
| Yes        | -                                     | -           | -   | -           | 33   | 76.7        | 18   | 41.8        |
| No         | 43                                    | 100.0       | 43  | 100.0       | 10   | 23.3        | 25   | 58.2        |
| Total      | 43                                    | 100.0       | 43  | 100.0       | 43   | 100.0       | 43   | 100.0       |

| Cost Factors  | SBD Amount   | Total        |
|---|--|--------------|
| <b>Labour (cutting down of forest area)<br/>2 x Individual for 3 days</b>       | 200 per day  | 600          |
| <b>Chain saw hiring &amp; Fuel</b>  | 100 (1 operator) + 2 gallon @ 100 & own chainsaw oil for 2 days depending on land size | 1 000        |
| <b>Seeding</b>  | 3 per cutting (1000 cutting)   | 3 000        |
| <b>2 individuals for weeding &amp; Maintenance for a 5 days, 2 times a year</b> | 100 per person for a week, 2 times a year.   | 4 000        |
| <b>Harvesting bags ( 50 Kg)</b>   | 20 per bag times 10  | 200          |
| <b>Truck hire</b>   | 30 per bag to Kaevagna port  | 30           |
| <b>Shipping freight to Honiara</b>  | 50 per bag   | 50           |
| <b>Total</b>  |  | <b>8 680</b> |

# Farmer Assistance & Community Association

| Respondents                   | Access to weather information (1=Yes 2=No) |              | Access to Diseases information (1=Yes 2=No) |           | Testing soil and water facilities (1=Yes 2=No) |           | Do you attend training (1=Yes 2=No) |              |           |
|-------------------------------|--|--------------|---|-----------|--|-----------|-------------------------------------|--------------|-----------|
|                               | N=43                                       | per cent     | N=43  | per cent  | N=43   | per cent  | N=43                                | per cent     |           |
| <b>YES=1</b>                  | 9  | 20.9         | 15  | 34.8      | 6  | 13.9      | 21                                  | 49.9         |           |
| <b>NO=2</b>                   | 34   | 79.1         | 26  | 65.2      | 37   | 86.1      | 22                                  | 51.1         |           |
| <b>Local Broker = 1</b>       |  |              | 1   |           | 1  |           | 1                                   |              |           |
| <b>International Firm = 2</b> |  |              | -   |           | -  |           | -                                   |              |           |
| <b>NGO = 3</b>                |  |              | -   |           | -  |           | -                                   |              |           |
| <b>Government = 4</b>         |  |              | 2   |           | 1  |           | 2                                   |              |           |
| <b>Extension officer = 5</b>  |  |              | -   |           | 6  |           | 3                                   |              |           |
| <b>Friend = 7</b>             |  |              | 1   |           | 7  |           | -                                   |              |           |
| <b>Others = 8</b>             |  |              | 3 (radio)                                   |           | 1 (local knowledge)                            |           | 2 (friend)                          |              |           |
| <b>Total :</b>                | <b>43</b>                                  | <b>100.0</b> | <b>9</b>                                    | <b>43</b> | <b>100.0</b>                                   | <b>15</b> | <b>43</b>                           | <b>100.0</b> | <b>21</b> |

| Respondents              | Are you part of a farmer group/association? (1=Yes 2=No) |              | If yes, provide group name | How long have you been part of a farmer | Does the group help you with any of the following? | Do you cooperate with other farmer's to improve the quality or value of your product? |              | Do you cooperate with different type of actors in the value chain to improve the quality or value of your product? |              |
|--------------------------|--|--------------|----------------------------|---|--|---|--------------|--|--------------|
|                          | N=43   | per cent     |                            |   |  | N=43  | per cent     | N=43   | per cent     |
| YES=1                    | 9  | 20.9         | ADO/KAS                    | All members over 10 years               | -  | 18  | 41.8         | 16   | 37.3         |
| NO=2, but I'm interested | 34   | 79.1         |                            |   | -  | 25  | 58.2         | 27   | 62.7         |
| NO, I'm not interested.  | -  | -            |                            |   | -  | -   | -            | -  | -            |
| New Markets=1            | -  | -            |                            |   | 5  | -   | -            | -  | -            |
| Procedures & Practice=2  | -  | -            |                            |   | 3  | -   | -            | -  | -            |
| Accessing Inputs=3       | -  | -            |                            |   | 2  |   |              |  |              |
| <b>Total</b>             | <b>43</b>  | <b>100.0</b> |                            |   | <b>9</b>   | <b>43</b>   | <b>100.0</b> | <b>43</b>  | <b>100.0</b> |

# Farm Output & Market Access

| per cent of Farm Area | # of Labour on farm | Output (Kg), 2022 | # of hired Labour on farm | Output (Kg) Last Year: 2021 | Respondents                   | Are you given a contract for your products (Y 1= N 2) | Who gave you the contract | Have you ever had products rejected? ( 1=Yes 2=No) | Price : 1=Yes 2=NO | Who gave you this information |           |              |           |              |
|-----------------------|---------------------|-------------------|---------------------------|-----------------------------|-------------------------------|---|---------------------------|--|--------------------|-------------------------------|-----------|--------------|-----------|--------------|
|                       |                     |                   |                           |                             |                               | N=43  | per cent                  | N=43   | per cent           | N=43                          | per cent  | N=43         | per cent  |              |
| 20                    | 0                   | 40                | 0                         | 0                           |                               |   |                           |  |                    |                               |           |              |           |              |
| 30                    | 1                   | 60                | 1                         | 10                          |                               |   |                           |  |                    |                               |           |              |           |              |
| 50                    | 100                 | 50                | 1                         | 100                         |                               |   |                           |  |                    |                               |           |              |           |              |
| 70                    | 12                  | 100               | 4                         | 100                         |                               |   |                           |  |                    |                               |           |              |           |              |
| 40                    | 168                 | 11                | 4                         | 10                          |                               |   |                           |  |                    |                               |           |              |           |              |
| 90                    | 168                 | 12                | 2                         | 120                         |                               |   |                           |  |                    |                               |           |              |           |              |
| 90                    | 150                 | 15                | 2                         | 125                         |                               |   |                           |  |                    |                               |           |              |           |              |
| 90                    | 96                  | 16                | 1                         | 15                          |                               |   |                           |  |                    |                               |           |              |           |              |
| 85                    | 200                 | 18                | 2                         | 20                          |                               |   |                           |  |                    |                               |           |              |           |              |
| 85                    | 221                 | 20                | 2                         | 21                          |                               |   |                           |  |                    |                               |           |              |           |              |
| 85                    | 24                  | 30                | 2                         | 3.6                         | <b>YES= 1</b>                 | 2   | 4.6                       | Compan y, friend                                   | 9                  | 20.9                          | 41        | 95.4         | -         | -            |
| 70                    | 270                 | 30                | 2                         | 306                         |                               |   |                           |  |                    |                               |           |              |           |              |
| 80                    | 144                 | 335               | 2                         | 30                          | <b>NO= 2</b>                  | 41  | 95.4                      | -  | 34                 | 79.1                          | 2         | 4.6          | -         | -            |
| 20                    | 140                 | 40                | 1                         | 40                          |                               |   |                           |  |                    |                               |           |              |           |              |
| 20                    | 30                  | 40                | 2                         | 40                          | <b>Local broker =1</b>        |   |                           | -  |                    |                               |           |              | 25        | 58.1         |
| 20                    | 28                  | 50                | 2                         | 50                          |                               |   |                           |  |                    |                               |           |              |           |              |
| 20                    | 36                  | 400               | 3                         | 50                          |                               |   |                           |  |                    |                               |           |              |           |              |
| 30                    | 40                  | 49                | 2                         | 50                          |                               |   |                           |  |                    |                               |           |              |           |              |
| 40                    | 45                  | 50                | 1                         | 60                          | <b>International Firm = 2</b> |   |                           | -  |                    |                               |           |              | -         |              |
| 50                    | 96                  | 56                | 2                         | 8                           |                               |   |                           |  |                    |                               |           |              |           |              |
| 50                    | 50                  | 50                | 2                         | 8                           |                               |   |                           |  |                    |                               |           |              |           |              |
| 80                    | 50                  | 50                | 1                         | 0                           | <b>NGO = 3</b>                |   |                           | -  |                    |                               |           |              | 1         | 2.3          |
| 50                    | 60                  | 600               | 3                         | 0                           |                               |   |                           |  |                    |                               |           |              |           |              |
| 60                    | 50                  | 70                | 0                         | 0                           | <b>Government = 4</b>         |   |                           | -  |                    |                               |           |              | 13        | 30.2         |
| 70                    | 80                  | 75                | 0                         | 0                           |                               |   |                           |  |                    |                               |           |              |           |              |
| 80                    | 170                 | 35                | 0                         | 0                           |                               |   |                           |  |                    |                               |           |              |           |              |
| 80                    | 180                 | 32                | 1                         | 0                           | <b>Friend = 5</b>             |   |                           | -  |                    |                               |           |              | 4         | 9.3          |
| 90                    | 250                 | Not yet sold      | 2                         | 0                           |                               |   |                           |  |                    |                               |           |              |           |              |
| <b>Total</b>          |                     | <b>2,334</b>      |                           | <b>1,166.6</b>              | <b>Total</b>                  | <b>43</b>   | <b>100.0</b>              | <b>-</b>   | <b>43</b>          | <b>100.0</b>                  | <b>43</b> | <b>100.0</b> | <b>43</b> | <b>100.0</b> |

# Farmer challenges

*Mr. George Ugoa is a kava farmer from the western coast of Guadalcanal province, where there is no road connection to Honiara. He stated: “when I come to town to sell my kava, it takes me 10 kilometres from my village carry my harvest to the seashore to pick the passenger boat (SDB 250 per head) to Tagnarare station. I then spend the night there at SBD 50 and another SBD 50 for storage fee. In the morning, I take the passenger bus or truck to Town (white River-west side of Honiara) (fair SBD 100 including freights). I then call the company to pick my products and if it is not available; SBD 150 taxi fare to the company. I spend the whole day there waiting for my cargoes to be sold. The company usually tell us to come back a week later to collect our checks, and this is very expensive for us rural farmers” (Ugoa, 12 September 2022).*



# Opportunities and Challenges of Organic Kava

## Summary of Opportunities, challenges and recommendations

| Value chain processes         | Challenge  | Opportunity   | Recommendations  |
|-------------------------------|--|---|--|
| Legislation and Certification | There is no farm, nor farmer that is certified.  | The government is currently working on certifying kava seeds and introducing the kava policy to regulate the new industry.  | The current agriculture legislation should be reviewed and aligned with the government development strategy. The government must have an export strategy.  |
| Production                    | <p>1. There is a general trend of ill-farm practices (no certified nursery for seeding), technology, and the lack of financial management and compliance systems.</p> <p>2. Exporters do not have certified packhouses and appropriate technology.</p> | <p>The industry is a new industry, and the government and the private sector have space to collaborate to improve it.</p> <p>Farmers are eager to venture and invest in the industry.</p> <p>The interest of smallholders to become commercial is there.</p> <p>Solomon Island Kava is top-range and can dominate the market.</p> | <p>1. Ministry of Agriculture, Ministry of Commerce, Ministry of Lands, SOEs (Sol Air, ports), the private sector (SICCI) needs to have a roadmap to assist the industry.</p> <p>2. Kava farm best practices should be a collaboration with the Ministry of Agriculture research department. These practices are to be coordinated at the farmer level. Banking institutions must align their investment to rural agriculture with Government support.</p> |
| Farm infrastructures          | Farmers do not have access to road networks, proper dryers, and clean water and storage facilities.  | Landowners are willing to allow their lands for road and other needed infrastructures.  | The Government must have a national infrastructure development plan, administered by a development authority.  |
| Logistics & support           | Farmers experience weak shipping networks and high cost of road transports and freights.   | Airlines, shipping, and trucking businesses are willing to invest if the government creates better environments.  | Government needs to invest heavily in reducing logistic costs for farmers.   |
| Utilities                     | Processors or exporters experience a high cost of utilities.   | SOEs have huge reserves that can be utilized to invest in rural utilities.  | <p>The government should have a strategic plan to properly coordinate SOE's to invest in utility development in rural areas.</p> <p>Review of the Provincial Act to enable provincial governments to establish public companies (SOEs) to manage utilities.</p>  |

# Policy Option

- Endorse and implement the National Kava Policy: Address the issues related to associations, nursery establishments and laboratories in the policy.
- Strengthen legislation, certification, and farmer support services: Consider Codex standard for kava products (CXS 336R-2020) as a reference point,
- Harmonization with such standard can reduce the regulatory cost while gaining credibility for the quality and safety from the markets.
- Invest in improving farmer support;
  - technical knowledge, best practices, and resources, overall farm management, and export readiness.
- Invest in rural infrastructure development and improve logistics:
- Work closely with stakeholders, such as airlines, shipping, and trucking businesses, to reduce transportation costs and improve access to domestic and international markets for kava farmers.
- Encourage sustainable practices and certification:
- Promote the adoption of sustainable farming practices and certification schemes,
- quality and safety,
- environmentally conscious consumers and international markets.
- Consolidate good practices- no use of pesticide.
- Support gender-responsive policies and interventions to empower women in the kava industry and ensure their equitable participation in the sector's growth and development.

**“THANK YOU”**