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Coconut Risk Management and Mitigation Manual for the Pacific Region

Compiled by R. Bourdeix, J. M. Sourisseau and J. Lin

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LRD
Land Resources Division

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26. MAKING DECISIONS WITH LITTLE INFORMATION

By N. Tuivavalagi, J. Lin and R. Bourdeix

Description

The risk is that policy- or decision-makers may make inappropriate policies or decisions based on incomplete, obsolete, or erroneous information. This has led to the failure of large and expensive projects. On the other hand, faulty or erroneous information may unintentionally or deliberately mislead consumers regarding coconuts and/or coconut products.

This risk description was added on request of participants of the CDIP meeting on risk mitigation in December 2018. The participants agreed that several agricultural and development projects have failed because the information, premises and assumptions that underpinned these initiatives were false. Both technical and economic information and decisions are to be considered in this risk description even if, from the result of our online survey, the economic and market seem the most concerned and sensitive issues.

Occurrence and severity

At the above-mentioned meeting, one of the participants, recently appointed as the new and only coconut Officer for his country, indicated that he took over the position without receiving any single page of information or data on the coconut industry in his country from his predecessor. While some Pacific Island countries are better off, we should realize that Pacific islanders are generally not good in recording. As such, some countries lack accurate data on basic information such as number of coconut farmers, areas under coconut, number of coconut palms, etc. Even when we hire foreign experts with PhDs, they will still need local data. If data they are given is 'weak' the maxim 'garbage in, garbage out' will apply, leading to faulty conclusions.

In Pohnpei there has been an effort to award farmers with good records to encourage the practice. However, inadequate data affects other aspects of the coconut industry apart from production. A fluctuating market for coconuts and coconut products has been quoted as a major cause of problem for the coconut industry in the Pacific islands. However, looking at this issue from a broader perspective, we can say that the issue has to do with weaknesses in our capacity to study, predict, and respond appropriately to data relating to market trends. The recent (2018) fall in the price of copra and coconut oil may illustrate this situation. Some local and international experts thought the recent coconut boom - particularly the production of coconut water and virgin oil - would result in securing and stabilizing the market for copra and oil. Recent events prove that this hope was not accurate. It seems that big players organize the speculations and cause fluctuations to benefit from them - but even this last hypothesis does not rest on a solid knowledge basis.

Regarding coconut cultivation in the Pacific region, there is an example of new data which completely changes the perspective of the coconut sector. In most publications, it is written that, in the Pacific region and many other places, coconut plantations are owned or managed mainly by poor smallholders, who deal with cultivated areas of 1 to 3 hectares in average.

Recent data from a Samoan farmer organization indicates a total area of 37,933 hectares shared by only 796 farmers, so an average size of the farm of 48 hectares. If this data is confirmed, some big Samoan players own or are managing very large coconut plantations.

Strategies recommended by some visiting coconut experts would have been different if they had this information on sizes of coconut farms.

Processors need to know if some coconut products are getting more popular or if interest in some products is dying out. We should be better prepared for future events. Unfortunately, there are stories of equipment and facilities that were ordered and paid for, but never used as they arrived when the product was no longer desired by the market.

In the Pacific islands, we also have a serious problem with predicting human behavior. A sad example experienced in many Pacific islands is where coconut replanting was promoted by paying farmers to plant coconut seedlings or paying them to weed and clean up their newly established coconut plantations. This initiative was based on the false assumption that the payment would make farmers develop a long-term interest in their coconut plantations. In many cases, farmers were just interested in receiving the payment. It was later found that plantings were not made according to agreed procedures and specifications, and care of planted coconut palms did not continue after payments were received, leaving the palms to be smothered and killed by weedy vines.

Another sad thing happening is people, including scientists, willingly writing erroneous information to uplift or downgrade certain products, in a context of merciless economic competition between agricultural and commercial sectors.

A recent study conducted in Africa listed the possible consequences of failure of research and development projects, and this can also apply to inefficient policies. It slows down economic growth, loss of revenue by state, unemployment, creates a bad image for government or implementing bodies, collapse of local businesses, cost escalation, government sector underdevelopment, loss of foreign aid/grants, discourages investment, stricter donor regulations, loss of election, financial institutions lose confidence in the state, loss of revenue by the citizens, lack of capacity, substandard infrastructure; it slow down citizens' human empowerment, loss of worker hours, pollution, armed robbery and theft, relocation of services, denial of citizens' basic rights, loss of properties, emotional stress on citizens, accidents and deaths, imprisonment, and abandonment of homes.

Mitigation and adaptation

The risk is not the ‘decision making’ itself, but that a wrong and negatively impacting decision is taken, due to incomplete information. Therefore, mitigation means to improve information quality and relevance, adaptation means to minimize the incidence of such a wrong decision.

Data on coconut agriculture and production remains limited. As more coconut products get widely traded, countries would have more incentives to track the production process and trade of specific products. Coconut stakeholders can also put some pressure on governments to collect individual household data on coconut farmers.

Nevertheless, some production and trade data are available and accessible for everyone. The Food and Agricultural Organization of the United Nations (FAO) publishes statistics on crops and commodities on their Statistics webpage. To gather data on the type of coconut products that each country exports and the partners they trade with, UN Comtrade seems the most reliable source. However, it does take some time to become familiarized with how to obtain the appropriate information. A limitation is that not all coconut products are represented in

the database, and sometimes more specific products are generalised, such as Virgin Coconut Oil, which is clustered under 'Coconut Oil'.

Indexmundi publishes monthly updated prices data on coconut oil. It is also possible to compare different oilseed prices.

Lastly, the International Coconut Community (ICC) gathers from its member countries and publishes monthly newsletters and statistical yearbooks for a fee.

Who are the Pacific coconut farmers? Are they mainly smallholders cultivating one or two hectares or, as indicated by recent data in Samoa, large areas are cultivated by big players? At the farm level, an important step to confident decision making is recognizing there is monetary value and environmental impact in every decision made by coconut growers. As margins tighten due to fluctuation of crop price, the importance of good decision-making grows. Today's modern farmers are using data to make decisions. They must focus on improving their position on the 'big five': planting material, chemicals, fertilizer (these two may be organic), manpower and machinery. No good decision can be made using bad data.

Actions to undertake

Regional bodies such as SPC and USP should assist Pacific Island countries in the collection and storage of accurate and useful data and information. About the false alarm about dangers of coconut products, a Samoan Country Report of an FAO Consultation in 2013 advised (under Scientific Research and Promotional Strategies): 'There needs to be sound scientific research into the positive benefits (health) from coconut products and published under an internationally recognized research facility.'
There is no good development project without side research. Some research needs to be conducted prior the project, during the project, and even after.

Better information on prices and margins at each stage of the coconut value chain is needed. This information should first be produced; second validated according to the various national situations; third, widely diffused through social and professional networks; and fourth, stored with an appropriate conservation strategy to be able to assess its future evolution.

In the 1990s, a study analyzed experience with project evaluation for a sample of more than one thousand World Bank projects. It appeared that the project's analysis and evaluation needed to cope with a large degree of uncertainty, which the traditional methods of project evaluation and selection have not been able to reduce. Thus, the risk of incomplete, erroneous or subjective data do not concern only project conception and selection, it also relates to project evaluation. To mitigate this risk, it must be ensured that the teams chosen for project evaluations are sufficiently diverse, in profession as in opinion.

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