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# **Agriculture and Rural Development: The Case of Fiji**

A thesis presented in partial fulfilment of the requirements for  
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## **Abstract**

Agricultural growth remains a key pillar for economic development in developing agriculture-based economies, however difficulties remained to integrate rural development, food value chains, technological and institutional innovations, environmental constraints that have changed in the context of agriculture's role. The renewed attention on 'new agriculture for development' framework started to emerge to achieve several dimensions of development. This thesis empirically investigates the issues pertaining to new agriculture for development that can benefit economic growth and address the socio-economic dimensions of development in the case of Fiji. Utilising Fiji's Household Income and Expenditure Survey 2008-09 dataset the study examines macro-micro-level role of agriculture that corresponds to new objectives and apply this approach to evaluate the agricultural efficiency-development linkages.

The empirical methodologies apply appropriate time series, novel cross-sectional approaches, new agricultural indicators and its determinants that examines (1) the impact of agriculture and other sectors to enhance agriculture efficiency; (2) moving beyond farm income by assessing off-farm labour participation and supply allocation decisions in the agricultural households. To achieve desired dimensions of development beyond those driven by market competitiveness, (3) the role of remittances in the agricultural production estimations provide a new direction and finding to increase income and identify the causes of success for scaling up agricultural output, followed by (4) reducing poverty and inequality in agricultural households.

In addition to contributing to the broader debates about agriculture-economic development nexus, the findings are also the first on applying new agriculture for development framework in Fiji's case. Results demonstrate that there exist sectoral linkages and to increase economic diversification developing forward linkages through innovations are crucial and advantageous for growth. Findings of double-hurdle factors indicate the push and pull factors that influence household heads' decision to participate and allocate time in off-farm income-generating activities. This implies that demand for labour, even for low-wage workers will not increase without a dynamic rural economy. The failure of low-wage and subsistence living depends on availability of land tenure and investment in agro-based industry clusters. The effects of remittances on agricultural production and diversification show that remittances tend to encourage households to be more diversified in farming, and to grow more cash crops. Findings show that non-farm household income sources contribute significantly towards poverty reduction of the agricultural households. Policies aimed at low-wage to reduce income gaps and creating employment opportunities could exhibit higher labour productivity.

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## List of Abbreviations

ADB	Asian Development Bank
ADLI	Agricultural Demand-led Industrialisation
AIS	Agricultural Innovation System
ARDL	Autoregressive Distributed Lag
EIU	The Economist Intelligence Unit
EU	European Union
FAO	Food and Agriculture Organisation
FFV	Fresh Fruit and Vegetables
FIBOS	Fiji Islands Bureau of Statistics
FOCs	First Order Conditions
GDP	Gross Domestic Product
GMM	Generalised Method of Moments
HIES	Households and Income and Expenditure Survey
ICRISAT	International Crops Research Institute for Semi-Arid Tropics
MDGs	Millennium Development Goals
MFNP	Ministry of Finance and National Planning
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
OLS	Ordinary Least Squares
PICS	Pacific Island Countries
RBF	Reserve Bank of Fiji
SBC	Schwarz Bayesian Criterion
SUR	Seemingly Unrelated Regression
TFF	Tax Free Factory
UN	United Nations
UNDESA	United Nations Department of Economic and Social Affairs
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organisation
VAR	Vector Autoregressive
WB	World Bank
WTO	World Trade Organisation