

**Global Agriculture and Food Security Programme  
(GAFSP)**

**Project Proposal for the North Pacific Federated States of  
Micronesia, Kiribati, Republic of the Marshall Islands and  
Tuvalu**

**Proposal for GAFSP Financing**

**Small Islands Food and Water Project (SIFWaP)**

**Proposal**

**3<sup>rd</sup> September 2019**

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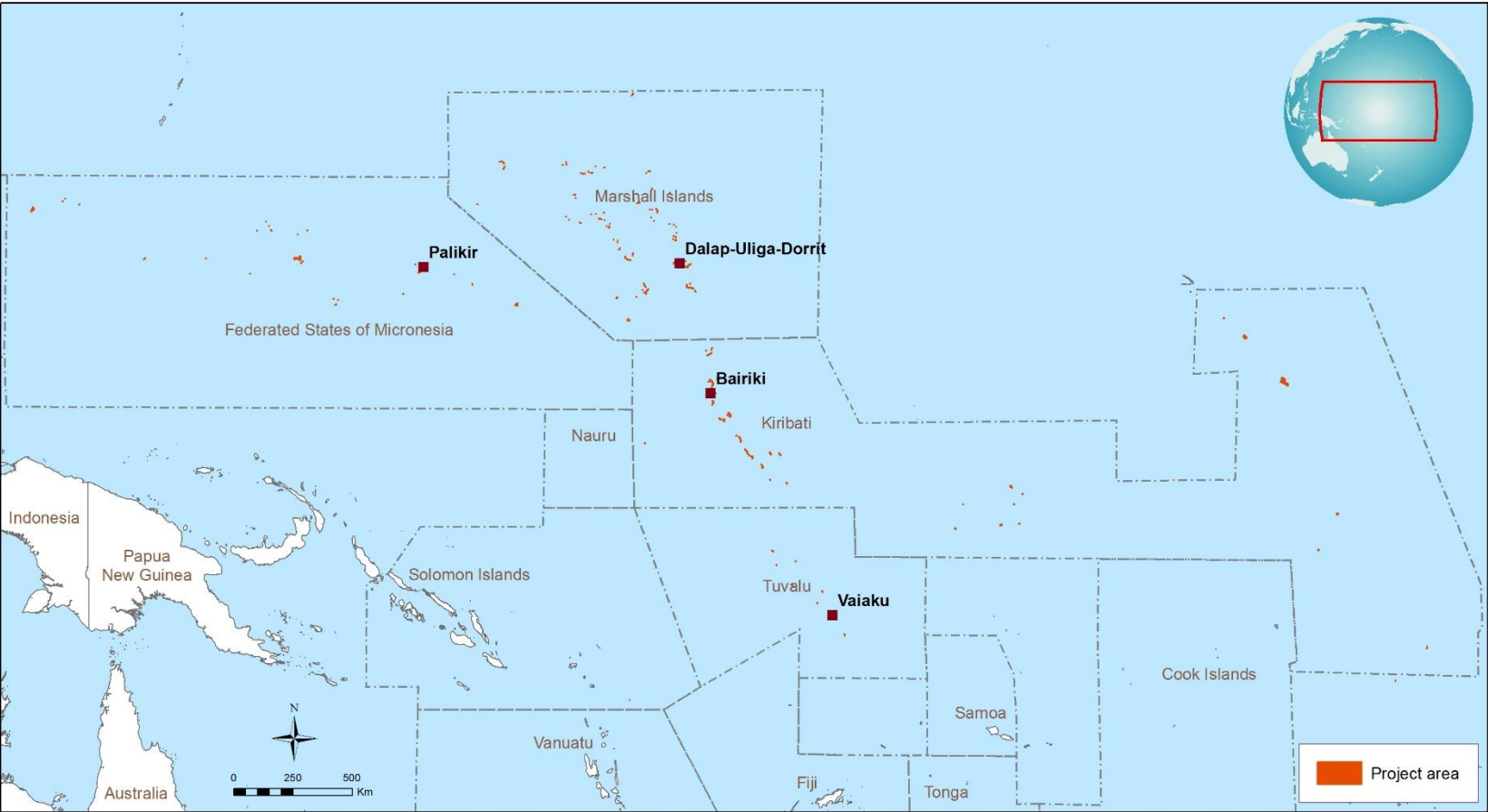
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# Tuvalu, Federated States of Micronesia, Republic of Marshall Islands and Kiribati

## Small Islands Food and Water Project (SIFWaP)



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

Map compiled by IFAD | 03-09-2019

## **List of Acronyms**

AWPB	Annual Workplan and Budget
CPF	Country Programme Framework (FAO)
CPMU	Central Project Management Unit
COFA	Compact of Free Association
FAO	Food and Agriculture Organisation
FSM	Federated States of Micronesia
GAFSP	Global Agriculture and Food Security Programme
GAP	Global Action Programme on Food Security and Nutrition in SIDS
GCF	Global Climate Fund
GEF	Global Environment Facility
ICDF	International Cooperation and Development Fund
IFAD	International Fund for Agricultural Development
KOIFAWP	Kiribati Outer Islands Food and Water Project
MDG	Millennium Development Goals
MELAD	Ministry of Environment, Lands and Agricultural Developments
MNRC	Ministry of Natural Resources
M&E	Monitoring and Evaluation
NAIP	National Agricultural Investment Plan
NCDs	Non-Communicable Diseases
NDU	National Delivery Unit
NGO	Non-Government Organisation
ODA	Official Development Assistance
PICs	Pacific Island Countries
PSC	Project Steering Committee
RMI	Republic of the Marshall Islands
SAMOA	SIDS Accelerated Modalities of Action
SDGs	Sustainable Development Goals
SECAP	Social, Environmental and Climate Assessment Procedures (IFAD)
SIDS	Small Island Developing States
SIFWaP	Small Island Food and Water Project
SME	Small and Medium Enterprise
SPC	The Pacific Community
USA	United States of America
WFP	World Food Programme
WUG	Water User Group

## **National Currencies and Exchange Rates**

FSM	US dollars (USD)
Kiribati	Australian Dollars (AUD)
RMI	US dollars (USD)
Tuvalu	Australian Dollars (AUD)
AUD 1.00 = USD 0.69	

## Executive Summary

1. The four applicant countries – the Federated States of Micronesia, Kiribati, the Republic of the Marshall Islands and Tuvalu – are among the smallest, most isolated and fragile of Small Islands Developing States. They mainly comprise coral atolls scattered over a vast area of ocean with a total population of 286,400. The high population densities combined with the low productivity of agro-ecological systems on the atolls, contributes to a precarious food and nutrition security situation across the four countries.

2. Fragility takes many shapes in these four countries. The following aspects of fragility in particular are considered for this project: dependence on food imports, lack of nutritious foods, difficult agricultural conditions, unstable access to water, emigration, limited human technical capacity, and climate change. Over recent decades, cheap non-nutritious imports such as rice, noodles, bread and sugar became readily available and slowly replaced traditional crops, which are more difficult to grow and cook. As a result, traditional diets have changed and populations increasingly rely on cheap imported foods, which are often less nutritious. This change in traditional diets has led to a severe deterioration of health. In particular, the prevalence of nutritional disorders is escalating with high levels of stunting in children, overweight/obesity in adults, and non-communicable diseases - hypertension, diabetes and cardio-vascular disease. This dependence on food imports and its impact on health largely stem from the difficult agricultural conditions on atolls, in particular due to the lack of soil. Traditional farming systems were adapted to these conditions, consisting of mixed agroforestry gardens including tree crops and a range of root crops, fruits, vegetables and small livestock. However, demographic, climate and cultural changes have degraded these traditional systems over time.

3. The four countries have started the process of the development of National Agricultural Investment Plans through stakeholder consultative workshops in each country. These consultations and the country needs, as highlighted in National Development Plans and various sectoral strategies, provided a clear indication of national priorities and established a foundation for project design. Without exception, food and nutrition security is seen as an absolute priority, along with adaptation to climate variability and climate change and secure access to high quality water for drinking and agriculture.

4. The proposed Small Islands Food and Water Project (SIFWaP) therefore seeks to contribute to reducing the fragility aspects mentioned above and in particular the poor food, nutrition and water security. Agricultural systems are also addressed to ensure the production and availability of local nutritious foods. Climate change adaptation measures will be mainstreamed in agricultural production activities to increase climate resilience.

5. The project objective is to improve food, nutrition and water security and livelihood opportunities in the small island communities of these countries. This objective will be achieved through three **intervention pathways**:

- Investing in projects to address food, nutrition and water security at community, group or household level (Component 1).
- Sensitising and enabling communities to diagnose, prioritise and implement activities to address food, nutrition and water security (Component 2).
- Developing an enabling policy framework for addressing food, nutrition and water security (Component 3).

6. Component 1 will focus on the hard investments for food, nutrition and water security through grant mechanisms and comprise more than half of the project budget. Component 2 will be the entry point for engagement with small-island communities and beneficiaries, focusing on community planning and awareness raising. By focusing on engaging communities, this component will ensure the relevance, ownership and sustainability of these investments. Component 3 will improve the enabling policy environment, primarily at the national level, to facilitate access to resources and programmes supporting these results over the long term. All these activities will further contribute to improving livelihoods.

7. With an investment of USD 19.6 million, including government and beneficiary contributions, SIFWaP could reach around 10,000 beneficiary households, corresponding to about 60,000 total beneficiaries, approximately 21% of the total population of these countries. More than half of the beneficiaries are expected to be female.

8. The structure of the project is as follows:

- **Component 1: Investments in Food, Nutrition and Water Security.** Component 1 aims for the following outcome: “Small island communities, activity groups and individuals invest in local



production and consumption of nutritious foods and improved water supply”. It comprises two sub-components: “Sub-component 1.1: Private Good Investments” and “Sub-component 1.2: Public Good Investments”.

- **Component 2: Community Engagement.** Component 2 aims for the following outcome: “Sensitised and enabled communities with the capacity to diagnose, prioritise and implement activities to address food, nutrition and water security”. It comprises two sub-components: “Sub-component 2.1: Community Consultation and Mobilisation” and “Sub-component 2.2: Nutrition and Health Awareness”.
- **Component 3: Enabling Policy Framework.** Component 3 aims for the following outcome: “Well-defined policies, strategies and investment plans for water, food and nutrition security in each country”. It comprises two sub-components: Sub-component 3.1: National Policies and Strategies and Sub-component 3.2: National Agricultural Investment Plans
- **Component 4: Project Coordination and Management.** It comprises three sub-components: “Sub-component 4.1: Project Oversight”, “Sub-component 4.2: Project Management” and “Sub-component 4.3: M&E and Knowledge Management”.

9. As a multi country initiative, SIFWaP will have a hub-and-spoke project management structure comprising a Central Project Management Unit in Suva, Fiji plus four National Implementing Agencies each with a National Delivery Unit. The Central Project Management Unit will act as a liaison and a support office for the National Delivery Units and the latter will be responsible for financial management. NGOs will play a key role in project implementation. In each country, one or more NGOs will be selected through a competitive process to facilitate and support community engagement (Sub-components 2.1), nutrition and health awareness (Sub-component 2.2) and the implementation of food, nutrition and water security investments (Component 1). The NGOs will be required to work collaboratively under performance-based contractual arrangements.

10. Total project costs will amount to USD 19.59 million. The applicant countries request **total GAFSP financing amounting to USD 15.04 million**, comprising USD 14.69 million for project implementation (including contingencies) and USD 0.35 million for project preparation. The Governments of the four applicant countries are expected to contribute a total of USD 1.92 million while beneficiaries are expected to contribute USD 2.63 million through beneficiary contributions, mainly through in-kind contributions under component 1.

11. All four countries have indicated their preference for continuing their engagement with IFAD and FAO: with IFAD as the Supervising Entity for Investment and FAO as the Supervising Entity for Technical Assistance. IFAD and FAO have jointly supported preparation of the GAFSP Proposal including: (i) an initial scoping workshop in Tarawa in May 2019; (ii) a five-week round of consultations involving meetings with regional organisations in Fiji and a stakeholder consultation workshop in each country in June-July; and (iii) a design validation workshop in Tarawa involving all four countries in August 2019.

12. Detailed project preparation, including full costings and implementation arrangements in each country, and for the project overall will take place following approval of the proposal. This will involve further consultations with potential beneficiary communities on outer islands (and states in the case of FSM). The detailed project design work will be undertaken jointly by FAO, IFAD and Inter-Agency Task Forces in the participating countries, and will result in a full project design report suitable for endorsement by GAFSP and the participating Governments. The project preparation will result in financing agreements between IFAD and the four participating governments.

# Part I: Summary of Overall Agriculture and Food Security Strategy and Associated Investment Plan

## 1. Introduction and Country Profile

1. The four applicant countries are among the smallest, most isolated and fragile of SIDS. They mainly comprise coral atolls scattered over a vast area of ocean with a total population of 286,400 and an average population density of 167 persons per square kilometre (Table 1).

2. The high population densities combined with the low productivity of agro-ecological systems, especially on the atolls, contributes to a precarious food and nutrition security situation across the region. The countries are heavily dependent on their marine resources which generate royalties from tuna fishing by foreign flagged vessels but this contributes little to food security or livelihood opportunities for the majority of the population.

**Table 1: Population and Population Density**

Country	Land area (km <sup>2</sup> )	Sea area a/ (km <sup>2</sup> )	Population	Persons/km <sup>2</sup>
FSM	702	2,600,000	104,600	150
Kiribati	800	3,500,000	115,300	146
RMI	181	460,800	55,000	293
Tuvalu	26	900,000	11,500	431
<b>Total</b>	<b>1,709</b>	<b>7,460,800</b>	<b>286,400</b>	<b>167</b>

a/ Area of Exclusive Economic Zone

Source: Pacific Community (SPC) National Minimum Development Indicators <https://www.spc.int/nmdi/>

3. Living conditions and poverty levels are particularly severe on outer islands away from the capitals where there are few employment or income generating opportunities, poor infrastructure and services and infrequent transport linkages. Outmigration of the most productive people, combined with climate change and vulnerability to natural disasters threatens the existence of these extremely isolated communities.

4. Populations are in gradual decline in the Federated States of Micronesia (FSM) and the Republic of the Marshall Islands (RMI) due to un-restricted access of their citizens to the United States of America (USA) under the Compacts of Free Association. Kiribati and Tuvalu are experiencing rapid population growth with limited emigration opportunities, mainly confined to seasonal employment schemes in Australia and New Zealand.

5. Key data for each country is presented in Table 1 and Table 2 in terms of population, economic performance and prevalence of poverty.

**Table 2: Key Data Table**

Indicator	Year	FSM	Kiribati	RMI	Tuvalu	Source
GDP (current US\$), million	2018	351 <sup>1</sup>	188	212	43	World Bank
GDP per capita, PPP (current international \$)	2017	3,701	2,185	4,247	3,933	World Bank
Human Development Index	2017	0.627	0.612	0.708	NA	Human Dev. Index
Life expectancy	2017	73	67	73	67	CIA World Factbook
Prevalence of obesity in the adult population	2016	46%	46%	53%	52%	WHO

<sup>1</sup> Department of Finance and Administration

## 1.1. Federated States of Micronesia (FSM)

6. FSM is a federation of four states comprising 607 islands, mostly coral atolls, of which around 65 are populated. It extends over 2,700 km from east to west. The four states in FSM include: Pohnpei (with the FSM's capital city in Palikir), Kosrae, Chuuk, and Yap. FSM differs geographically from the other three North Pacific Islands in that the islands are largely volcanic but also has a large number of atoll outer islands.

7. Population is declining gradually due to temporary or permanent migration to the USA and is spread among the states approximately as shown in Table 3:

**Table 3: Population Distribution of FSM**

State	Population	Distribution
Chuuk	49,900	30% on outer islands
Pohnpei	37,200	<1% on outer islands
Yap	11,700	40% on outer islands
Kosrae	6,700	No outer islands

8. Government and the economy are heavily dependent on financial support from the USA under the Compact of Free Association, scheduled to expire in 2023. Agriculture, livestock and fishing activities are undertaken by over 70% of FSM households, predominantly for family use, but with only about 10% of households engaging in these activities for cash sales. There are small amounts of production for export, mainly kava, bananas, root crops and betel nut sent to Guam.

9. Agricultural potential in FSM is much higher than the other three countries with over 70% of the population living on fertile volcanic islands and relatively few on atolls. Nevertheless, food imports have risen steeply over the last two decades reflecting a change in diet away from traditional staples, and imported food now dominates household expenditures, particularly in poorer families. Un-restricted access to the USA labour market by FSM citizens has drawn labour away from rural areas and agricultural pursuits.

10. There are opportunities for import substitution of starchy food and livestock products, although shortages of locally produced feed constrain the latter. Heavy dependence on poor quality imported food and sedentary lifestyles are associated with a high prevalence of non-communicable diseases (NCDs). The National Plan of Action for Nutrition provides a strategic framework to help address nutrition-related health problems. It advocates incorporating nutrition goals and components into national development policies and sector plans, programmes and projects, particularly in the areas of food and agriculture, fisheries, forestry, health, education, and environment.

## 1.2. Kiribati

11. The Republic of Kiribati consists of 32 scattered atolls that mostly rise to no more than 2-3 metres above sea level spanning over 4,500 km from East to West. There are three main archipelagos: Gilbert, Phoenix and the Line Islands. Its only significant source of income comes from fishing licences which generate over half of Government revenues but generate little in the way of employment or livelihood opportunities. Almost half of household income is spent on food, much of it imported products of poor nutritional value. About half of the population lives in crowded conditions on the main island of Tarawa, and the remainder in small communities on extremely isolated and resource-poor outer islands. None of the inhabited atolls lie more than a few meters above sea level, and the effects of rising sea-levels and associated soil and water salinization is reducing the amount of arable land and threatening fresh water supplies.

12. Agriculture and fisheries development feature prominently in national and sectoral plans, with an emphasis on food and nutrition security and income generation for outer island communities. However agricultural conditions are challenging due to the poor atoll soils, low and erratic rainfall, deteriorating groundwater resources and recurrent droughts and storms. Copra is the only cash crop grown on the outer islands but coconut plantations are ageing and copra producers rely heavily on government subsidies. Population growth of around 1.7% percent per annum creates a challenge for food production, compounded by the concentration of people in South Tarawa where over half the population live on less than 16 km<sup>2</sup> of land. This limits opportunities for local food production and puts increasing pressure on water and sanitation systems. In addition coastal fisheries are in decline due to un-sustainable fishing practices.

13. The FAO Country Programming Framework (CPF) estimates that over 60% of all food consumed on South Tarawa is imported and that NCDs are responsible for almost 70% of deaths, with 75% of the population at high risk of NCDs. The Ministry of Health reports that NCDs increased more than threefold between 2005

and 2010, imposing a major burden on the health budget and with serious implications for productivity at household, enterprise and national levels.

### **1.3. Republic of the Marshall Islands (RMI)**

14. RMI comprises 1,156 islands and 29 coral atolls with an average elevation of about two metres above sea level. The two urban centres are on Majuro and Kwajalein atolls. All other atolls are classified as rural outer islands, which are low lying with poor agricultural potential. Heavy dependency on financial support from the USA under the Compact of Free Association (due to expire in 2023) and a high dependency on low quality food imports pose significant challenges. RMI is highly vulnerable to climate change and is already experiencing significant damage from storm surges and coastal erosion. RMI is one of the most urbanised countries in the Pacific with over 70% of the population living on Majuro or Kwajalein, which have high population densities.

15. Agricultural production is relatively small but important to the livelihood of rural people. It comprises food crops, small livestock and one cash crop, copra. There is some underutilised land offering potential for increased output of food crops. Copra, coconut oil and tuna constitute the main exported commodities. However, copra production is supported by a subsidy of USD 1.10 per kg which is more than double export parity. Most agriculture is for subsistence only. Breadfruit is the most widely available staple food and consumed when in season, but traditional food crops are now only occasional ingredients in the local diet, even in rural areas on the outer islands. Root crops have almost completely disappeared from the diet and there is very limited vegetable or fruit production outside Majuro Atoll. The FAO CPF estimates that around 90% of all food is imported, mostly less nutritious items, resulting in a high prevalence of NCDs and a large food import bill. Ocean tuna fisheries contribute around 15% of GDP in the form of income from licence fees, and nearly 90% of exports. However, local fishing and fish consumption have declined.

16. The main risk factors for NCDs are being laid down early in life which is putting pressures on health-care and the overall development of the nation. The imposition of taxes on unhealthy foods (e.g. sugary drinks) is being considered as a policy response.

### **1.4. Tuvalu**

17. Tuvalu is the smallest of the four countries with a population of just 11,200 living on six low-lying atolls, about half on the main island of Funafuti. All islands are less than five metres above sea level, with the biggest island, Vaitupu, having a land area of just over 524 hectares. The total land area is approximately 26 km<sup>2</sup> with an exclusive economic zone<sup>2</sup> of 719 174km<sup>2</sup>. The low-lying atolls are vulnerable to cyclones and the prospect of inundation from rising sea levels. Higher sea levels already threaten the country's groundwater and the future existence of Tuvalu. On Funafuti groundwater is already un-useable and the only sources of water are rainfall and desalination. The economy is heavily dependent on aid and remittances. However, subsistence cropping and artisanal fishing are important pillars of livelihoods on the outer islands. A high proportion of household expenditure is spent on four imported foods (rice, flour, biscuits and sugar). This situation is particularly acute on Funafuti where the population density is extremely high and there is little opportunity for growing local food.

18. Depopulation of the outer islands is causing labour constraints and a heavy concentration of population on Funafuti atoll. There is a shortage of locally produced food in markets and retail outlets, even though the limited supplies are quickly sold at high prices. Inter-island transport is erratic and expensive, limiting opportunities to source perishable foods on outer islands and increasing dependence on imported food of poor nutritional value.

19. The reliance on less nutritious imported food is linked to increasing obesity and NCDs. Promoting healthy diets, increased production of nutritious foods and expanding home gardening are government priorities. However, Tuvalu faces many challenges to increasing agricultural production including: poor soils and growing

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<sup>2</sup> An exclusive economic zone is a sea zone prescribed by the 1982 United Nations Convention on the Law of the Sea over which a state has special rights regarding the exploration and use of marine resources, including energy production from water and wind.

conditions, small land areas, decline of outer island populations, increasing urbanisation, declining interest in traditional agricultural practices, distance to export markets, and poor local market access.

## 1.5. Key Geographical and Geological Features

20. The countries of the North Pacific are mostly atoll islands. Kiribati, Tuvalu and RMI are all atolls, while FSM comprises both atolls and volcanic islands. Atoll soils are formed almost entirely from coral and are coarse-textured with no clay and poor water holding-capacity. Moreover, droughts are common in this part of the world<sup>3</sup>. The soil is often salty, highly alkaline and low in nutrients such as potassium, iron and manganese. Inorganic fertilisers and chemical pesticides are prohibited on most of the atolls as they could pollute valuable underground fresh water.

21. The four countries all have remote islands that are particularly vulnerable to climatic and other natural disasters which threaten both food and water security. They are all experiencing rising sea levels leading to chronic coastal erosion and social and economic disruptions. Climate models forecast increasing frequency of extreme/destructive climatic events such as droughts and hurricanes. Most islands suffer from unreliable drinking water sources, varying from Funafuti, Tuvalu which relies completely on rain water for drinking and agriculture to Pohnpei, FSM which has underground and surface water sources.

## 2. Overview of the Agricultural Sector<sup>4</sup> - Overall sector strategy and investment plan, and past performance

22. Agriculture has been the mainstay of sustainable livelihoods in the North Pacific for centuries. However, in recent decades the traditional livelihood systems have broken down with serious consequences for food and nutrition security. All four countries face similar challenges. Traditional livelihood systems based on food crops (taro, sweet potato, cassava, breadfruit, pandanus and bananas), copra as the main cash crop, and inshore artisanal fishing are in decline due to multiple factors including: (i) natural resource (soil, water, forest, marine) degradation due to over-exploitation, and unsustainable management practices, exacerbated by climate change; (ii) rising sea levels and salinization of soil and water resources; (iii) internal migration from outer islands to overcrowded main islands/capitals; (iv) outmigration of productive individuals leading to high levels of dependency on remittances; and (v) the flooding of local markets with cheap imported foods of poor nutritional value.

23. Whilst this general pattern prevails, there are differences between the four countries, which are factored into the design of the proposed GAFSP-supported intervention. There are opportunities to improve agricultural productivity using intensive methods based on both traditional and modified agricultural practices including home gardens and simple hydroponic methods to produce a range of nutritious fruit and vegetable crops. Local production of pigs and poultry could also be improved.

### 2.1. Regional Context

24. The proposed GAFSP intervention is considered in the context of the Small Island Developing States (SIDS) Accelerated Modalities of Action (SAMOA) Pathway of 2014 and the Global Action Programme on Food Security and Nutrition in SIDS (GAP), as well as the Sustainable Development Goals (SDGs). The GAP focuses on three broad objectives: (i) enabling environments for food security and nutrition; (ii) sustainable, resilient and nutrition sensitive food systems; and (iii) empowered people and communities for improved food security and nutrition. All of these objectives are highly relevant to the context of the four participating countries.

25. The four applicant countries are members of a number of **regional organisations** including: the Pacific Islands Forum; the Pacific Community (SPC); the Pacific Islands Forum Fisheries Agency; the South Pacific Regional Environmental Programme; the South Pacific Tourism Organisation; and the University of the South Pacific. SPC is the key technical agency for the region and will play an important role as the custodian of the

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<sup>3</sup> <https://theconversation.com/how-food-gardens-based-on-traditional-practice-can-improve-health-in-the-pacific-75858>

<sup>4</sup> Throughout this document the agricultural sector is broadly defined and includes crops, livestock, fisheries, aquaculture, forestry and related activities.

region's plant genetic resources managed by the Centre for Pacific Crops and Trees (CePaCT). Together, these organisations provide a platform for collaborative approaches to food, nutrition and water security, climate change, fisheries management, human resource development and environmental management within the region.

26. The proposed Supervising Entities, FAO and IFAD, also work within appropriate regional strategies. The **FAO Multi-Country CPF** for the Pacific Islands (2018-2022) recognises the importance of sustainable development of natural resources and the role of agriculture, forestry and fisheries for food security and nutrition, livelihoods and economic development in the Pacific island countries (PICs). It notes that in many PICs, agriculture, fisheries, food security and nutrition policies target reducing the dependency on imported food and increasing the availability, access and consumption of local nutritious food. Priorities for adapting to climate change and preparing for and responding to natural disasters are included in all countries' policy frameworks with many countries already (or in the process of) preparing integrated national plans for climate change and disaster preparedness. The FAO Framework also reports that many countries have prepared NCD action plans which recognise the need for a multi-sector approach to reducing nutrition-related NCD risk factors.

27. **IFAD's Pacific Partnership Strategy** reflects IFAD's approach to working with SIDS including: (i) promoting sustainable small-scale fisheries and aquaculture; (ii) enhancing opportunities for employment, access to finance and access to markets; and (iii) strengthening resilience to environmental and climate change. IFAD's approach for the PICs is based on developing partnerships to enable poor rural people to improve their food and nutrition security, raise incomes and strengthen their resilience. In doing so, IFAD is building strong partnerships with its member states, other international financial institutions, development partners, and civil society. The Partnership Strategy has two objectives: (i) rural people in remote areas and outer islands produce, consume and market more local foods in environmentally sustainable ways; and (ii) rural people earn more from farm and non-farm activities and employment. IFAD's regional, multi-country and national project and programmes in the region are supported from Jakarta Sub-Regional Hub and its Pacific Sub-Regional Office in Suva (Fiji).

## 2.2. Overview of Agricultural and Food Security Policies and Strategies

28. All four countries have National Development Plans that acknowledge the important role played by the agriculture sector in the country's socio-economic development. The national plans of all four countries speak to developing or revitalising the agricultural sector to increase household incomes, reduce reliance on imported food, diversify dietary options, improve nutrition and health outcomes, and support biodiversity management and ecosystem resilience, particularly in the context climate change.

29. The national plans of Tuvalu (Te Kakeega III 2016-2020) and Kiribati (Kiribati Development Plan 2016-2019) capture the aspiration for a "healthier" nation in their vision. The national plans for RMI (National Strategic Plan 2015-2017) and FSM (Strategic Development Plan 2004-2023) focus on "resilience" and "self-reliance". Agriculture and food security policy objectives and strategies of the four countries have been largely built around these three themes.

30. Whilst the sector strategies vary in their current status, the consultations undertaken in preparing this proposal provided a clear indication of national priorities, which establish a foundation for project design. Without exception, food and nutrition security is seen as an absolute priority, along with adaptation to climate variability and climate change. This reflects concerns about a growing national food import bill, deteriorating health, and high levels of household expenditure on food purchase. Secure access to high quality water is also a consistent concern on most of the atoll islands.

31. FSM's Agriculture Policy 2012-2016 of the Department of Resources & Development was reviewed in 2015. The Government has indicated its intention to formulate a new Strategy and has begun this work by revisiting the Review Report of 2015.

32. Kiribati is currently being supported by the Global Green Growth Institute (GGGI) to develop an Agriculture Strategy to support the Kiribati 20-Year Vision, which is Kiribati's long-term development blueprint for the period 2016-2036. Stakeholder consultations are ongoing with a workshop held in June 2019. Based on consultations to-date, the two key outcomes expected to anchor the Strategy are likely to be: Climate resilient agriculture and food systems; and a private sector climate resilient and resource efficient climate sector, fostering green jobs development.

33. RMI has engaged with a consultant to initiate the development of an Agriculture Strategy, to be completed by the end of 2019.

34. Tuvalu has a current National Agriculture Strategic Plan (2016-2023) for the Department of Agriculture, which includes an indicative investment requirement of AUD 5.5 million (USD 3.8 million), but there is limited detail on the activities to be financed.

35. While some of countries have current agricultural strategies, none of them have developed National Agricultural Investment Plans (NAIPs). The process of developing the NAIPs is at a preliminary stage involving stakeholder consultative processes to determine the priority areas for investment

36. The in-country consultations in June-July 2019, provided a foundation for the GAFSP project design and represented the first step in developing, strengthening or updating sectoral policies, strategies and investment plans. Moreover, Component 3 of SIFWaP will provide further support for developing robust national policies that help address the multiple causes of fragility, including the preparation of NAIPs for each country – the first of the PICs to do so.

### **2.3. Alignment of Strategic Objectives to the Sustainable Development Goals**

37. The Kiribati and Tuvalu national plans were framed in alignment with the Sustainable Development Goals (SDGs) and other international and regional commitments such as the SIDS Accelerated Modalities of Action (SAMOA) Pathway, Paris Agreement and the Framework for Resilient Pacific Development. The RMI Strategic Plan was aligned to the Millennium Development Goals (MDGs) and recognised the importance of alignment to the Post-2015 agenda through the SDGs. The FSM Strategic Plan was formulated prior to the SDGs and therefore make reference only to the MDGs. However, work is ongoing to mainstream the SDGs into the FSM development plans. The policy objectives of all four countries respond to the targets of SDG 1, “Ending poverty in all its forms everywhere”, and SDG 2, “End hunger, achieve food security and improved nutrition and promote sustainable agriculture”.

38. The policies of all four countries recognise the potential for agriculture to support poverty reduction by raising household income from agriculture, creating employment on and off the farm and creating new economic activities. Together, these efforts support progress towards achieving SDG 1.

39. The pursuit of SDG 2 is approached by all four countries on various fronts such as:

- Adopting improved soil management techniques;
- Combining traditional knowledge and practices with modern techniques to improve agricultural productivity and inshore fisheries management;
- Investing in research and propagation of resilient crop varieties and livestock breeds;
- Encouraging the participation of women and youth in agriculture to support increased local production, particularly at home gardens and school farms;
- Addressing the value chain linkages with the agricultural sector to support a vibrant local fresh food market that offer diverse local fruits, vegetables and seafood to the community;
- Increasing awareness and training on nutrition and health meal choices;
- Strengthening of Agriculture institutions to offer more effective services to farmers and the private sector.

### **2.4. Evidence of Past Performance of Related Sectoral Programmes**

40. Past sectoral programmes on agriculture have mostly been supported through donor-funding. Indeed, government budgets for agriculture are very much constrained, as will be further highlighted in the expenditure analysis, so that they mostly fund salaries and other recurrent expenditures.

41. An analysis conducted by the Australian Think Tank Lowy Institute on Official Development Assistance (ODA) flows to the Pacific shows that agriculture, forestry and fisheries generally receive a small share of the funding. However, these numbers need to be interpreted with caution, as the data does not appear to be complete, but it gives an indication of the share of ODA going to agriculture, forestry and fishing; it was respectively 3%, 8%, 8% and 13% of total ODA for FSM, Kiribati, RMI and Tuvalu in 2016.

42. In the agricultural sector, donor funding has been primarily allocated to offshore commercial fisheries, as opposed to agricultural production or sustainable management of inshore fisheries. For instance, in Kiribati,



the Development Fund<sup>5</sup> budget for 2016 amounted to AUD 3.7 million (USD 2.6 million) for Ministry of Environment, Lands and Agriculture Development (MELAD), compared to AUD 6.2 million (USD 4.3 million) for the Ministry of Fisheries and Marine Resources Development (MFMRD). In the FSM, data on donor projects from 2014 to 2017 shows a similar pattern in favour of offshore commercial fisheries: donor funding for agriculture amounted to USD 2.2 million, while funding for fisheries and climate change respectively reached USD 6.5 million and USD 16.1 million.

### **3. Key Elements of the Policy Environment**

43. All four countries recognise the importance of creating an enabling environment for investment in the agriculture sector, including the adequate financing and institutional strengthening of their respective Agriculture Departments/Divisions, to more effectively support farmers and the private sector.

44. These countries' food and nutrition policies respond to a number of challenges, including a reliance on cheap imported food of low nutrition value, a high-prevalence of nutrition-related NCDs and challenging agricultural conditions as a result of limited labour force, soil fertility, and logistical challenges in trading local food produce.

45. To address these challenges, policies focus on increasing production of local nutritious food to reduce reliance on imports. In particular, policies embrace the development of home gardens to support household food and nutrition security. Tuvalu and Kiribati share a focus on soil management techniques such as targeted composting while RMI and FSM prioritise sustainable land use management practices. All four countries recognise the importance of combining traditional knowledge and practices with modern techniques to build resilient agricultural system at the household and community level.

46. To address the logistics challenges in trading local produce, the countries further prioritise the development of an efficient marketing systems that provide fresh root crops, fruits and vegetables to all communities.

47. In addition, all four countries share an emphasis on increasing awareness and education on nutritional choices and creating opportunities in the agriculture sector to encourage the participation of women and youth.

48. Overall, the national policy environment of each country under which the project will be implemented is very conducive to development interventions or initiatives within the agricultural sector, particularly those aimed at improving food and water security and nutritional outcomes. Notwithstanding the challenges shared by the four countries such as limited institutional capacity, diseconomies of scale, the scattered nature of islands and atolls, an underdeveloped private sector, small market size, and geographic isolation, there is a concerted effort by the respective Governments to create an enabling policy and regulatory environment for investment in key sectors, prime of which is agriculture, that can not only leverage economic growth, but also provide a social and economic boost in the livelihoods of the majority of the population.

49. All four countries possess a range of complementary sector policies in climate change, environmental management, health and nutrition, and trade, which reflect their development aspirations in relation to strengthening household food and nutrition security and building resilience. Table 4 provides a summary of available policy documents per country with a detailed analysis per country provided in Appendix 5.

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<sup>5</sup> This is the name of the Fund from which Government and some donor programmes and investments are financed

50. Table 5 provides a list of pending policies or legislation.

**Table 4: Summary of Current Policy Documents**

<b>Policy Documents</b>	<b>Tuvalu</b>	<b>Kiribati</b>	<b>RMI</b>	<b>FSM</b>
National Development Strategy/Plan	2016-2020	2016-36; 2016-19	2015-2017	2004-2023
Department of Agriculture Strategic Plan	2016-2023	2013-2016		2012-2016
Food Security Policy			2013	
Fisheries Sector Policy		2013-2025	1997	
Health Sector Policy/ Ministry of Health Strategy/ NCD Strategy/Nutrition Action Plan	2016-19 2017-21		2017-2019	2000-2005
National Environment Strategy/ Assessment and Resource Strategy	2015-2020		2010-2015	2010-2020
Climate Change Policy/Joint National Action Plan for Climate Change and Disaster Risk Management	2012-2016	2014-2023	2014-2018	2013
National Adaptation Programme of Action/ National Adaptation Plan	2007	2007		
Trade Policy Framework		2017-2027	2012	2011
National Labour Migration Policy	2015	2015		

**Table 5: Summary of Pending policies/legislation**

<b>Policies under Development <sup>a</sup></b>	<b>Tuvalu</b>	<b>Kiribati</b>	<b>RMI</b>	<b>FSM</b>
Agriculture Sector Plan	NF	UD	NF	NF
Food Security Policy	NF	NF	NU	NF
Fisheries Sector Policy	NF	NU	UR	NF
NCD Strategy/Nutrition Action Plan	NU	NF	NU	UR
Land Use Policy	NF	NF	NF	NF
National Adaptation Programme of Action (NAPA)/ National Adaptation Plan (NAP)	NU	NU	NF	NF
National Development Strategy/Plan			NU	
National Biodiversity Strategic Action Plan				NU

<sup>a</sup> Under Review (UR) or Need to be Formulated (NF) or Under Development (UD) or Needs Updating (NU)

51. The current Food Security Policy in RMI needs updating to recognise implementation since 2013, while Tuvalu, Kiribati and FSM acknowledge the need to develop food security policies.

52. The Fisheries policy in RMI needs updating and this process has been initiated by the Marshall Islands Marine Resource Authority. The Fisheries policy for Kiribati also needs updating.

53. The Nutrition Action Plan for FSM is under review, while Tuvalu and RMI need to take stock of implementation of their NCD Strategic Plan and Ministry of Health Strategic Plan respectively.

54. None of the four countries possesses a Land Use Policy. The Kiribati Trade Policy Framework observes that the lack of a national land use policy is affecting the efficient distribution and utilisation of land.

55. All four countries need to update or formulate a NAPA/NAP to programme their adaptation initiatives for potential funding through Green Climate Fund (GCF), Global Environment Facility (GEF) or other funding sources.

#### **4. Government Commitment to Agriculture and Food and Nutrition Security**

56. The countries in this proposal are characterised by very small economies, with GDPs in 2018 ranging from USD 43 million for Tuvalu to USD 351 million for the FSM. Government revenues are also limited in all four countries, with a strong dependence on fishing rights and external donors. Fishing rights account for 26% of revenues in the FSM, 69% in Kiribati, 12% in the RMI and 47% in Tuvalu<sup>6</sup>. In addition, the revenues from the Compact of Free Association with the USA account for 28% of Government revenues in FSM and for 38% in RMI. The Compact between the USA and these two countries will end in 2023 and, unless the Compact is renewed, FSM and RMI will face severe budget cuts from 2024 onwards. Trust Funds were set up to bridge this gap but will not suffice.

57. Due to limited Government revenues and expenditures in the targeted countries, expenditures primarily finance recurrent costs for ministries and departments. Nonetheless, even funding for recurrent costs is limited and Government agencies tend to have large mandates with insufficient staffing and operating budgets. For instance, in FSM, the National Department of Resources and Development oversees not only agriculture and marine resources but also trade and investment, energy and tourism and statistics.

58. Government expenditures on agriculture and food security are shaped by fiscal constraints across all four countries and spending on agriculture is low. For instance, the budget of the Division of Marine Resources and the Division of Agriculture in FSM amount to less than USD 0.5 million. Government spending on agriculture more broadly ranged from about USD 2.0 million in Tuvalu (3.9% of Government expenditures in 2017) to USD 11.1 million in Kiribati (7.2% of Government expenditures), as shown in Table 6. In all countries, expenditures on agriculture have increased over the past few years, although not necessarily as a share of the Government budgets.

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<sup>6</sup> Based on author's calculations. See Appendix 4 for more details on the methodology and what is included.

59. Government resources are primarily allocated to recurrent expenditures as opposed to investments and programmes. Salaries account for a large share of expenditures in all four countries, ranging from 48% in Kiribati to 76% for the National Divisions of Marine Resources and Agriculture in FSM. In addition to salaries, land rents account for a large share of expenditures in Kiribati and Tuvalu, where it respectively amounted to 53% of MELAD's budget in 2018 and 24% of the Ministry of Natural Resources and Commerce's (MNRC) budget in 2017.

60. A thorough analysis of the geographical distribution of investments in the agriculture and food security sector is unavailable at this stage because investments mostly takes place through donor funding. However, it is important to note that the allocation of resources for agriculture is heavily dependent on the availability of land and labour resources for agriculture.

61. Appendix 4 provides detailed information on agriculture and food security public expenditures on each country. Some key indicators are presented in Table 6 for each country.

**Table 6: Key Budget and Expenditure Indicators**

<b>FSM</b>		
Spending on agriculture and food security, '000 USD	422	2017, Actual, National Government, Departments of Marines Resources and Agriculture
Spending on agriculture and food security, '000 USD	7,339	2017, Actual, Economic Development (Resources & Development (R&D))
Public spending shares on agriculture and food security	3.1%	2017, Actual, National + States Governments, Economic Development (R&D)
Actuals as a share of budgets	100%	2017, Departments of Marines Resources and Agriculture
Salaries as a share of expenditures	76%	2017, Actual, Departments of Marines Resources and Agriculture
<b>Kiribati</b>		
Spending on agriculture and food security, '000 USD	11,123	2018, Actual, MELAD + MFMRD, includes Government Development Fund Financing
Public spending shares on agriculture and food security	7.2%	2018, Actual, MELAD + MFMRD, includes Government Development Fund Financing
Actuals as a share of budgets	100%	2018, MELAD recurrent funds
Recurrent costs as a share of expenditures	48%	2018, Actual, MELAD + MFMRD, includes Government Development Fund Financing
<b>RMI</b>		
Spending on agriculture and food security, '000 USD	4,021	2018, Actual, Ministry of Natural Resources and Commerce (MNRC)
Public spending shares on agriculture and food security	2.0%	2018, Actual, MNRC
Actuals as a share of budgets	96%	2018, MNRC
Salaries as a share of expenditures	41%	2018, Actual, Agro-forestry
<b>Tuvalu</b>		
Spending on agriculture and food security, '000 USD	1,985	2017, Actual, Ministry of Natural Resources
Public spending shares on agriculture and food security	3.9%	2017, Actual, Ministry of Natural Resources
Actuals as a share of budgets	96%	2017, Actual, Ministry of Natural Resources
Salaries as a share of expenditures	63%	2017, Actual, Agriculture and Fisheries Department

## 5. Development of the National Agricultural Investment Plans

62. The four countries have started the process of developing NAIPs through stakeholder consultative workshops in each country. The workshops determined the duration of the proposed NAIPs – 5 years - and the key priority areas that were also used to inform the development of Part 2 of this proposal. Appendix 2 provides

a list of stakeholders consulted within each country and provides a summary of the areas that were prioritised by the stakeholders.

63. The NAIP process envisaged from the initial consultations includes four major steps: (i) a situation analysis to review policies, legislation and public expenditure, which has been partially conducted during the stakeholder consultative process in the four countries; and (ii) prioritisation of issues to be included in the NAIPs. These first two steps have been partially undertaken, as only stakeholders from the main islands (Tuvalu, Kiribati and RMI) and one state out of four in FSM were consulted. A more comprehensive engagement will be undertaken with the populations in the outer islands to ensure that all stakeholder interests are represented. The remaining two steps are: (iii) constituting an Interagency Taskforce that will develop the draft NAIPs and facilitate prioritisation; and (iv) the validation and adoption of the NAIPs through a peer review process. The completion of steps (ii) to (iv) are envisaged to take place during the first 12-18 months of SIFWaP's implementation.

64. Because the NAIPs are yet to be developed, no indicators and targets for the monitoring of the NAIPs have been set at this stage.

65. The development of the NAIPs will be a continuation of existing government programmes/activities/policy development exercises in place or being made operational. The NAIPs constitute a prioritisation process of systems, projects and programmes that are either in process or proposed. It will not add an additional layer of implementation requirements, but will be integrated within existing country planning processes including those such as the country programming frameworks. The initial NAIP consultative process revealed that most of the priority areas of investment have been discussed and there has been some preliminary thinking and discussion around the rolling out of the various priority areas. The GAFSP is seen as a financing mechanism to enable a longer term and more strategic planning approach in situations where the focus has been on the more immediate and urgent elements of fragility.

## Part II: Specific proposal for GAFSP financing

### 1. Project Intervention Logic

66. **Fragile Country Status:** Fragility takes many shapes in the North Pacific. The following aspects of fragility are particularly relevant to this project: dependence on food imports, lack of nutritious foods, difficult agricultural conditions, unstable access to water, emigration and climate change, and transport/logistic challenges which amplify all of these

67. The causal pathways between these sources of fragility are multi-directional. For instance, the difficult agricultural conditions contribute to the dependence on food imports and the lack of nutritious food, and the health consequences of poor diets in turn deteriorate the productivity of labour for agriculture. Climate change is a more recent source of fragility, but it exacerbates the existing sources of fragility, and in particular agricultural conditions and access to water.

68. **Dependence on Food Imports:** Over recent decades, cheap imports such as rice, noodles, bread and sugar became readily available and slowly replaced traditional crops, which are more difficult to grow and cook. As a result, traditional diets have changed and populations increasingly rely on cheap imported foods of poor nutritional value. For instance, the average Food Import Capacity Index, the ratio of food imports to total mercantile exports, for Kiribati from 2008 to 2010 was 750%<sup>7</sup> when an index of 50% is considered high.

69. **Lack of Nutritious Food and Health Consequences:** This change in traditional diets has led to a severe deterioration of health in North Pacific islands. In particular, the prevalence of nutritional disorders is escalating with high levels of stunting in children, overweight/obesity in adults, and non-communicable diseases - hypertension, diabetes and cardio-vascular disease. It is reported that over 75% of adult deaths are attributable to NCDs and above 50% of the population is obese in the four applicant countries. Although most people are

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<sup>7</sup> See SPC and Australian Aid (2016), the Vulnerability of Pacific island Agriculture and Forestry to Climate Change, SPC

overweight, nutrition deficiency remains an issue. For instance, the prevalence of anaemia in women of reproductive age increased between 2012 and 2016 for Kiribati, FSM and the RMI. It reached 23.3% in FSM, 26.1% in Kiribati and 26.6% in RMI<sup>8</sup>.

70. **Difficult Agricultural Conditions:** Agricultural conditions are difficult on atolls, as a result of poor soil, erratic rainfall and, on some atolls, no access to non-saline ground water. Traditional farming systems were adapted to these conditions, consisting of mixed agroforestry gardens including tree crops (coconuts, breadfruit and bananas) and a range of root crops, fruits, vegetables and small livestock. However, demographic, climate and cultural changes have seen these systems degrade over time, with declining agro-biodiversity and increasing dependence on imported food.

71. **Unstable Access to Water:** Water security is a major livelihood issue on atolls and other islands. It concerns the availability and quality of water for domestic purposes as well as for food gardens. The problem is most acute on the densely populated atoll islands such as Tarawa (Kiribati), Majuro (RMI) and Funafuti (Tuvalu). These communities traditionally obtained their water from shallow wells, but growing population, rising sea levels and recurrent drought have placed the groundwater resource under severe pressure, in some cases (e.g. Funafuti) to the point where it cannot be used at all.

72. **Climate Change:** The difficult agricultural conditions, unstable access to water and emigration are all aspects of fragility that are exacerbated by climate change and natural disasters. This affects both volcanic islands and atolls, but the low-lying atolls are severely affected by rising sea level with saline water intrusion affecting the quality of groundwater water and reducing agricultural productivity. Higher temperatures and more erratic rainfall accentuate the pressure on the fragile agro-ecosystems of the atolls, resulting in declining crop production, increasing dependence on imported food staples, and reduced dietary diversity.

73. The Small Islands Food and Water Project (SIFWaP) seeks to reduce the fragility aspects mentioned above and in particular the poor food, nutrition and water security. Agricultural systems are also addressed to ensure the production and availability of local nutritious foods. Climate change adaptation measures will be mainstreamed in agricultural production activities to increase climate resilience.

74. To address these aspects of fragility, SIFWaP will focus on three challenges that limit access to nutritious food. The first is the lack of awareness about the importance of producing and consuming nutritious food and knowledge on how to prepare this food. This is accentuated by the loss of traditional food production skills and the need for behavioural change in the food system. The second challenge is the production of nutritious food locally in the context of difficult agricultural conditions, including poor soils, unreliable access to water, lack of access to planting materials, climate-change and other factors. The third challenge is access to water for drinking and agriculture.

## 2. Project Objectives, Expected Results, and Target Project Participants

### 2.1. Project Objectives

75. SIFWaP's objective is to improve food, nutrition and water security and livelihood opportunities in the small island communities of these countries. There are three **intervention pathways** leading to the development objective:

- Investing in projects to address food, nutrition and water security at community, group or household level (refers to Component 1, Outcome 1).
- Sensitising and enabling communities to diagnose, prioritise and implement activities to address food, nutrition and water security (refers to Component 2, Outcome 2).
- Developing an enabling policy framework for addressing food, nutrition and water security (refers to Component 3, Outcome 3).

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<sup>8</sup> <http://apps.who.int/gho/data/node.main.ANEMIA3?lang=en>

76. Component 1 will focus on the hard investments for food, nutrition and water security and comprise more than half of the project budget. Component 2 will be the entry point for engagement with small-island communities and beneficiaries, focusing on community planning and awareness raising. By focusing on engaging communities, this component will ensure the relevance, ownership and sustainability of these investments. Component 3 will improve the enabling policy environment, primarily at the national level<sup>9</sup>, to facilitate access to resources and programmes supporting these results over the long term. All these activities will further contribute to improving livelihoods.

## **2.2. Expected Results**

77. These pathways imply intermediate results including (but not limited to): supporting access to equipment and inputs for food production (Component 1); training for composting and other climate-smart and nutrition-sensitive agriculture techniques (Component 1); installing water supply infrastructure (Component 1); increasing beneficiaries' awareness of the importance of consuming nutritious foods (Component 2); and promoting linkages between production and consumers of food products (Components 1 and 2).

78. Through these activities, SIFWaP will also contribute to improving resilience to climate change by reducing the unreliability of water supplies and proposing climate-smart agricultural practices.

79. The chart on the following page describes SIFWaP's structure and its intervention logic, including key outputs, outcomes and impacts. Table 7 below outlines the 3 outcomes linked to the aforementioned objectives as well as the respective indicators that will be monitored to measure the achievement of these outcomes.

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<sup>9</sup> It can include State levels for the FSM

**Objective:** to improve food, nutrition and water security and livelihood opportunities in the small island communities

**Outcome 1:** Small island communities, groups and individuals invest in local production and consumption of nutritious foods and improved water supply.

**Outcome 2:** Communities are sensitised and actively engaged in activities to promote practices around food production and nutrition and water management

**Outcome 3:** Well-defined policies, strategies and investment plans for food, nutrition and water security in each country.

**Output 1.1:** Private investments supported to increase production of nutritious foods for home consumption and/or sale.

**Output 1.2:** Public goods installed and maintained.

**Output 2.2:** Agreed prioritisation of community problems and action plans, identification of beneficiaries and estimated costs

**Output 2.1:** Implementation framework in place for community engagement and preparation of action plans.

**Output 2.3:** Improved awareness about food, nutrition and health, including knowledge about the nutritional attributes of foods, food preparation and handling

**Output 3.1:** National policies and strategies for sustainable water, food and nutrition security prepared or updated.

**Output 3.2:** National Agricultural Investment Plans prepared for each country.

**Output 4.1:** Effective project oversight arrangements in place providing high-level strategic guidance on food, nutrition and water security.

**Output 4.2:** Effective oversight and project management arrangements in place.

**Output 4.3:** M&E system generating information on project outputs, outcomes and impacts, and dissemination of this within and between countries.

**Project and Knowledge Management**



80. The logframe/results framework in Appendix 1 defines the expected results and indicators that will be used to verify them. At outcome level, three main results are expected:

**Table 7: Outcomes and Indicators**

Outcome	Indicators
<ul style="list-style-type: none"> <li><b>Outcome 1:</b> Small island communities, groups and individuals invest in local production and consumption of nutritious foods and improved water supply.</li> </ul>	<ul style="list-style-type: none"> <li>Number of households actively engaged in production of nutritious food</li> <li>Dietary Diversity Index (DDI) and/or Food Insecurity Experience Scale (FIES)</li> <li>Number of households in target communities with reliable access to adequate safe water.</li> </ul>
<ul style="list-style-type: none"> <li><b>Outcome 2:</b> Communities are sensitised and actively engaged in activities to promote practices around food production and nutrition and water management</li> </ul>	<ul style="list-style-type: none"> <li>Number of island communities engaged in participatory planning processes.</li> <li>Number of community-level actions undertaken</li> <li>Number of producer groups supported to provide nutritious food to public institutions</li> </ul>
<ul style="list-style-type: none"> <li><b>Outcome 3:</b> Well-defined policies, strategies and investment plans food, nutrition and water security in each country.</li> </ul>	<ul style="list-style-type: none"> <li>Updated strategy and policy documents endorsed by National Governments.</li> <li>Completion of NAIPs for each country endorsed by Finance Ministries</li> </ul>

### 2.3. Target Participants

81. **Beneficiaries:** The project beneficiaries will include all households in the target communities as shown below. These include rural communities on outer islands as well semi-urban communities on the main/capital islands. The latter are included because in some cases the main/capital islands are home to the majority of the population, and experience the same water and food insecurity problems as the outer islands.

Country/State	Target Communities
FSM: <ul style="list-style-type: none"> <li>- Pohnpei state</li> <li>- Kosrae state</li> <li>- Chuuk state</li> <li>- Yap state</li> </ul>	<ul style="list-style-type: none"> <li>- Pohnpei and outer islands</li> <li>- Kosrae island</li> <li>- Chuuk and outer islands</li> <li>- Yap and outer islands</li> </ul>
Kiribati	South Tarawa and outer islands
RMI	Majuro, Ebeye and outer islands
Tuvalu	Funafuti and outer islands

82. All households within the target communities will be eligible to participate in project activities, since it is not feasible to focus only on particular sub-groups such as poor or vulnerable households. However, there will be specific targets set to ensure the inclusion of poor and vulnerable households or individuals including women and grandparent headed households and youth. Target communities will be selected according to the following criteria:

- Number/percentage of low income households and households experiencing water, food and nutrition insecurity.
- Vulnerability to climate variability and climate change.
- Engagement in other ongoing of planned programmes of a similar nature.
- Willingness and readiness of community leaders and members to participate and previous experience in dealing with the community.
- Accessibility – sea and air transport linkages.
- Capacity to achieve targets for engagement of vulnerable groups.

- Community facing disadvantages due to isolation.

83. **Number of Beneficiaries:** With an investment of USD 19.6 million, including government and beneficiary contributions, SIFWaP could reach around 10,000 beneficiary households, corresponding to about 60,000 total beneficiaries, approximately 21% of the total population of these countries.

84. More than half of the beneficiaries are expected to be female. SIFWaP will target whole households (usually 50% women and girls), and will incorporate gender based indicators to encourage the inclusion of female and grandparent headed households and younger people at school leaver age.

### 3. Justification of the Overall Approach

#### 3.1. Description of Overall Approach

85. **Multi-Country Approach.** FSM, Kiribati, RMI and Tuvalu have decided to adopt a multi-country approach to the GAFSP proposal, because they are amongst the smallest of the SIDS and would benefit from economies of scale in project design, implementation and supervision. The approach also recognises that the four countries share many of the same fragilities and will benefit from a collaborative approach involving south-south cooperation, particularly the opportunity to learn from other multi-country projects. It is emphasised however that SIFWaP is a multi-country project, not a regional programme. The project design defines a common implementation framework, with decentralised decision-making and administrative modalities, with some flexibility for countries, communities and participants to define their own priorities and investments. This approach is different from regional programmes (common in the Pacific) with centralised decision-making and administrative modalities.

86. **Strengths-Based Approach.** The challenges faced by the small island communities in the North Pacific are abundantly clear. However, SIFWaP will build on the inherent strengths of the traditional cultures and livelihood systems that have sustained these communities in a harsh environment for centuries. These strengths include traditional faith-based community groups which have proven to be effective and sustainable development facilitators. SIFWaP will build on traditional knowledge, organisations and resilience practices, indigenous food systems, and existing community structures, complemented by encouraging results from recent efforts to regenerate traditional agriculture and food systems and to introduce new technologies that are adapted to climate variability and climate change. These include the demonstration of good agricultural practices under the Australian Centre for International Agriculture Research Soil Health Project in Kiribati and Tuvalu, successes in improving atoll food and water security under KOIFAWP, intensive horticulture pilot farms operated by the ICDF Technical Missions in Kiribati, RMI and Tuvalu, and demonstrations of simple hydroponic systems in several countries. All of these show that the erosion of traditional livelihood and food systems can be reversed under an enabling policy framework and with well-targeted support at community and household level.

87. **The Community Engagement Model.** The overall approach will build on the Kiribati-KOIFAWP model, which has engaged the communities in the outer islands. KOIFAWP is delivering material benefits to remote outer island communities as well as building social cohesion and successfully engaging women and youth groups. The project is itself based on successful models of community-driven agricultural/rural development employed in other programmes in the Pacific, most notably the Tonga Rural Innovation Project (TRIP), now about to begin its third phase.

88. Engaging communities has enabled projects to ensure the ownership and sustainability of project activities and investments. The key success factor is community consultation to develop the capacity of small island communities to diagnose the causes of their fragility, formulate plans to address these, and implement the plans.

89. **Partnerships.** The lead implementing agencies in each of the countries have limited outreach in isolated communities, especially on the outer islands. Project implementation will therefore depend on partnerships with other agencies including NGOs, CBOs, Farmer Organisations, producer associations and the private sector. Each lead implementing agency will engage one or more NGOs to undertake the community consultation work and provide ongoing support to project implementation in the target communities. In all four countries the Governments have confirmed that they are willing to engage CSOs in this way.

90. **Non-Prescriptive Approach.** The project will enable communities, households and individual participants to plan and undertake various investments in pursuit of improved food, nutrition and water security. Activities may be of a public good nature, benefiting the entire community or sub-communities, or private good type activities undertaken by individuals or small groups. In addition, cultural and community considerations

will be further considered to allow for a more effective project implementation, for instance for community awareness raising, activities and trainings.

91. The project will conduct a number of activities supporting food, nutrition and water security. Box 1 lists potential activities to be financed under Component 1 and in some cases will also be supported under Component 2 (e.g. trainings on the production of vegetables and local crops). For the grant mechanisms in Component 1, the investments will only include activities that directly support food, nutrition and water security. The grant windows will review project proposals to ensure their consistency with project objectives and exclude projects when necessary on the basis of socio-environmental considerations.

<b>Box 1: Indicative List of Activities to be Supported</b>	
<b>Community/Public Good Activities</b>	<b>Private Good Activities</b>
<ul style="list-style-type: none"> <li>• Produce markets, fish markets</li> <li>• Transport infrastructure: feeder roads</li> <li>• Water supply systems: wells, rainwater catchment, solar distillation, desalination</li> <li>• Community level schemes for composting, cold storage nurseries etc.</li> <li>• School/community gardens</li> <li>• Community fisheries management schemes</li> <li>• Pest and invasive species management</li> </ul>	<ul style="list-style-type: none"> <li>• Composting equipment (including shredders)</li> <li>• Nurseries/seed production inputs and equipment</li> <li>• Small livestock and equipment</li> <li>• Fishing, aquaculture, seaweed and equipment</li> <li>• Home gardens, hydroponics</li> <li>• Root crops</li> <li>• Composting facilities and equipment</li> <li>• Storage facilities: cold-stores, freezers</li> <li>• Tree crop replanting: coconuts, breadfruit, bananas</li> <li>• Agro-processing, food preservation: virgin coconut oil, breadfruit flour, banana chips, coconut sap sugar, pandanus juice etc.</li> </ul>

92. **Approach to Financing.** In Component 1, SIFWaP will provide financial support to communities, groups and individuals to implement their priority activities, building on the indicative list in Box 1 above. The preferred financing instrument is a grant mechanisms scheme, as generally financial services are not accessible by groups or individuals in the target communities. For both public and private good interventions, the beneficiaries will be expected to make contributions to demonstrate their commitment, comprising either cash or in-kind. Each intervention will be the subject to an agreement defining the obligations of the various parties.

### **3.2. Causal Links between Expected Results and Proposed Activities**

93. The Small Islands Food and Water Project (SIFWaP) seeks to improve food, nutrition and water security, by addressing three main challenges: The first is the lack of awareness about the importance of producing and consuming nutritious food and knowledge on how to prepare this food. The second challenge is the production of nutritious food locally in the context of difficult agricultural conditions, including poor soils, unreliable access to water, lack of access to planting materials, climate-change and other factors. The third challenge is access to water for drinking and agriculture

94. As noted above, Component 1 will focus on the hard investments for food, nutrition and water security. The investments in private and public goods are expected to result in improved production of nutritious foods by improving access to water and markets and introducing improved agricultural practices. There is a degree of flexibility in terms of the investments that can be undertaken by communities and private actors, as long as these investments directly contribute to food, nutrition and water security.

95. Component 2 will be the entry point for engagement with small-island communities and beneficiaries, focusing on community planning and awareness raising, to support food production, nutrition awareness and water management. By focusing on engaging communities, this component will ensure the relevance, ownership and sustainability of the investments undertaken under Component 1. In addition, the community engagement activities and trainings will ensure that indigenous knowledge on local foods is revived, and that households are better equipped to prepare healthy and nutritious diets. Finally, this component will have a strong emphasis on raising awareness on nutrition, to promote demand for more-nutritious food items. This demand will produce incentives for supplying these items, and therefore contribute to the sustainability of Component 1.

96. Component 3 will improve the enabling policy environment, primarily at the national level, to facilitate access to resources and programmes supporting these results over the long term.

### **3.3. Impact of Current Policy environment**

97. The non-prescriptive approach also stems from the fact that the project will have to consider the different policy environments of the four applicant countries. While all four countries have policy objectives that are aligned with the project objectives, limited budgets for implementing policy may imply certain constraints such as limited access to extension services for agriculture, and these constraints vary from a country to another. In addition, the project will have to work with different government structures.

98. Chapter 3 and Appendix 5 provide an in-depth analysis of the current policy environment and its impact on the proposed project.

### **3.4. Rationale for Public Financing**

99. Publicly-funded investments to improve access to nutritious diets and reduce dependence on cheap food are likely to be more cost-effective than dealing with the consequences of unhealthy diets in the long run. In particular, the health benefits arising from improved water, food and nutrition security are expected to generate substantial savings to national health systems as well as financial and economic benefits for individuals, communities and the region as a whole by improving the health and productivity of the workforce.

100. The social and environmental cost of internal migration to overcrowded main/capital islands are already evident in the form of acute water shortages, rising food import bills and social problems relating to lack of economic opportunities. The private sector does not have the incentives or the capacity to mobilise the investments needed to remedy this situation and financial services are also very poorly developed particularly on outer islands.

### **3.5. Position of Project in National Agricultural Investment Plans**

101. The NAIP process was initiated during the consultation process undertaken in June-July 2018, and this will be finalised under Component 3 during the first year of project implementation in parallel with work to complete the detailed project design. The NAIPs will build on existing strategic and policy frameworks, several of which are currently under review (e.g. Kiribati and FSM).

### **3.6. Implementation Capacity**

102. Implementation capacity is limited in all four countries. However, while Kiribati started with limited implementation experience, it has been quite successful in establishing a strong project management structure over the past five years. The implementation capacity challenges in FSM, RMI and Tuvalu are recognised in the project design. They will be addressed through a dedicated management team, capacity building and implementation support from the Supervising Entities (FAO and IFAD), targeted technical and managerial assistance, support from other implementing partners, and mentoring from the KOIFAWP team. Project start-up activities will include a visit to Kiribati by the other three country teams to learn from the KOIFAWP experience.

103. Capacity-building and implementation support from FAO will come via the FAO Sub-Regional Office in Samoa. IFAD supervision and implementation support will come through its Pacific Regional Coordination Office in Fiji in line with IFAD's policy of building partnerships among its Pacific Island member countries, its move to extend support into the Northern Pacific under the GAFSP initiative, and its approach to enhancing food security and promoting sustainable smallholder agriculture development in SIDS.

## **4. Activities to be Financed and Their Justification**

104. Component 1 will focus on the hard investments for food, nutrition and water security. The component will enable private investments in food, nutrition and water security through grant mechanisms as well as some community-based public investments.

### **Component 1: Investments in Food, Nutrition and Water Security**

**Outcome 1:** Small island communities, activity groups and individuals invest in local production and consumption of nutritious foods and improved water supply.

105. Activities implemented under Component 1 will be financed on a cost-sharing basis with the project providing grants to help finance investment costs. Beneficiary contributions for both sub-components will mostly be in the form of labour and local materials reflecting the very low cash incomes in small island communities. Recurrent costs will be the responsibility of beneficiaries, with the possibility of some cost-sharing

during the initial phases.. Cost-sharing formulae for different types of activity will be prepared during the project design process.

### ***Sub-component 1.1: Private Good Investments***

**Output 1.1:** Activity Groups formed and private investments are supported to increase production of nutritious foods for home consumption and/or sale.

106. This Sub-component will support private investments that will lead to improved food and nutrition security as well as improved livelihoods. It will support activities identified during the community consultation process in Sub-component 2.1 including, but not necessarily limited to those listed in Box 1. Private good investments will be undertaken by individuals or individual group members. Existing Activity Groups or similar groups will be supported where these exist.

107. The project will prepare model activity profiles (technical/financial) for each type of activity included in the menu of private options (Box 1) to guide Community Committees, Activity Groups and their members in formulating business plans for their selected activities. The required investments would be financed under a grant mechanism, supported by technical and managerial training and backstopping to groups and individuals as appropriate – in partnership with Island Facilitators and Community Field Officers in partnership with government extension services.

108. Criteria for the allocation of the grants will include (but not be limited to) socio-economic criteria of the applicant (gender, age etc...), the extent to which the project contributes to food, nutrition and water security and proposed market linkages.

109. The project will undertake careful monitoring of these initiatives to trigger remedial action where necessary and to publicise success stories.

### ***Sub-component 1.2: Public Good Investments***

**Output 1.2:** Public goods installed and maintained.

110. Most public good investments are expected to be in water supply, although other types of public good investments can be financed (see Box 1). Indeed, as mentioned before, water security is a major livelihood issue on atolls and other islands, which affects the availability and quality of water for domestic purposes as well as for food gardens. The building of small markets or investment in public storage infrastructure can also be envisaged as part of this component, to facilitate the marketing of products.

111. The options for improving water security vary between islands depending on total rainfall, rainfall seasonality and variability, hydrogeology and population density. In most cases rainwater harvesting and storage is the best option. However on some islands careful management of the surface and groundwater resources is still feasible, although at risk of salinization due to rising sea levels.

112. In all cases, the investment solutions identified must be technically and financially feasible in the local context, recognising that more complex options require a higher degree of technical support. Where necessary in the case of water-infrastructure investments, Sub-component 1.1 will begin with a hydrological assessment of the target community to develop tailored solutions suited to local conditions, including possibilities such as rainwater harvesting, groundwater management, solar distillation and desalination.

113. As noted before, the project will also support the implementation and maintenance arrangements for the investments under Component 2. For instance, in the case of water, the project will support the formation of water user groups (WUGs) for each water activity/project identified during community consultations. It will provide training to WUGs in operation and management of water supply systems; as well as training for one volunteer community water technician (per community) on routine repair and maintenance work. Installation of water supply facilities (may include groundwater, rainwater harvesting, desalination, and solar distillation) will be financed through grant mechanisms to the WUGs under consensus-based water user agreements covering construction and maintenance of the facilities. The project will then install the facilities with technical support from relevant government agencies, and undertake monitoring to ensure proper operation and maintenance.

## **Component 2: Community Engagement**

114. Component 2 will be the entry point for engagement with small-island communities and beneficiaries, focusing on community planning and awareness raising to support food production, nutrition awareness and water supply and management. By focusing on engaging communities, this component will ensure the relevance, ownership and sustainability of the investments undertaken in Component 1. In addition, the

community engagement activities and trainings will ensure that indigenous knowledge on local foods is revived, and that households are better equipped to prepare healthy and nutritious foods.

**Outcome 2:** Sensitised and enabled communities with the capacity to diagnose, prioritise and implement activities to address food, nutrition and water security.

### ***Sub-component 2.1: Community Consultation and Mobilisation***

**Output 2.1:** Implementation framework in place for community engagement and preparation of action plans.

115. There needs to be significant up-front work in establishing an implementation framework to undertake community engagement processes. The first step will be to select and engage one or more suitably qualified NGO(s) as service providers to undertake the community engagement process in the targeted island communities. The NGO(s) will be required to recruit a management team (see under Component 4, Project Management), and to recruit and train Island Facilitators (one per island) and Community Field Officers (one per community). They will also be required to prepare training materials for Island Facilitators, Community Field Officers and Community Committees (see below). As much as possible, these will be derived from existing tested materials.

116. The preparatory activities will also include a familiarisation visit to Kiribati by team members from FSM, RMI and Tuvalu to learn from the KOIFAWP experience.

**Output 2.2:** Agreed prioritisation of community problems and action plans, identification of beneficiaries and estimated costs

117. The consultation and planning process will begin with the selection of project areas/islands and communities to be engaged on the basis of the criteria for selection developed, with initial preference for more accessible areas. This will be done in close collaboration with Island Councils, State Governments (in FSM), Extension Services and other appropriate local government bodies and community groups. These community groups will include Community Committees – preferably existing community bodies and producer organisations.

118. With facilitation by the NGO partner(s) and their team of Island Facilitators and Community Field Officers, working in collaboration with the Extension Services, community consultations will be undertaken to analyse problems and opportunities related to food and nutrition and water security and related livelihood opportunities in the targeted communities. This will help the Community Committees to formulate action plans for food, nutrition and water security with clear cost-sharing arrangements, to be financed under Component 1. The community consultation process will include the preparation, costing and submission of the investment plans developed by the community and its members. The Community Field Officers will also facilitate linkages where relevant, by connecting producers to potential consumers (in particular, when available, school feeding programmes or hospitals).

119. Different types of proposals will be prepared based on the nature of the investment. The private window will be open to both individuals and Activity Groups: groups of individuals who want to invest in specific private activities. These groups could operate separately while collaborating in specific activities such as the procurement of equipment, inputs and/or services.

120. The public window will finance public goods for communities and sub-community (see Box 1). For these investments, the community consultation process will need to define and set up arrangements for management and maintenance (for instance, water user groups for water infrastructure).

121. The community consultation process will go beyond straightforward selection of priorities among options that are already familiar to the beneficiaries. The process will create awareness about other opportunities and success stories that can be shared to widen the range of choice and encourage innovation in the production of nutritious foods, management of water resources and improved livelihood opportunities. Communities will be encouraged to try new approaches on a pilot basis, recognising that marginal adjustments to the status quo are unlikely to be transformative.

122. In addition, the community consultations will also identify model households and activity leaders to undertake demonstrations and trainings for group members and individuals (e.g. home gardening, water supply, aquaculture, plant nurseries). Island Facilitators and Community Field Officers will train the model households in conjunction with the technical departments and will also support other project beneficiaries.

### ***Sub-component 2.2: Nutrition and Health Awareness***

123. **Output 2.3:** Improved awareness about food, nutrition and health, including knowledge about the nutritional attributes of foods, food preparation and handling.

124. Past experiences have shown that projects and programmes need to go beyond crop production (supply-side) and further aim to support the consumption of these crops (demand-side): Current diets consist mainly of imported food items, heavy on rice and ready-made food products. Projects and programmes that seek to develop the production of vegetables and/or local crops need to promote the cooking and consumption of these crops.

125. In many small island communities, limited knowledge/awareness about the importance of nutrition contributes to the sharply declining health profile. Sub-component 2.2 will work with the target communities to remedy this lack of awareness, based on stakeholder mapping processes, in parallel with measures to improve local production of nutritious foods under Component 1 and Sub-Component. This will be done in conjunction with local stakeholder institutions such as Island Councils, Faith-Based Organisations, schools, NGOs and ministries responsible for health, agriculture and education.

126. There is an abundance of training material on food and nutrition in the Pacific, and the project will help to prepare and adapt this in local languages including messages about the opportunities provided by SIFWaP to remedy the situation. The project will use this material to provide nutrition training to communities as part of the community consultation and mobilisation process (under Sub-component 2.1), also using social media to support nutrition awareness and knowledge.

127. Other activities under this Sub-component may include: (i) gathering and disseminating information on the nutritional attributes of indigenous foods (plants/crops, animals, seafood etc.); (ii) selecting and training model households to demonstrate good nutrition and health/sanitation practices; (iii); providing recipes and cooking lessons/ demonstrations; (iv) adapting school curricula and nutrition/health training for teachers; (v) sharing of traditional knowledge by elders to younger generation and documenting this knowledge; and (vi) establishing food gardens in schools for training and to provide nutritious foods for school meals.

### **Component 3: Enabling Policy Framework**

128. Component 3 focuses on the enabling environment for food, nutrition and water security, to facilitate policies and programmes conducive to these objectives at the national level and over the long term. This component includes the development of the NAIPs.

**Outcome 3:** Well-defined policies, strategies and investment plans for water, food and nutrition security in each country.

#### ***Sub-component 3.1: National Policies and Strategies***

**Output 3.1:** National policies and strategies for sustainable water, food and nutrition security prepared or updated.

129. The development of an effective policy and strategic framework for water, food and nutrition security requires strong national ownership/leadership with broadly-based representation. This will be achieved through formation and/or support for national water and food security Task Forces to oversee the preparation and/or review of sector strategies and policies (water, land, forestry, agriculture, livestock, fisheries, aquaculture, non-farm rural livelihoods etc.). The Task Forces will be inter-agency with representation from civil society, the private sector, and development partners. FAO will provide technical assistance to the Task Forces to review, refine and update existing national policies and strategies, especially during the first year of project implementation.

#### ***Sub-component 3.2: National Agricultural Investment Plans***

**Output 3.2:** National Agricultural Investment Plans prepared for each country.

130. Building on the process initiated during national consultations in June-July 2019, the FAO will provide ongoing support for the development of NAIPs in each country. The approach and methodology will be that employed by FAO and others in the development of NAIPs in most African countries under the Comprehensive Africa Agricultural Development Programme. The NAIPs will comprise five-year investment programmes synchronised with national planning cycles, incorporating SIFWaP but also including other investments required to reach national and sectoral strategic objectives.

### **Component 4: Project Coordination and Management**

131. Component 4 will comprise the project oversight and management activities as well as the project Monitoring and Evaluation (M&E) and knowledge management.

### ***Sub-component 4.1: Project Oversight***

**Output 4.1:** Effective project oversight arrangements in place providing high-level strategic guidance on food, nutrition and water security.

132. Project oversight will be undertaken by a Project Steering Committee (PSC), comprising two representatives from each of the four countries, IFAD and FAO. Meetings will be held twice annually, more often if necessary, and rotated between the four participating countries. The mandate of the PSC will be to: (i) review implementation strategies or roadmaps; (ii) deal with issues of harmonisation with national and sectoral policies/strategies and the respective NAIPs; (iii) ensure coordination with other national and regional programmes and projects; and (iv) represent the project in regional forums on water, food and nutrition security, climate adaptation and related fields.

133. Each country will also have a small Country Project Steering Committee (CPSC), chaired by the Ministry of Finance and comprising representation from the lead implementing agency, other implementing partners, civil society and the private sector. For FSM, the CPSC will include representation from each of the four states. In Kiribati, the KOIFAWP steering committee will assume oversight responsibilities for SIFWaP.

### ***Sub-component 4.2: Project Management***

**Output 4.2:** Effective oversight and project management arrangements in place.

134. The Central Project Management Unit (CPMU) in Suva will have overall coordinating and facilitation responsibilities and will ensure that the oversight and project management arrangements in the four National Delivery Units remain on track. Further details on project management and implementation are provided in the Section on Implementation Arrangements.

### ***Sub-component 4.3: M&E and Knowledge Management***

**Output 4.3:** M&E system generating information on project outputs, outcomes and impacts, and dissemination of this within and between countries.

135. The approach to M&E and knowledge management recognises that systems and procedures need to be kept simple, and standardised to facilitate consolidation between countries. It also recognises the vital importance of learning and sharing knowledge between the various implementing partners, islands, and countries.

136. M&E at national level will be the responsibility of the NDUs, each of which will have an M&E officer. A standardised M&E and reporting system will be employed across all four countries to facilitate aggregation. M&E reports will be consolidated at project level by the CPMU in Suva.

137. The M&E system, to be designed during the first six months of the project, will specify procedures for obtaining baseline information, and gathering data on implementation results and outcomes. Baseline information will be gathered by the NGO partners as each new community joins the project and will include estimation of the Dietary Diversity Index (DDI) and/or Food Insecurity Experience Scale (FIES). The M&E system design will also specify requirements for quarterly and annual reports, mid-term review and project completion reports, including impact assessment studies.

## **5. Implementation Arrangements**

### **5.1. Institutional Arrangements**

138. **Central Project Management Unit (CPMU):** As a multi country initiative, SIFWaP will have a hub-and-spoke project management structure comprising a CPMU in Suva, Fiji plus four National Implementing Agencies each with a National Delivery Unit. The CPMU will be based in one of the Pacific regional bodies located in Suva, most likely the UNDP Multi-Country Office for the Pacific Region. The CPMU will have a three-person team engaged on fixed-term contracts including a Project Coordinator, a Finance and Administration Specialist and an M&E/Knowledge Management Specialist. This CPMU will act as a liaison and a support office for the National Delivery Units and the latter will be responsible for financial management.

139. **National Delivery Units:** As shown below, NDU staffing arrangements will vary between countries according to the scope of work to be managed and other factors. The FSM NDU in the national capital (Palikir) will have four full-time staff with the same responsibilities as the CPMU team, plus a Partnerships and Procurement Officer, and a focal person in each State Government. In Kiribati, the KOIFWAP PMU will take responsibility for implementing SIFWaP with the addition of one full-time staff member to handle the additional



workload. In RMI and Tuvalu, the NDU will have a full-time Project Coordinator plus three part-time positions, allowing the incumbents to perform other duties within the lead implementing agency.

**Table 8: Implementing Agencies**

	<b>Lead Implementing Agency</b>	<b>NDU Staffing</b>
FSM	<ul style="list-style-type: none"> <li>National Department of Resources and Development</li> </ul>	<ul style="list-style-type: none"> <li>Four persons full-time</li> <li>One focal person in each State</li> </ul>
Kiribati	<ul style="list-style-type: none"> <li>Ministry of Environment, Land and Agriculture Development</li> </ul>	<ul style="list-style-type: none"> <li>One full-time staff equivalent added to KOIFAWP PMU</li> </ul>
RMI	<ul style="list-style-type: none"> <li>Ministry of Natural Resources and Commerce</li> </ul>	<ul style="list-style-type: none"> <li>Full-time Project Coordinator</li> <li>Three part-time positions</li> </ul>
Tuvalu	<ul style="list-style-type: none"> <li>Ministry of Natural Resources</li> </ul>	

140. **Other Implementation Partners:** In addition to the lead implementing agency, a number of other government agencies will be engaged in project implementation under MOUs with the lead agency. These will vary between countries (and for FSM between States) but may include the departments or ministries with responsibility for: water and sanitation, health and nutrition, infrastructure and public works, agriculture, fisheries, forestry, livestock, handicrafts, education, women and youth affairs, environment/natural resource management, commerce, etc. These agencies will be engaged as required to support the implementation of project activities in accordance with their mandates.

141. **Sub-National Implementing Agencies:** A range of sub-national agencies will also participate including State Government agencies in FSM and local government bodies such as Island or Community Councils in FSM and elsewhere. These will have an important role in the implementation of water supply systems and other public good type investments under Sub-component 1.2. Existing and/or project-initiated groups (such as the Community Committees) will also be engaged in local-level implementation of project activities. Other Civil Society Organisations such as farmer/fisher associations and faith-based organisations (church groups) will also participate at local level.

## **5.2. Procurement and Financial Management**

142. Detailed arrangements for procurement and financial management will be specified during project preparation, including an assessment of national fiduciary systems and procedures in FSM, RMI and Tuvalu. Procedures are already in place and functioning satisfactorily in Kiribati. In all cases national procedures for procurement and financial management will be employed where these are found to be satisfactory.

143. The arrangements for procurement and financial management will be governed by a financing agreement between IFAD (the Supervising Entity) and the agency engaged to host the CPMU in Suva; and by subsidiary agreements between the CPMU and each of the four Governments, represented by their Ministries of Finance (MOF).

144. The GAFSP funds will be held in an IFAD Project Account in USD, and will be transferred to a USD Project Account held by the CPMU in Suva. There will be an initial advance to the CPMU Project Account with replenishments based on submission of withdrawal applications by the CPMU. There will be a designated account in USD held by each MOF, with an initial advance and replenishments based on submission of withdrawal applications by the MOFs to the CPMU. The CPMU will endorse the Withdrawal Applications and Annual Work Plans and Budgets and submit them to IFAD.

145. The NDUs in each lead implementing agency will establish a project account in the national currency: USD in the case of FSM and RMI and AUD for Kiribati and Tuvalu. The NDUs will finance project activities through contracts or Memorandum of Understanding (MOUs) with implementing partners including NGO(s) as well as various other agencies. The NDUs will delegate procurement authority to the NGO partner(s) to enable them to procure goods and services on behalf of beneficiaries and to administer the grant mechanisms.

146. Financial reporting will be a key responsibility of the NDUs and financial reports will be submitted through the respective Ministries of Finance to the CPMU where they will be reviewed prior to being transmitted to IFAD. NDUs will be required to comply with standardised accounting, financial management and reporting protocols to facilitate consolidation. Annual financial reports will be independently audited in each country. The consolidated CPMU accounts will also be independently audited.

## **5.3. Role of Non-government Stakeholders**

147. **Non-Government Organisations:** NGOs will play a key role in project implementation. In each country, one or more NGOs will be selected through a competitive process to facilitate and support community

engagement (Sub-components 2.1), nutrition and health awareness (Sub-component 2.2) and the implementation of food, nutrition and water security investments (Component 1). The NGOs will be required to work collaboratively under performance-based contractual arrangements. The project design team has identified several qualified NGOs including the Micronesia Conservation Trust which is mandated to work in the countries covered by the USA compact of free association which includes FSM and RMI. In Kiribati, KOIFAWP has a well-established working relationship with the Foundation of the Peoples of the South Pacific Kiribati, which could be extended to cover the SIFWaP target communities in both Kiribati and nearby Tuvalu. Other NGOs with strong performance records in the region include CARE Australia and Live and Learn (Tuvalu).

148. **Private sector partners:** Although the private sector is poorly developed in most areas where SIFWaP will operate, and mostly at small and medium enterprise (SME) scale, private sector engagement will be pursued where opportunities arise. Such opportunities may include: (i) procurement of materials and equipment (e.g. water tanks, machinery, tools); (ii) building linkages with producer groups for supplying agricultural produce to traders or intermediaries; (iii) establishment and operation of plant nurseries; and (iv) engaging local service-providers for delivering training to beneficiaries. Possible partners may include shipping/aviation companies, tourism operators and food retailers. Opportunities will be actively encouraged for producer groups to engage in commercial activities on a small scale, such as aggregating produce for sale to public institutions and/or local markets.

#### 5.4. Capacity Building

149. Significant capacity building support will be embedded in all project Components and Sub-Components as follows:

**Table 9: Capacity Building**

Component/Sub-component	Capacity Building
<b>Component 1: Investments for Food, Nutrition and Water Security</b>	
Sub-component 1.1: Private Goods Investments	<ul style="list-style-type: none"> <li>• Technical and managerial training and backstopping for activity groups and SMEs.</li> </ul>
Sub-component 1.2: Public Goods Investments	<ul style="list-style-type: none"> <li>• Formation and capacity building for Water User Groups in operation and management.</li> </ul>
<b>Component 2: Community Engagement</b>	
Sub-component 2.1: Community Consultation and Mobilisation	<ul style="list-style-type: none"> <li>• Preparation of systems, procedures and training material for community consultations.</li> <li>• Familiarisation visit to Kiribati and FSM to learn from community engagement experience Capacity building for Community Committees.</li> <li>• Identify/select and train activity leaders to undertake demonstrations and training.</li> </ul>
Sub-component 2.2: Nutrition and Health Awareness	<ul style="list-style-type: none"> <li>• Preparation of training materials in local language.</li> <li>• Training for selected households to demonstrate good nutrition and health/sanitation practices.</li> </ul>
<b>Component 3: Enabling Policy Framework</b>	
Sub-component 3.1: National Policies and Strategies	<ul style="list-style-type: none"> <li>• Formation and support for national food, nutrition and water security Task Forces.</li> <li>• FAO technical assistance to review, refine and update policies and strategies.</li> <li>• Formation and support for stakeholder platforms</li> </ul>
Sub-component 3.2: National Agricultural Investment Plans (NAIPs)	<ul style="list-style-type: none"> <li>• Ongoing technical assistance from FAO for the development of NAIPs during Phase 1 of the project.</li> </ul>

Component/Sub-component	Capacity Building
<b>Component 4: Project Coordination and Management</b>	
Sub-component 4.1: Project Oversight	<ul style="list-style-type: none"> <li>• Induction training for PSC and CPSC members.</li> </ul>
Sub-component 4.2: Project Management	<ul style="list-style-type: none"> <li>• Support provided to lead implementing agencies and National Delivery Units by IFAD supervision and implementation support missions.</li> </ul>
Sub-component 4.3: M&E and Knowledge Management	<ul style="list-style-type: none"> <li>• Technical assistance in the design and implementation of M&amp;E and Knowledge Management systems.</li> <li>• Financial management training</li> </ul>

## 6. Amount of Financing Requested and Time for Implementation

150. SIFWaP will be implemented over six years in three phases:

- Phase 1: Implementation planning and preparatory activities (Year 1)
- Phase 2: Implementation (Years 2-5)
- Phase 3: Consolidation and project completion review (Year 6)

151. SIFWaP will be designed to be scalable according to the amount of funding approved by GAFSP, as well as counterpart funding from the participating governments and contributions from beneficiary groups. The project will be expandable should co-financing become available from other development partners. In accordance with GAFSP procedures, detailed design will be financed from the grant proceeds during an 18-month window following GAFSP Steering Committee approval of the application.

### 6.1. Financing Requested from GAFSP

152. Total project costs would amount to USD 19.59 million. As shown in Table 10, the applicant countries request total GAFSP financing amounting to USD 15.04 million comprising USD 14.69 million for project implementation (including contingencies) and USD 0.35 million for project preparation.

153. The minimum amount of GAFSP grant funding for a viable project is estimated to be USD 12.00 million. If the project receives the minimum amount, it will have to scale down the number of communities targeted by the project.

### 6.2. Project Financing Table

**Table 10: Project Financing (USD'000)**

	USD'000	Percent
<b>Project Implementation</b>		
GAFSP	0	0%
Governments	1,924	42%
Local project participants/beneficiaries	2,625	58%
<b>Project Implementation Total</b>	<b>4,549</b>	<b>100%</b>
<b>Project Preparation</b>		
GAFSP	350	100%
<b>Project Preparation Total</b>	<b>350</b>	<b>100%</b>
<b>Total</b>	<b>4,899</b>	

### 6.3. Project Cost Tables

154. Table 11 presents a summary of Project costs by component and financier. Component 1 amounts to 51% of the total costs, Component 2 to 23% of total costs, Component 3 to 3% of total costs and Component 4 to 16% of total costs. Contingencies and project preparation respectively amount to 5% and 2% of total costs.

**Table 11: Total Project Costs by Component and Financier (USD '000)**

	GAISP	Government	Beneficiaries	Total	Total
<b>Component 1: Investments in Food, Nutrition and Water Security</b>					
Sub-Component 1.1: Private Goods Investments	2,540.0	460	1600	4600	23%
Sub-Component 1.2: Public Good Investments	4,028	548	900	5,475	28%
<b>Total Component 1</b>	<b>6,568</b>	<b>1,008</b>	<b>2,500</b>	<b>10,075</b>	<b>51%</b>
<b>Component 2: Community Engagement</b>					
Sub-Component 2.1: Community Consultations and Mobilisation	3,199	355	0	3,554	18%
Sub-Component 2.2: Nutrition and Health Awareness	900	100	0	1,000	5%
<b>Total Component 2</b>	<b>4,099</b>	<b>455</b>	<b>0</b>	<b>4,554</b>	<b>23%</b>
<b>Component 3: Enabling Policy Framework</b>					
Sub-Component 3.1: National Policies and Strategies	270	30	0	300	2%
Sub-Component 3.2: National Agricultural Investment Plans	252	28	0	280	1%
<b>Total Component 3</b>	<b>522</b>	<b>58</b>	<b>0</b>	<b>580</b>	<b>3%</b>
<b>Component 4: Project Coordination and Management</b>					
Sub-Component 4.1: Project Oversight	346	38	0	384	2%
Sub-Component 4.2: Project Management	2,012	224	0	2,235	11%
Sub-Component 4.3: M&E and Knowledge Management	450	50	0	500	3%
<b>Total Component 4</b>	<b>2,807</b>	<b>312</b>	<b>0</b>	<b>3,119</b>	<b>16%</b>
<b>Total Base Costs</b>	<b>13,995</b>	<b>1,833</b>	<b>2,500</b>	<b>18,328</b>	<b>100%</b>
Contingencies	700	92	125	916	5%
Project Preparation Costs	350	0	0	350	2%
<b>Total Project Costs</b>	<b>15,045</b>	<b>1,924</b>	<b>2,625</b>	<b>19,594</b>	
<b>Percent of Total</b>	<b>76.8</b>	<b>9.8</b>	<b>13.4</b>	<b>100.0</b>	

155. **Unit cost assumptions:** the budget is based on the following assumption:

- **Under sub-component 1.1:** 500 grant mechanisms, 2 per community, with an average unit cost of USD 8,000 per grant mechanism, including the beneficiary contribution.
- **Under sub-component 1.2:** 250 grant mechanisms, 1 per community, with an average unit cost of USD 18,000, including the community contribution. The investments that are feasible with this amount will vary significantly from a community to another, based on transports costs<sup>10</sup>.
- **Under sub-component 2.1:** A budget of USD 900 per community per year is planned for model household activities, to allow for the purchase of agricultural inputs and small tools.
- **Under sub-component 2.2:** A budget of USD 900 per community per year is planned for nutrition activities (in addition to the adaptation of materials and communication), to purchase some basic equipment and ingredients for demonstrations.

#### **Allocation between Countries:**

<sup>10</sup> For instance, in Tuvalu, water tanks can be purchased for AUD 3000 and are made locally. In outer islands, transport costs are likely to significantly increase the cost of different investments.

156. Table 12 shows an indicative proposed allocation of the budget between the four countries, for the first 3 years of the project. The remaining balance will be allocated in the second half of the project based on the implementation performances of each country. The criteria for the allocation for the remaining balance, as well as the initial allocations, will be further defined at design stage.

**Table 12: Initial 3-Year Budget Allocation between Countries**

Country	USD '000	Percentage
FSM	4,311	22%
Kiribati	4,311	22%
RMI	2,547	13%
Tuvalu	1,176	6%
Balance for last 3-years	7,249	37%
<b>Total</b>	<b>19,594</b>	<b>100%</b>

#### 6.4. Other Donor Funded Agriculture and Food Security Projects

157. Donor-funded projects are an important source of investments in agriculture and food security in the four countries. Appendix 4 on financing on agriculture presents more detailed information on the donor-funded projects in each country. It notably highlights that more donor funding flows to the fisheries sector, as opposed to agricultural production. Some notable projects focused on agricultural production include:

- **FSM:** A proposal is being finalised by the Micronesia Conservation Trust for a Green Climate Fund (GCF) project, focusing on climate smart agriculture and local crops. If accepted, this proposal would have important synergies with the GAFSP proposal and strong cooperation would be foreseen.
- **Kiribati:** A project on saw milling of senile coconut trees on outer islands financed by the International Cooperation and Development Fund (ICDF).
- **Kiribati:** The Kiribati-Outer Island Food and Water Project (KOIFAWP), with a financing of USD 11.7 million, including USD 8.0 million from IFAD. It was rated as “moderately satisfactory” by the latest supervision missions. SIFWaP is designed to learn from the successful implementation of KOIFAWP.
- **Kiribati and Tuvalu:** The Soil Health Project financed by the Australian Centre for International Agricultural Research (ACIAR) identified and demonstrated a number of traditional and improved agricultural practices for production of food crops in atoll environments.
- **RMI:** The recently approved Multisectoral Early Childhood Development Project, with a financing of USD 14.9 million from the World Bank, which includes some activities to improve early childhood nutrition. The project became effective in April 2019. It was rated as “satisfactory” on progress towards the achievement of the PDO and overall implementation progress, with a “substantial” overall risk rating.
- **RMI:** A grant focused on enabling young farmers to work with producer organisations in the Cook Islands, RMI and Niue, financed by IFAD. The grant ends in 2019.
- **Tuvalu:** The Horticultural Crop Development Project, which includes the production of crops and cooking lessons, conducted by the Taiwan Technical Mission. The budget amounts to about AUD 6.0 million (USD 4.1 million) per year.

#### 6.5. Preferred Supervising Entities

##### Supervising Entities for Investments and Technical Assistance

- African Development Bank
- Asian Development Bank
- International Fund for Agricultural Development
- Inter-American Development Bank
- World Bank

##### Supervising Entities for Technical Assistance only (Optional)

- Food and Agriculture Organization (FAO)

World Food Programme (WFP)

**Table 13: Cost Sharing of Supervising Entities**

	<b>Anticipated cost share (%)</b>
<b>IFAD</b>	93.6%
<b>FAO</b>	6.4%

### **6.6. Reason for Selecting the Preferred Supervising Entities**

158. All four countries have indicated their preference for continuing their engagement with IFAD and FAO: with IFAD as the Supervising Entity for Investment and FAO as the Supervising Entity for Technical Assistance. IFAD and FAO have jointly supported preparation of the GAFSP Proposal including: (i) an initial scoping workshop in Tarawa in May 2019; (ii) a five-week round of consultations involving meetings with regional organisations in Fiji and a stakeholder consultation workshop in each country in June-July; and (iii) a design validation workshop in Tarawa involving all four countries in August 2019.

159. **IFAD Capacity:** IFAD's support for the Pacific Islands is coordinated through its Jakarta Sub-Regional Hub and its Pacific Sub-Regional Office in Suva (Fiji). IFAD's Pacific portfolio has expanded since 2000 and focuses on community empowerment, food and nutrition security, market access, rural finance and agricultural research. Through its Pacific Partnership approach IFAD has expanded its membership to include 13 Pacific Island Countries including the four GAFSP applicants. IFAD's Pacific Islands portfolio currently includes country-specific activities in PNG, Fiji, Kiribati, Solomon Islands, Tonga and Samoa; as well as a number of regional/multi-country grant-funded programmes with outreach in the North Pacific.

160. **FAO Capacity:** FAO has a strong regional presence through the FAO Sub-Regional Office in Apia (Samoa). FAO support to Pacific Islands is governed by its Regional CPF for the Pacific Islands, which defines a strategy for engagement with each of the four countries over the period 2018-2022. The CPF priorities include: (i) safe and healthy food production and consumption; (ii) resilient agriculture, fisheries and forestry production systems; and (iii) efficient agro-food value chains that provide safe, nutritious and affordable food. FAO support also comes via the FAO Investment Centre whose global mandate is to support the mobilisation of investment for agriculture and rural development. The investment centre has extensive experience in supporting the preparation of NAIPs in Africa and has been leading FAO's contribution to preparing the GAFSP proposal.

161. The respective functions of IFAD and FAO would be as follows:

#### **IFAD (through Jakarta Hub and Suva Sub-Regional Office)**

- Financing agreements: GAFSP-IFAD-Institution hosting the CPMU, Suva
- Co-financing arrangements (if applicable)
- Liaison with regional organisations (mostly Suva-based)
- Oversight of conditions of effectiveness and conditions of disbursement of the grant
- Disbursement of initial advances and replenishments based on withdrawal applications
- Support to project launch in the four countries
- Approval of key staff appointments and selection of NGO partners
- Approval of AWPBs
- "No objections" for procurement
- Bi-annual supervision and implementation support missions
- Review and approval of project reports including financial statements

#### **FAO (through the FAO Investment Centre and Pacific Sub-Regional Office, Apia)**

- Technical Assistance for completion of detailed project design
- Ongoing support for preparation and/or review of agricultural sector strategies and policies
- Technical support in areas such as climate-smart agriculture, nutrition-sensitive agriculture and farmer field schools.



- Facilitating preparation of the NAIPs in each country
- Other technical assistance as required.

## 7. Post-Project Sustainability and Exit Strategies

162. **General** The basic foundation for sustainability of all project activities is the up-front investment in community consultation, planning and capacity-building, within a decentralised implementation framework. This will ensure that SIFWaP supports interventions that have been evaluated, selected and prioritised by the participating communities, and to which they demonstrate commitment through their contributions under the cost-sharing arrangements. Wherever possible the project will work through existing community organisations such as Island Councils and producer associations, which have better prospects of being sustained than project-oriented bodies. For public good type investments, the project will also provide training and capacity building in operation and maintenance of jointly-owned facilities, e.g. through water user groups or similar. Ensuring the sustainability of projects is challenging in the region, in particular because some NGOs tend to disengage from activities when project funding ceases. Working with NGOs or entities that have a long-term presence and sources of financing, independent of a single project, can help ensure the sustainability of programmes.

163. **Incentives:** For private good-type activities, sustainability will be underpinned by a focus on individual incentives relating to the production and consumption of nutritious foods, or in some cases commercialisation of previously subsistence-oriented activities. Whilst activity groups will enable the delivery of project support, and may also facilitate product aggregation and marketing activities, individually rather than communally-owned ventures will predominate on the grounds that they generally have better sustainability prospects. However, this will not exclude implementation through associations or similar forms of organisation, where these exist.

164. **Implementation Phasing:** The three-phase approach is also designed to enhance sustainability. Phase 1 provides the time needed to establish sound community consultation and planning processes within the target communities. Phase 3 is essentially the exit strategy, whereby no new activities would be initiated during the final year of the project, allowing adequate time for consolidation, handover and orderly withdrawal of project support. This recognises that activities launched in the closing stage of a project (often to chase implementation targets or disburse un-used resources) have a poor record of sustainability.

165. **Project Assets and Services:** Ownership and management responsibility for all assets, whether public or private good in nature will rest with project beneficiaries from the outset. This avoids the need to transfer ownership during the course of implementation, with risks to sustainability where the assets are seen as belonging to the Government or the project. No interventions are foreseen where recurrent services are critical for sustainability.

166. **Institutions and Management Structures:** The project will be managed through a decentralised implementation framework that delegates responsibilities and ownership first to country level, and then to the local (island and community) level. It will work through existing/permanent national and sub-national institutions, providing capacity-building where needed.

167. **Social Access and Inclusion:** The community-driven approach will spearhead the process of social access and inclusion. This will take place through engagement with both traditional authorities at community level and local government (e.g. Island Councils) at island level. This reflects the strong social structures and protocols in the Northern Pacific islands and the need to engage both traditional leaders and elders as well as formal institutional leaders to achieve the project's social inclusion objectives. This will enable broad-based and inclusive community engagement including meetings which include people who would not traditionally participate. This approach will be maintained throughout the life of the project, not just during initial consultations, and will facilitate the inclusion of disadvantaged and vulnerable groups including elderly, women, youth and the disabled. Experience has shown that employing project staff from the communities to which they are assigned greatly improves the quality of community engagement and the process of social access.

## 8. Risk and Risk Management

168. **Overview:** For fragile SIDS countries, any initiative in agriculture and food security in the North Pacific entails significant risks. However, the risks are understood and manageable as shown by the experience with KOIFAWP, now about to enter a second phase and rated as “moderately satisfactory” by the latest supervision missions.

169. According to IFAD’s Social, Environmental and Climate Assessment Procedures (SECAP), social and environmental risks are considered moderate (Category B) and climate risk is considered high (Category A). A SECAP review will be undertaken during project preparation with particular attention to incorporating environmental safeguards, adaptation measures to climate variability and climate change as well as natural disaster preparedness and recovery.

170. **Risk Analysis Process:** The workshops and other consultations undertaken during proposal preparation have sought stakeholder views on the country-level and project-specific risks that need to be reflected in the project design. Consideration was also given to the lessons learned from implementation of similar IFAD-supported programmes in the Pacific, particularly in Kiribati, Tonga, Fiji and Solomon Islands. Furthermore, the application process has included background studies on selected fragility issues related to food systems in each country financed by the Australian Government. This approach identified the following key risks and mitigation measures:

**Table 14: Risks and Mitigation Measures**

Component	Risks	Mitigation Measures	Budget? a/
1	Water supply systems are not adequately maintained.	<ul style="list-style-type: none"> <li>Capacity building for water user groups on operation and maintenance.</li> </ul>	Yes
	Activity groups unable or unwilling to contribute to cost-sharing arrangements.	<ul style="list-style-type: none"> <li>Grant mechanism arrangements to recognise in kind contributions.</li> <li>Promoting ownership and participation by Island Councils and Community Committees backed by grant mechanisms.</li> </ul>	Yes
2	Target beneficiaries may be reluctant to engage in community consultations.	<ul style="list-style-type: none"> <li>Access to grant mechanisms will incentivise community engagement</li> </ul>	Yes
	Elite capture	<ul style="list-style-type: none"> <li>Focus support on smallholder producers</li> <li>Gender disaggregated approaches to ensure inclusion of women, targets for the participation of youth and vulnerable groups, and creation of decent work opportunities</li> </ul>	Yes
3	Lack of political commitment to water, food and nutrition security.	<ul style="list-style-type: none"> <li>High level stakeholder engagement in formulation of policies, strategies and NAIPs.</li> </ul>	Yes
4	Capacity issues delay project implementation.	<ul style="list-style-type: none"> <li>Three-phased approach to implementation with investment in capacity-building.</li> </ul>	Yes
Other Risks b/	Natural disasters.	<ul style="list-style-type: none"> <li>Preparedness and response to climate events and natural disasters incorporated into interventions/activities.</li> </ul>	Yes
	Misallocation of project funds	<ul style="list-style-type: none"> <li>Rigorous and transparent procedures for approval of grant mechanisms and other project support measures.</li> <li>Multi-layered approval processes.</li> </ul>	Yes

a/ Is the mitigation measure included in the project budget? (yes/no)

b/ Generic risks, not related to specific Components or Sub-components

## 9. Consultation with Stakeholders and Development Partners

171. The proposal has been prepared with the support of a joint IFAD/FAO team which has worked in close consultation with the four applicant countries between May and August 2019. The process was enabled by: (i) grant funding from GAFSP to FAO to assist proposal preparation; (ii) the Australian Department of Foreign Affairs and Trade (DFAT) to support background studies on food supply and demand, and climate change issues; and (iii) IFAD to support the applicants in project design and preparation of Part 2 of the proposal. The work has included one or more visits to each of the applicant countries and extensive consultations, with local stakeholders, development partners and regional organisations. The list of stakeholders met is included in Appendix 2.

172. Women, youth, outer island communities and other marginalised groups were an integral part of the consultation and design process and their vulnerabilities and concerns were factored into the project approach and implementation modalities. For instance, meetings were conducted in local languages to ensure that participants all felt comfortable voicing their opinions. In addition, the meeting started by giving all participants an opportunity to express their priorities, to give all participants a chance to express their views. Women accounted for about 43% of meeting participants in Tuvalu, 42% in Kiribati, 53% in the RMI and 48% in the FSM.

173. The key steps in the stakeholder consultation process have been as follows:

- An initial **scoping workshop** held in Tarawa (Kiribati) on 20<sup>th</sup>-23<sup>rd</sup> May 2019, attended by IFAD, FAO, DFAT and representatives from each country. The workshop reviewed agriculture and food security priorities, agreed on the basic elements of a multi-country approach, and the agenda for project design and proposal preparation. A project concept note was prepared based on the workshop deliberations.
- A **project design mission** was undertaken from 11<sup>th</sup> June to 15<sup>th</sup> July 2019 comprising FAO, IFAD and country representatives. The work included:
  - a participatory review of the agricultural and food security strategies, policies and investment plans for preparing Part 1: Country Readiness of the GAFSP proposal; and
  - meetings, fact finding and consulting with stakeholders to reach agreement on the approach to be adopted in each country, and for the project overall, in order to inform the preparation of Part 2: Proposal Readiness.

174. In Fiji the mission met with regional organisations and development partners including FAO, WFP, SPC, and the European Union. It then proceeded to Tuvalu, Kiribati, RMI and FSM where in each case the lead agency convened a one-day stakeholder consultation workshop. These were attended by over 200 persons representing rural communities, producer organisations, academia, government agencies, NGOs/CSOs, Faith-Based Organisations, development partners and the private sector. The structure of the meetings ensured that representatives from the Government, civil society and the private sector were all given a chance to discuss their priorities. The mission spent approximately one week in each country and undertook visits to several outer islands (RMI and Kiribati) as well as consultations with key national agencies responsible for agriculture, fisheries, environment, health, planning and finance.

175. A **validation workshop** was held in Tarawa on 12<sup>th</sup> – 14<sup>th</sup> August 2019 for the purpose of reviewing the draft proposal and to agree on the overall framework and structure of the project, implementation and financing arrangements, the overall budget allocations between countries and components, the role of FAO and IFAD as supervising entities, and other formalities required to finalise the proposal for submission to GAFSP.

## 10. Detailed Plan for Preparation

176. Detailed project preparation, including full costings and implementation arrangements in each country, and for the project overall will take place following approval of the proposal. This will involve further consultations with potential beneficiary communities on outer islands (and states in the case of FSM). The detailed project design work will be undertaken jointly by FAO, IFAD and Inter-Agency Task Forces in the participating countries, and will result in a full project design report suitable for endorsement by GAFSP and the participating Governments. The project preparation will result in financing agreements between IFAD and the four participating governments.

177. In terms of project implementation timeline, the first year (Phase 1) of the project will be used for preparatory activities designed to build a foundation for full project launch under Phase 2 at the beginning of Year 2. This will include:

- A roadshow towards the end of the first year to launch the project in each country.
- Preparatory Activities under Sub-component 2.1 to establish an implementation framework for community engagement and preparation of action plans (Output 2.1).
- Formulation of well-defined policies strategies and investment plans for water, food and nutrition security in each country (Outcome 3).

- Finalising project implementation arrangements including the engagement of an overall coordinating body, establishment of National Delivery Units in each country and steering committees at project and national levels.
- Finalisation of protocols and training for financial management, reporting, monitoring and evaluation in each country, and for the project overall.

178. The **Responsible Persons** for undertaking the detailed preparatory work will include one representative from each of the two Supervising Entities, and a focal person in the lead implementing agency in each country. As the implementation arrangements are put in place, responsibility will transfer to the National Delivery Units in each country, and their respective steering committees.

179. **The agenda, terms of reference and cost estimates** for the Project Preparation work is provided in the Project Preparation Grant Request in Appendix 3. Funding requirements are estimated to be USD 350,000.

## **Part 3: Supporting Documentation and Appendices**

## Appendix 1: Project Log Frame/Results Framework

Results Hierarchy	Indicators	Means of Verification	Assumptions/Risks
<b>Development Objective:</b> Improved food, nutrition and water security and livelihood opportunities in the small island communities.	<ul style="list-style-type: none"> <li>Health and nutrition indicators (stunting, malnutrition, prevalence NCDs etc.).</li> <li>Prevalence of water-borne diseases.</li> </ul>	Health and employment surveys.	
<b>Outcome 1:</b> Small island communities, groups and individuals invest in local production and consumption of nutritious foods and improved water supply.	<ul style="list-style-type: none"> <li>Number of households actively engaged in production of nutritious food</li> <li>Dietary Diversity Index (DDI) and/or Food Insecurity Experience Scale (FIES).</li> <li>Number of households in target communities with reliable access to adequate safe water.</li> </ul>	Project reports generated by M&E system. Food and nutrition surveys.	Action Plans are inclusive of target groups within the island communities.
<b>Output 1.1:</b> Activity Groups formed and/or supported to increase production of nutritious foods for home consumption and/or sale.	<ul style="list-style-type: none"> <li>Number of active groups and group members.</li> <li>Information on productivity and/or profitability of activities undertaken.</li> </ul>	Project reports generated by M&E system.	There are feasible/viable opportunities for improving local food production on outer islands.
<b>Output 1.2:</b> Water supply systems and other infrastructure in rural communities installed and maintained.	<ul style="list-style-type: none"> <li>Number of water supply systems installed.</li> <li>Number of households with access to adequate safe water.</li> </ul>	Project reports generated by M&E system.	Communities are prepared to co-invest in water supply. Facilities will be adequately maintained.
<b>Outcome 2:</b> Communities are sensitised and actively engaged in activities to promote practices around food production and nutrition and water management	<ul style="list-style-type: none"> <li>Number of island communities engaged in participatory planning processes.</li> <li>Number of community-level actions undertaken.</li> </ul>	Reports on consultations completed and satisfaction levels reported by community members.	Communities are willing to engage in and inclusive and participatory consultation process.
<b>Output 2.1:</b> Implementation framework in place for community engagement and preparation of action plans.	<ul style="list-style-type: none"> <li>Number of Island Facilitators and Community Field Officers recruited and trained in participatory planning procedures.</li> </ul>	Reports produced by NGOs engaged to undertake community consultations and formulate action plans.	It is possible to recruit suitably qualified IFs and CFOs on remote outer islands.
<b>Output 2.2:</b> Agreed prioritisation of community problems and action plans, identification of beneficiaries and estimated costs.	<ul style="list-style-type: none"> <li>Number of action plans prepared, costed and financed.</li> </ul>	Documented action plans.	Communities are able to reach a consensus on prioritisation of problems and action plans.
<b>Output 2.3:</b> Training about food and nutrition security, knowledge about the	<ul style="list-style-type: none"> <li>Level of knowledge and appreciation of good</li> </ul>	Nutrition and health awareness surveys.	Improved awareness leads to sustainable changes in dietary

<b>Results Hierarchy</b>	<b>Indicators</b>	<b>Means of Verification</b>	<b>Assumptions/Risks</b>
nutritional attributes of foods, food preparation and handling.	dietary behaviour.	Surveys on dietary habits.	habits.
<b>Outcome 3:</b> Well-defined policies, strategies and investment plans for food, nutrition and water security in each country.	<ul style="list-style-type: none"> <li>Updated strategy and policy documents endorsed by National governments.</li> <li>Completion of NAIPs for each country, endorsed by Finance Ministries.</li> </ul>	Cabinet minutes endorsing strategy/policy documents and NAIPs.	National-level stakeholders contribute to policy and strategy formulation.
<b>Output 3.1:</b> National policies and strategies for sustainable food, nutrition and water security prepared or updated.	<ul style="list-style-type: none"> <li>National food security task force (or similar) in place to oversee a strategy and policy review.</li> </ul>	Strategy and policy documents.	Required level of inter-ministerial collaboration is forthcoming.
<b>Output 3.2:</b> National Agricultural Investment Plans (NAIPs) prepared for each country.	<ul style="list-style-type: none"> <li>NAIPs prepared for each country, aligned with key strategy and policy documents.</li> </ul>	NAIP documents.	It is possible to reach consensus on investment priorities.
<b>Output 4.1:</b> Effective project oversight arrangements providing high-level strategic guidance food, nutrition and water security.	<ul style="list-style-type: none"> <li>Project Steering Committee appointed and meeting regularly.</li> <li>Central PMU fully operational and effective.</li> </ul>	Minutes of PSC meetings. AWPBs and annual reports produced by CPMU.	National governments are prepared to commit resources to project governance and management arrangements
<b>Output 4.2:</b> Effective national oversight and project management arrangements in place.	<ul style="list-style-type: none"> <li>National Project Steering Committees appointed and meeting regularly.</li> <li>National Delivery Units fully operational and effective.</li> </ul>	Minutes of NPSC meetings. AWPBs and annual reports produced by NPMU.	
<b>Output 4.3:</b> M&E system generating information on project outputs, outcomes and impacts, and dissemination of this within and between countries.	<ul style="list-style-type: none"> <li>M&amp;E system operational in each NDU and the CPMU and generating the required reports.</li> <li>Awareness of success stories in target communities</li> </ul>	Quarterly and annual reports. Mid-Term Review. Project Completion Report (including impact assessment).	Suitably qualified personnel are available to undertake M&E and knowledge management activities.

## Appendix 2: Stakeholders Engaged and Consultation Process

### 2.1 List of Stakeholders Met

Workshops					
Gender	First name	Last name	Organisation	Position	Country
F	Kilateli	Epu	R2R project (environmental department)		Tuvalu
M	Fousaga	Malo	Nukufetau Community		Tuvalu
F	Fuliga	Vaega	Nanumea Community women		Tuvalu
M	Luni	Tinilau	Nukulaelae community	Leader of the island	Tuvalu
M	Teagai	Esekia	Vaitupu community		Tuvalu
M	Itaia	Lausaveve	Tuvalu National Private Sector Organization (TNPSO)		Tuvalu
F	Tauai	Simeona	Nui Community	Secretary	Tuvalu
F	Aotoa	Temalila	Vaitupu community		Tuvalu
F	Taupule	Leopold	Land and Department		Tuvalu
M	Sopoanga	Saufatu	Red Cross	Secretary General	Tuvalu
M	Sione	Falesene	Fisheries department	Fisheries officer	Tuvalu
M	Faoliu	Teakau	Environment Department	Assistant Environment Officer	Tuvalu
M	Frank	Fiapati	Central Procurement Unit		Tuvalu
M	Matio	Lonalona	Department of Agriculture	Plant Protection	Tuvalu
M	Rurunteiti	Kaiarake	Nui Community		Tuvalu
F	Miriama	Taukiei	Department of Waste Management		Tuvalu
M	Ioane	Timaio	DRD/LGO		Tuvalu
F	Senetima	Sotaga	Education Department	Education officer (UNESCO)	Tuvalu
M	Yuan-Hung	Lo	Taiwan ICDF	Leader	Tuvalu
M	Uatea	Vave	Department of Agriculture	Director	Tuvalu
F	Lanuola	Fasiai	Gender	Project manager	Tuvalu
F	Liliele	Nafatali	Environment Department	EIA	Tuvalu
F	Tilia	Tima	Environment Department	Environmetal officer (biodiversity)	Tuvalu
F	Selotia	Tausi	Department of Agriculture	Extension officer	Tuvalu
F	Evolini	Mami	Department of Agriculture	Agriculture officer	Tuvalu
M	Iosia	Siose	Department of Agriculture	Extension officer	Tuvalu
M	Sama	Sapakuka	Department of Agriculture	Livestock officer	Tuvalu
F	Dorothy	Umu	Umaga women		Tuvalu
M	Tanielu Kepa	Siose	Ministry of Health	Deputy Secretary	Tuvalu
F	Afasene	Iosefa	Nukufetau Community		Tuvalu
F	Valisi	Tovia	USP Tuvalu campus		Tuvalu



F	Toeaso	Tulaga Feso	Department of Agriculture	Agroforestry officer	Tuvalu
F	Medina	Tasitusi	Department of Agriculture	Executive Officer	Tuvalu
M	Taualo	Penivao	Funafuti Town Council	Secretary	Tuvalu
M	Reuben	Kausea	Environment Department		Tuvalu
M	Tulumani	Talia	Agriculture Department		Tuvalu
M	Fakaapoga	Fakaapoga	Biosecurity Officer		Tuvalu
M	Semisi	Tonga	Assistant Biosecurity Officer		Tuvalu
F	Lilifa	Esekia	Agriculture Department		Tuvalu
M	Alaloto	Sianoa	Agriculture Department		Tuvalu
F	Danietta	Apisai	KOIFAWP	Project coordinator	Kiribati
F	Tearimawa	Natake	KOIFAWP	Component 2 manager	Kiribati
F	Okoro	Iuka	KOIFAWP	Component 1 manager	Kiribati
M	Tanua	Pine		Board member	Kiribati
M	Teruruai	Abee	Kiribati Community Health Organisation	Director	Kiribati
F	Ruuta	Tiira	MCIC	Quality control	Kiribati
F	Ntarie	Tokanikai	MCIC	Foreign investment	Kiribati
F	Kinaai	Kairo	MELAD	Agriculture	Kiribati
M	Routan	T. Tiro	MELAD	Agriculture	Kiribati
M	Ierevita	Biriti	MCIC	Senior Industry Officer	Kiribati
F	Rakentai	Kaiuea	MELAD	Senior agricultural officer	Kiribati
M	Iuta	Metai	MELAD	Project officer	Kiribati
M	Teenati	Tibenete		Youth Officer	Kiribati
M	Kabuati	Nakabuta	MELAD	Senior agricultural officer	Kiribati
F	Tirae	Tabee	MFMD	Senior fisheries Assistant	Kiribati
M	Jonathan	Taake	Ministry of Finance and Economic Development		Kiribati
F	Pelenise	Alofa	Live and Learn	Country Manager	Kiribati
M	Spring	Ralph	KIRICAN/KHRA	Food security coordinator	Kiribati
F	Takena	Redfem	OB	Disaster risk management officer	Kiribati
F	Reeti	Onorio	KNTO MICTTD	Dirac of Tourism	Kiribati
M	Turpin	Richard			Kiribati
F	Taina	Temakei	Ministry of Infrastructure and sustainable energy	Water and Sanitation Monitoring Officer	Kiribati
F	Fuitaie	Longo	MHF		Kiribati
F	Tarike	Tulua	MHF		Kiribati
F	Tongafiti	Cross	AMAK	National Council Women	Kiribati
M	Hamid	Akhter	GGGI	Agr Strategy Specialist/Consultant	Kiribati
F	Linda	Chutaro	Ministry of Health and Human Services	EH coordinator	RMI

M	Karness	Kusto	Marshall Islands Organic Farmers Association	President	RMI
M	Barry	Rilang	RMI Environmental Protection Agency	Community Outreach	RMI
M	Elmi	Keju	Youth Service Corp.	Director	RMI
F	Helina	Edmon	Ministry of Finance, Banking and Postal Services	Budget officer	RMI
F	Veronica	Wase	Likiep Atoll Local Government	Mayor	RMI
M	Boaz	Lamdrik	Majuro Atoll Local Govt	Executive Councilman	RMI
M	Joel	Bujen	Ministry of Natural Resources and Commerce	Agroforestry Officer	RMI
F	Teresa	White	United Nations Population Fund - RMI (UNFPA)	Programme Assistant	RMI
M	Laitu	Tamata	Marshall Islands Non Government Organizations	Director	RMI
F	Ruth Ann	Matthew Jibbua	Utrik Atoll Local Government	Council woman	RMI
F	Ione	deBrum	Ebon Atoll Local Governmnet	Mayor	RMI
F	Sophia	Fowler	Robert Reimers Enterprise	Management Assistant	RMI
F	Madeline	Cochran	Marshall Islands Conservation Society	Deputy Director	RMI
F	Risa K.	Myazoe	Ministry of Natural Resources and Commerce	Chief of Agriculture	RMI
M	Patrick	Chen	Marshall Islands Service Corporation	CEO	RMI
M	Jia	Nebo	Lae Atoll Local Government	Representative	RMI
M	Walter	Myazoe	Ministry of Natural Resources and Commerce	Deputy Secretary	RMI
M	Hartmut	Skibbe	Latter Day Saints Charities	Humanitarian Missionary	RMI
F	Marlyter	Silbanuz	FSM R & D	Program Manager	FSM
	Arisako	Enicar	FSM R & D	Agriculture Info.	FSM
F	Marie A.	Laamar	FSM ACC	Private Sector	FSM
F	Cindy	Ehmes	DECCEM	Assistant Sec.	FSM
	Darney	Henry	TC & I	Project Inspector	FSM
F	Margaret	Baeklca	FSM DHSA	National Food Safety	FSM
F	Tamara	Alefaio	Micronesia Conservation Trust	Conservation Program Manager	FSM
M	Max	Russer	Micronesia Conservation Trust	Conservation Intern	FSM
	Semes	Silbanuz	State Agriculture	Agriculturist III	FSM
M	Edward	Roland	Agriculture	Agriculture III	FSM
M	Nick	Solomon	State R & D	320-2712	FSM
M	Marciano	Immar	FSM R & D	FSM SAPS	FSM
M	Roseo	Marquez	Micronesia Conservation Trust	Grants Officer	FSM
	Rotick	Hadley	CRE	Extension Agent	FSM
M	Tobias	Tamerlan	COM-CRE	Extension Agent	FSM
M	Nat	Tuivavalogi	COM-FSM, CRE	Researcher	FSM
M	Jackson	Phillip	COM-FSM	CRE Coordinator	FSM
M	Gillian	Doone	ODA & Compact Office of the President	ODA Admin	FSM
M	Feliciano	Perman	DOTA	Director	FSM

M	John P.	Wichep	FSM R & D	Plant & Animal Quarantine Specialist	FSM
	Itaia	Fred	OFA	Marine Specialist	FSM
M	Jermy	Mudong	FSM Finance	Economic Analyst	FSM
	Ricky	Ikin	CRE	Research Assistant	FSM
M	Francisco	Celestine	EPA	Env. Specialist	FSM
	Bejay	Obispo	CSP	Invasive Species Officer	FSM
F	Cindy	Saimon	NDOE	Early Childhood Special Education Coordinator	FSM
	Adelino	Lorens			FSM

Meetings					
Gender	First name	Last name	Organisation	Position	Country
F	Penina	Vatucawaqa	FAO Fiji	Policy officer	
F	Eriko	Hibi	FAO Pacific office skype	Sub-regional coordinator	
M	Vio	Veretawatini	Ministry of Agriculture of Fiji	Senior agriculture officer	
M	M Kyle Stice	Manager	Pacific Island Farmers Organisation Network (PIFON)	Manager	
F	Joann	Young	FAO Fiji	Assistant FAO rep	
M	Jone	Vakalalabure	WFP	Regional Food Security & Livelihood Cluster Coordinator	
F	F Karen	Fukofuka	SPC	Food Security Adviser	
M	John	Oakeshott	SPC: coconut CRB expert	RD Advisor	
F	Nileshni	Devi	POETCOM	Monitoring Evaluation & Learning Officer	
M	Roneel	Prasad	SPC: Coconut proejct	Finance and Admin Assistant	
M	Alejandro	Matos Lopez	EU	Programme Manager: Economic coop and agriculture	
F	Jiu	Davetanivalu	Fiji Crop and Livestock Council	CEO	
F	Losalini	Leweniqila	Pacific Horticultural and Agricultural Market Access Plus Program		
M	Nikolasi	Apinelu	Ministry of Natural Resources	Permanent Secretary	Tuvalu
M	Uatea	Vave	Ministry of Natural Resources	Director of Agriculture	Tuvalu
F	Palipa	Lauti	Ministry of Finance	Deputy Secretary	Tuvalu
M	Itaia	Lausaveve	Tuvalu National Private Sector Organisation (TNPSO)	CEO	Tuvalu
F	Temilo	Tie	Tuvalu Association of Non-Government Organisations (TANGO)	Accounts Clerk	Tuvalu
M	Shawn	Chuang	Taiwan project	Project assistant	Tuvalu
M	Hank	Chen	Taiwan project	Specialist	Tuvalu
M	Taualo	Penivao	Kaupule (local council)	Secretary	Tuvalu
M	Teleke	Peleti Lauti	Kaupule (local council)	Asst. Secretary	Tuvalu
M	Simon	Kofe	Parliament	MP	Tuvalu
M	Kansea	Natano	Parliament	MP	Tuvalu
M	Tapugao	Falefou	Ministry of Communication and Transport	CEO	Tuvalu
F	Teresa	Lifuka-Drecala	TANGO	Director	Tuvalu

M	Kaboua	John	Agriculture extension officer, Abaiang	Extension officer	Kiribati
M	Kooa	Binokatau	Abaiang agricultural nursery centre	Nurseryman	Kiribati
M	Biroto		Cabbage Farmer 1	Cabbage Farmer	Kiribati
F	Riaree	Riaree	Ministry of Finance and Economic Development	Budget Officer	Kiribati
F	Norma	Riviera	GGGI	Kiribati Programme Officer	Kiribati
M	Hamid	Akhter	GGGI	Agr Strategy Specialst/Consultant	Kiribati
F	Taare Uriam	Aukitino	MELAD	Secretary	Kiribati
F	Iva	Reimbers Roberto	Ministry of Natural Resource and Commerce	Secretary	RMI
F	Florence	T. Edwards	M.Islands Marine Resources Authority (MIMA)	Deputy Director, Coastal and Community Affairs	RMI
F	Helina	Edmon	Ministry of Finance, Banking and Postal Services	Budget officer	RMI
F	Marlyter	Silbanuz	Ministry of Natural Resources and Development	Deputy Assistant Secretary	FSM
F	Senny	Philip	Department of Finance and Administration	Investment and International	FSM
M	Jermy	Mudong	Department of Finance and Administration	Economic Analyst	FSM
M	Rob	Solomon	Department of Finance and Administration	Economic and Financial Advisor	FSM
M	Gillian	Doone	Overseas Development Assistance	ODA coordinator	FSM
F	Marie	A. Laamar	FSM Association of Chambers of Commerce	Director	FSM
M	Moses E.	Pretrick	Department of Health and Social Affairs	Manager	FSM
M	Nick	Solomon	Ponhpei State Government, Department of Natural Resources Management and Development	Director	FSM
F	Shirleyann	Ligohr	Ponhpei State Government, Department of Natural Resources Management and Development	External Assistance Coordinator	FSM
F	Tamara	Greenstone Alefaio	Micronesia Conservation Trust	Conservation Program Manager	FSM
F	Arii	Bareta	Island Council	Clerk	Kiribati
M	Uere	Banrerei	Island Council	Clerk	Kiribati
F	Teiario	Beiatai	Island Council	Clerk	Kiribati
F	Tangita	Rankio	Island Council	Clerk	Kiribati
M	Boboua	Kareta	Island Council	Clerk	Kiribati
F	Amiita	Aberu	Island Council	Clerk	Kiribati
F	Tierimwa	Itinnaibo	Island Council	Clerk	Kiribati
F	Teborora	Taembeia	Island Council	Clerk	Kiribati

F	Tirenga	Riannaba	Island Council	Clerk	Kiribati
F	Miire	Keriken	Island Council	Clerk	Kiribati
M	Beteri	Bangke	Island Council	Clerk	Kiribati
F	Alice	Kianteata	Island Council	Clerk	Kiribati
M	Bahemene	Kaferae	Island Council	Clerk	Kiribati
M	Kataria	Tieta	Island Council	Clerk	Kiribati
	R.	Teoti	Island Council	Clerk	Kiribati
M		Mwemweniaki	Island Council	Clerk	Kiribati
M	Tabwaua	Rorba	Island Council	Clerk	Kiribati
F	Iutini	Kanooa	Island Council	Clerk	Kiribati
M	Maretai	Tabokai	Island Council	Clerk	Kiribati
F	Taateti	Tebabui	Island Council	Clerk	Kiribati
M	Bulou	Mikaere	Island Council	Clerk	Kiribati

## 2.2 Summary of Stakeholder Consultation Outcomes

The NAIP stakeholder consultative process requested the participants to respond to three questions as follows:

1. List 3 specific things you would like to change by 2025 in agriculture (incl. fisheries, agro-forestry and nutrition security)
2. What are the main activities that need to be financed to achieve #1
3. With limited resources how would you distribute the financing for the activities in #2 (distribute 100 points across the activities)

The outcomes are provided below for each country.

<b>FSM: Group 1</b>	<b>Group 2</b>	<b>Group 3</b>
Awareness – (33%) Market Development – (33%) Nursery Development/Research Centre (33%) To achieve – Adequate income, healthy lifestyles and food security 1. Increased coordination and strengthening of farmers associations 2. Expansion/investment in coconut industry i.e.	Improved Agro-forestry system integrating science based and traditional practices (40%) 1. Traditional agroforestry  To promote local producers through local partners at local, state and national levels (12%)	Increase and strengthen Ag. Sector (40%) 1. Agroforestry concept a. Awareness b. Capacity c. Training d. External technical assistance  Strengthen the enforcement and capacity of marine protected areas and aquaculture (30%)

<b>FSM: Group 1</b>	<b>Group 2</b>	<b>Group 3</b>
(C4L Agro forestry, nutritional benefits) 3. Awareness campaign/behaviour change 4. Market development 5. Product/value added 6. Research baseline data	1. Food and nutrition security	1. Aquaculture a. Sponges b. Sea weed c. etc
	To diversify agriculture production through aquaculture approaches (48%) 1. Assessments 2. Aquaculture re: activities 3. Marketing improvements 4. Policies/regulations Capacity building, awareness programs, value/quality chain, financing sustainability	Food security (30%) 1. Conduct study of hydroponic method a. To determine best practice b. Discharging used water c. Encourage backyard gardening (outer islands)

<b>RMI: Group 1</b>	<b>Group 2</b>
Transportation (60%) 1. Boats to deliver and pickup vegetables, food, fish, handicrafts 2. Helping with income security	Public/Private Partnerships – Gov. to utilize private sector and NGOs, local gov/Outer Island communities and other stakeholders to implement ag. Activities (15%) 1. Revive agriculture task force to a. Develop strategic plan and goals b. Information and strengths sharing
Storage facility (30%) 1. Freeze fish and sea food 2. Chill vegetables 3. Maybe fishing boat with freezer	Increase in local produce production (60%) 1. Support composting, home gardening 2. Improve technical skills of farmers via ag. Extension services 3. Utilize technology and innovative farming (hydroponics) techniques to increase local produce yields 4. Participation of youth and women in farming 5. Subsidize/incentivize other local crop production

<b>RMI: Group 1</b>	<b>Group 2</b>
Farming (10%) <ol style="list-style-type: none"> <li>1. Find and clear land</li> <li>2. Educate and help to get started</li> <li>3. Start growing and selling vegetables like eggplant, tomatoes and okra</li> </ol>	Agricultural education across levels within community (women and youth) (25%) <ol style="list-style-type: none"> <li>1. Curriculum development and support for schools</li> <li>2. Promote institutional purchasing and utilization of local foods</li> <li>3. Food safety, handling, packaging and processing</li> <li>4. Connect land grant (science and technology) resources to community organizations and ministry of Ag.</li> </ol>

<b>KIRIBATI: Group 1</b>	<b>Group 2</b>	<b>Group 3</b>
Poultry rearing (40%) <ol style="list-style-type: none"> <li>1. Procurement (60%)               <ol style="list-style-type: none"> <li>a. equipment (feedmill – portable)</li> <li>b. Chicken housing material</li> <li>c. Travelling cost</li> </ol> </li> <li>2. Training of locals (20%)</li> <li>3. Development of approved local feed formulation (20%)</li> </ol>	Change the mindset of people to support agriculture sector (40%) <ul style="list-style-type: none"> <li>• Consultation (30%)</li> <li>• Training: (50%)               <ul style="list-style-type: none"> <li>○ Farmers and community                   <ul style="list-style-type: none"> <li>▪ How to plant and how to cook</li> </ul> </li> <li>○ Showcasing the nutritional value of plants</li> </ul> </li> <li>• Showcasing older people as role-models during events (World Food Day)               <ul style="list-style-type: none"> <li>○ Media programme e. TV, social media (20%)</li> </ul> </li> </ul>	Food Production (50%) <ol style="list-style-type: none"> <li>a. Traditional crops</li> <li>b. Commercial farming               <ol style="list-style-type: none"> <li>a. Community Consultation and, capacity building (farming methods) (10%)</li> <li>b. Clearing senile trees for by products and planting (20%) of                   <ol style="list-style-type: none"> <li>i. 25,000 Coconuts</li> <li>ii. 25,000 traditional plants such as pandanus, figs, breadfruit, etc.</li> </ol> </li> </ol> </li> </ol>
<b>Establishment/upgrading of existing fish market</b> <ol style="list-style-type: none"> <li>3. Review and enforcement of existing fish market policies (20%)</li> <li>4. Training of fisherfolk and locals on ACCP (handling and processing) (60%)</li> <li>5. Monitoring and compliance to policies (20%)</li> </ol>	Establish Commercial Farms – none in Kiribati <ul style="list-style-type: none"> <li>• Utilizing Natuvatu land (in Fiji) (30%)</li> <li>• Use uninhabited islands for plantation and livestock production (30%)</li> <li>• Subsidies: subsidize local food to include seeds, equipment and freight) (40%).</li> </ul>	Marketing (25%) <ol style="list-style-type: none"> <li>a. Increase capacity for food processing and packaging</li> <li>b. Provide enabling environment for market</li> </ol>
Reduction of Malnutrition and NCD cases (obesity) in Kiribati <ol style="list-style-type: none"> <li>1. Promote household mixed gardening (50%)</li> </ol>	50% of senile coconuts are cut down and other trees are planted (50%)	Food preparation (25%) <ul style="list-style-type: none"> <li>• Community based nutrition campaigns</li> </ul>



<b>KIRIBATI: Group 1</b>	<b>Group 2</b>	<b>Group 3</b>
2. Establish MoUs with schools and island councils on agriculture activities (20%) 3. Promote and sustain household, communities and villages to farm home-grown fruits and veggies (30%)	<ul style="list-style-type: none"> <li>• Training (60%) for               <ul style="list-style-type: none"> <li>○ chainsaw and milling machine operators</li> <li>○ Furniture makers</li> <li>○ Seedling preparation and coconut husbandry</li> </ul> </li> <li>• Procurement of seedlings and agriculture tools (20%)</li> <li>• Monitoring &amp; Report writing (20%)</li> </ul>	<ul style="list-style-type: none"> <li>• Research center – atoll commercial farms</li> <li>• Loan scheme for commercial farms (Agriculture financing)</li> </ul>

<b>TUVALU: Group 1</b>	<b>Group 2</b>	<b>Group 3</b>
Surplus local produce and improved nutrition security (50%) 1. Crops and livestock 2. Farm implements e.g. excavator tractor with implements, shredder, wood chipper, wood grinder, training, workshops 3. Infrastructure – storage, compost site, fence, water tanks etc.	Consistent marketing of local food from outer islands (50%) 1. Forming of farmer associations 2. Farmers’ training program (awareness) 3. Financial support (loans) to be strengthened 4. Assessment of food value chain (transport, storage facilities) 5. Strengthening of education for sustainable development 6. Improve production – agroforestry 7. Explore food preservation opportunities	Tuvalu will increase its production of food crops, fisheries, forestry (40%) 2. Set up local market on each island to produce raw material products and by-products e.g. red toddy, puleleti 3. Establish a farmer association on each island 4. Replanting of food crops such as coconut, breadfruit etc
Maximise agroforestry (30%) 1. Agroforestry e.g. coconut trees, pandanus trees, breadfruit trees, fig trees, bananas 2. Improve soil quality, invest in organic fertilizer and trained nutritionist	Revival of traditional agricultural knowledge (30%) 1. Skills training in toddy cutting, fishing, weaving and handicrafts, cultivation of pulaka and food preservation for youth, primary schools, women, agricultural shows, competitions for traditional agriculture (NAFA) 2. Training centre on outer islands 3. Maintenance of traditional food crops	Tuvalu will be able to grow 70% of its own food (30%) 1. Home gardening in schools/institutions/households 2. Indigenous knowledge and modern technology (crossbreed)

<b>TUVALU: Group 1</b>	<b>Group 2</b>	<b>Group 3</b>
	<ol style="list-style-type: none"> <li>4. Improve access to pulaka – pit farming and construct new access roads</li> <li>5. Produce traditional special food crops (Polynesian arrowroots)</li> </ol>	
<p>Fish farming maximised – aquaculture and marine (20%)</p> <ol style="list-style-type: none"> <li>1. Feed needed for aquaculture</li> </ol>	<p>Building climate change resilience through agricultural development (20%)</p> <ol style="list-style-type: none"> <li>1. Climate smart agriculture</li> <li>2. Establish centre of excellence</li> <li>3. Address Koronivia initiatives</li> <li>4. Climate change ready crops – import substitution</li> <li>5. Minimise and control invasive species</li> <li>6. Increase livestock production</li> <li>7. Address food insecurity – nutritious food production</li> </ol>	<p>Tuvalu will be fully committed to addressing the agricultural priorities in education/local communities/institutions (30%)</p> <ol style="list-style-type: none"> <li>1. Design curriculum for agriculture to be taught in primary schools</li> <li>2. Local competition</li> <li>3. Increase capacity building in local knowledge for agriculture and fisheries</li> </ol>

## Appendix 3: Project Preparation Grant Request

1. A grant of USD 350,000 is requested for project preparation. This grant will be used to finance technical assistance from the FAO and IFAD for detailed project design.
2. A number of experts will be necessary to prepare a detailed design for the project. The following team composition and terms of reference are envisaged:
  - A team leader and component 3 leader with the following responsibility:
    - Ensuring that the project design remains consistent with the national priorities of the four participating countries, and ensure collaboration and agreement with the relevant Government institutions.
    - Ensuring that the design is conceptually sound, institutionally clear, simple to implement and complementary to other Government and donor-supported programmes and activities.
    - Ensuring that the design is undertaken in compliance with the GAFSP Country Guidelines and in particular that all elements of the proposal document are completed in the required format.
    - Devising robust Project management arrangements, which recognise the implementation capacity and experience of national institutions.
    - Review team member contributions to ensure their quality and provide comments where necessary.
    - Providing the detailed design for component 3.
    - Specify implementation arrangements for each set of activities in the component and a timeline for the implementation of the components.
    - Ensure the coherence of Component 3 with the design overall and the project targets.
    - Propose cost-estimates for activities, within the limits agreed upon by the team.
  - A component 1 and 2 leader with the following responsibility:
    - Design components 1 and 2 with specific activities for each sub-component. Specify implementation arrangements for each set of activities and a timeline for the implementation of the components.
    - Ensure the coherence of this component with the design overall and the project targets.
    - Propose cost-estimates for activities, within the limits agreed upon by the team.
    - Prepare some initial guidelines for project implementation.
  - A component 1 and 2 leader with the following responsibility:
    - Provide technical expertise on the adequate water infrastructures to be used in the different countries and islands where the project will operate, considering geological and climatic variations.
    - Propose cost-estimates for the various technical options, within the limits agreed upon by the team.
    - Provide guidelines on the set-up of water user agreements and their institutional set-up, in collaboration with the Component 1 and 2 leader.
  - A financial management expert with the following responsibility:

- Assess the financial management systems of the lead implementation agencies and other possible partners in relation to budgeting, procurement, financial controls and reporting.
    - Recommend financial management, budgeting, accounting and procurement arrangements to apply at national and sub-national levels, including capacity-building requirements where needed.
    - Define the flow of funds arrangements to be applied.
    - Identify any financial management risks and propose mitigation strategies
  - An M&E and targeting expert
    - Identify the profile of project beneficiaries and targeting measures for the project activities.
    - Make suggestions to ensure that the project will have an inclusive targeting strategy, taking into consideration the socio-economic contexts of potentially disadvantaged groups included but not limited to: gender, youth, elderly and indigenous people.
    - Provide an estimate of the expected number of beneficiaries for each type of activity.
    - Design the M&E system and implementation arrangements of the project.
    - Detail the Theory of Change of the project.
    - Identify indicators for the project log-frame and targets.
  - An economist
    - In collaboration with the technical experts, compile preliminary cost estimates for the project, identifying potential funding sources, existing commitments from government, development partners and other sources and identifying any financing gaps.
    - In collaboration with the technical experts, identify the expected benefits from project activities and prepare financial models to illustrate the economic viability of activities that beneficiaries will undertake as part of the project.
    - Prepare an economic analysis of the project based on expected revenues and costs.
3. In addition, national consultants might be recruited in each country to provide local expertise.

## **Appendix 4: Review of Budgets and Expenditures on Agriculture**

4. This appendix presents a more thorough analysis of expenditures on Agriculture in the four countries. This analysis is undertaken in the context of the process of preparing a National Agriculture Investment Plan (NAIP) for the four countries jointly presenting this GAFSP proposal, Kiribati, the Republic of the Marshall Islands (RMI), the Federated States of Micronesia (FSM) and Tuvalu. The analysis will serve as a basis to understand the expenditure capacity of the Ministries and Departments mandated with agriculture and to set realistic expectations on the budget targets moving forward.
5. The term agriculture in the analysis refers to a broad definition of agriculture and includes crop production, agroforestry, livestock and fisheries. While nutrition activities also fall within the scope of this analysis, nutrition was under the mandate of the Ministry mandated with health in all the countries and was generally not included in the general expenditure analysis, because it accounts for a small share of expenditures in the Ministries or Departments in charge of health. Hence, it is difficult to analyse nutrition-specific expenditures separately from more general health expenditures.
6. For each country, the analysis is structured as follows. First, an overview of government revenues and expenditures presents the structure of the country's finances, including sources of revenues and an overall structure of expenses. Second, the appendix presents the budgets and expenditures on agriculture. Third, the budgets and expenditures on agriculture are analysed in more detail, to consider the types of budgets and expenses (recurrent vs investment). The analysis also touches on donor data, when it is available.

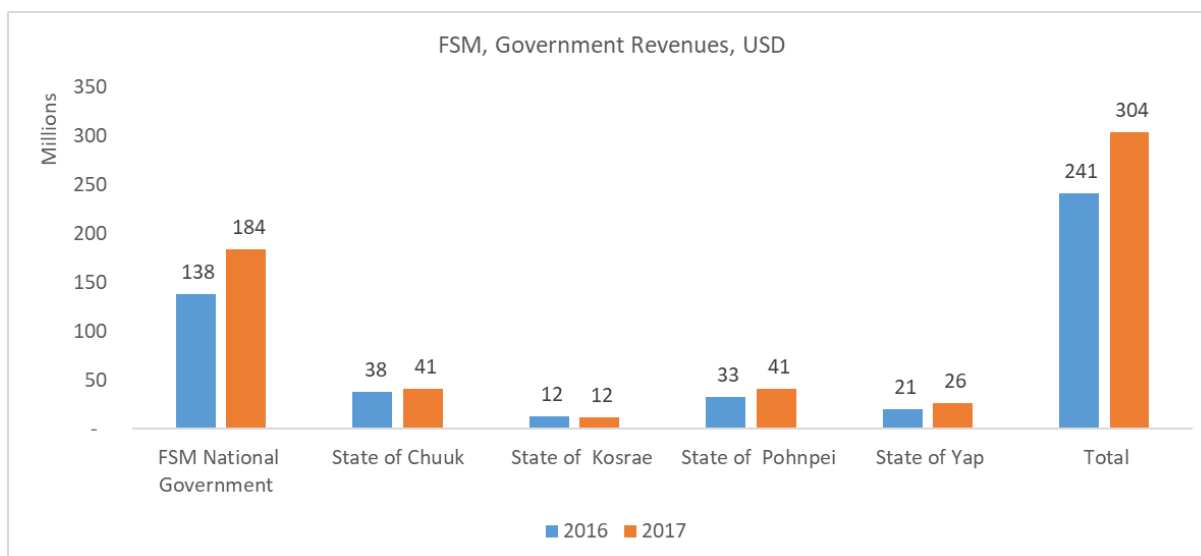
### **Federated States of Micronesia**

7. The analysis below is based on data provided by the Ministry of Finance on Government revenues, budgets and expenditures. The currency used in the Federated States of Micronesia's (FSM) is the USA Dollar (USD), and all data are in USD. The Fiscal Year lasts from August to September. Therefore, 2016 in the data refers to the Fiscal Year that ends in September 2016.

#### ***Overview of Government Revenues and Expenditures***

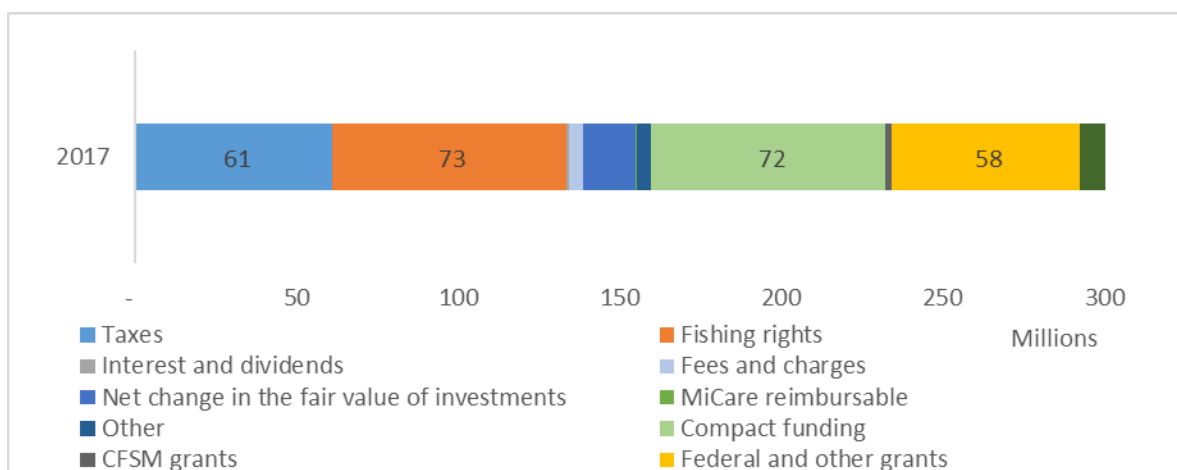
8. The Federated States of Micronesia is a Federation of four States, Chuuk, Kosrae, Pohnpei and Yap. Hence, budgets and expenditures need to be considered both at the State level and at the National level.
9. Similarly to RMI, FSM is part of the Compact of Free Association (COFA). Under this Compact, the USA Federal Government committed to providing financing for the Government of the FSM. FSM entered the COFA in 1986 for an initial fifteen years, and the compact was renewed for an additional twenty years in 2003. The funding in the COFA is primarily for education and health care, as stipulated in the amended compacts.
10. Beyond the budget support, the COFA also contributed to a Trust Fund designed to provide some revenues from 2024 onwards to ensure the sustainability of Government finances. The Government of the FSM also contributes to the Trust Fund. However, it is not clear whether the Trust Fund will suffice to replace the COFA funding, and the Government budget might face serious budget constraints from 2024 onwards, unless the COFA is renewed.
11. According to the Government's audit report, Government revenue amounted to USD 241 million in 2016 and increased to USD 304 million in 2017. All the States and the National Government saw their revenues increase, with the exception of the State of Kosrae where revenues decreased.

**Figure 1. FSM, Government Revenues, USD**



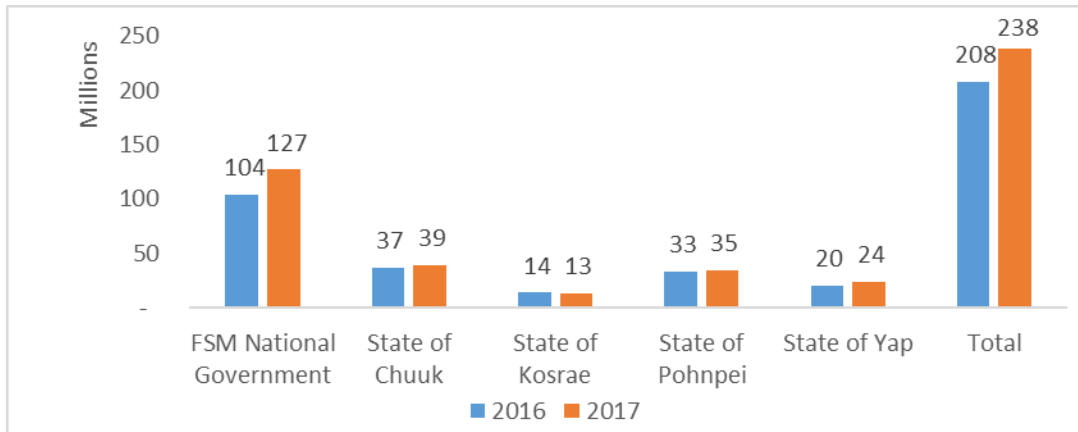
12. The main sources of revenues for FSM are the Compact funding (24% of revenues in 2017), and fishing rights (24%), followed by taxes (20%) and USA Federal Grants and other grants (19%), as illustrates Figure 2.

**Figure 2. FSM. Government Revenues (National + States), USD**



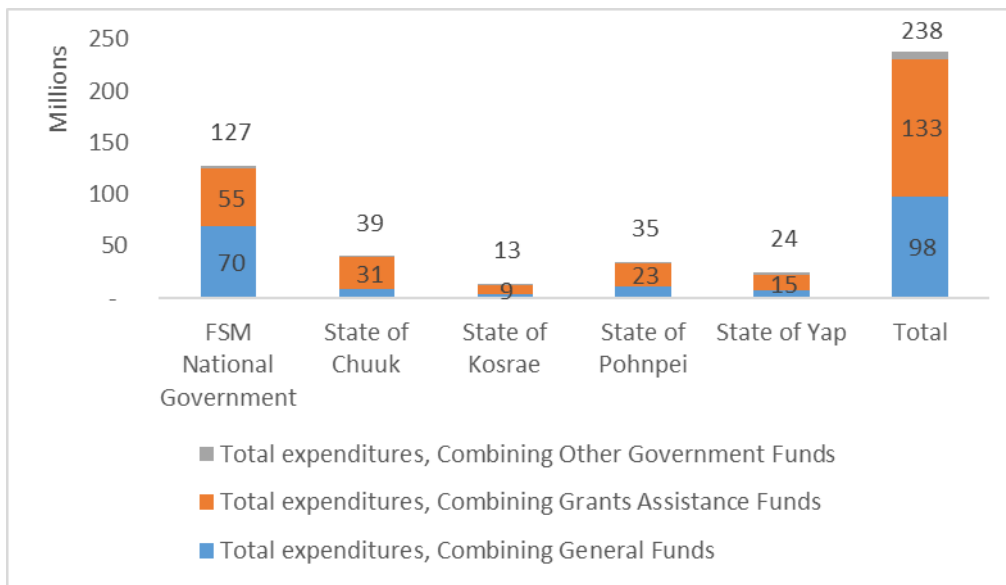
13. Similarly to revenues, expenditures for Government expenditures have increased for all states, with the exception of the State of Kosrae. The National Government spent 61% of expenditures in 2017 while the States of Chuuk, Kosrae, Pohnpei and Yap respectively spent 13%, 4%, 13% and 9% of expenditures.

**Figure 3. FSM, Government Expenditures, USD**



14. As shows Figure 4, most funding for the National Government comes from the General Funds while most funding for States comes from the Grants Funds, which mostly correspond to the compact funding and other grants.

**Figure 4. FSM, Government Expenditures, USD**



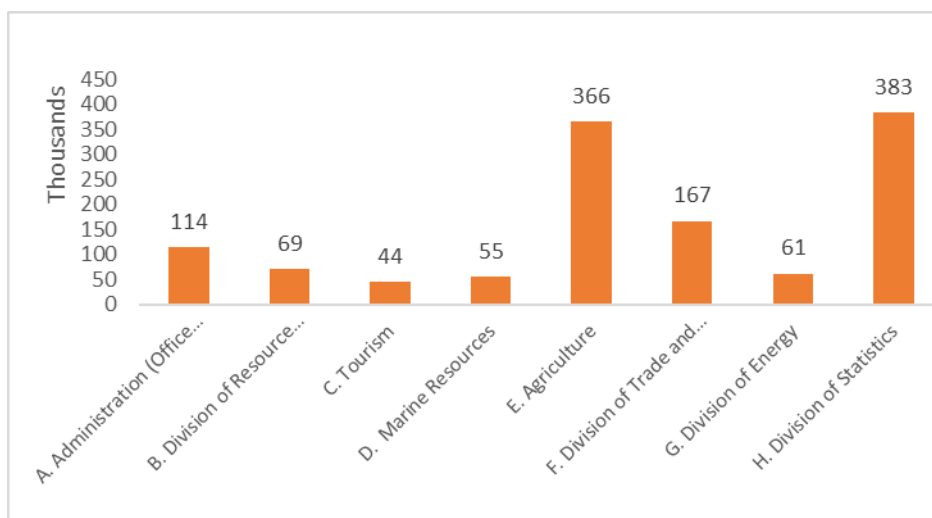
**Overview of Expenditures on Agriculture**

15. More detailed data on spending on agriculture are available through the Approved Budgets of the Department of Natural Resources and Development. The Department includes the Division for Marine Resources and the Division for Agriculture.

16. Figure 5 shows the breakdown of the Department’s actual expenditures by Division. It shows that the Agriculture Division spent USD 366,223 in 2017, which corresponds to 29% of the Department’s budget. The

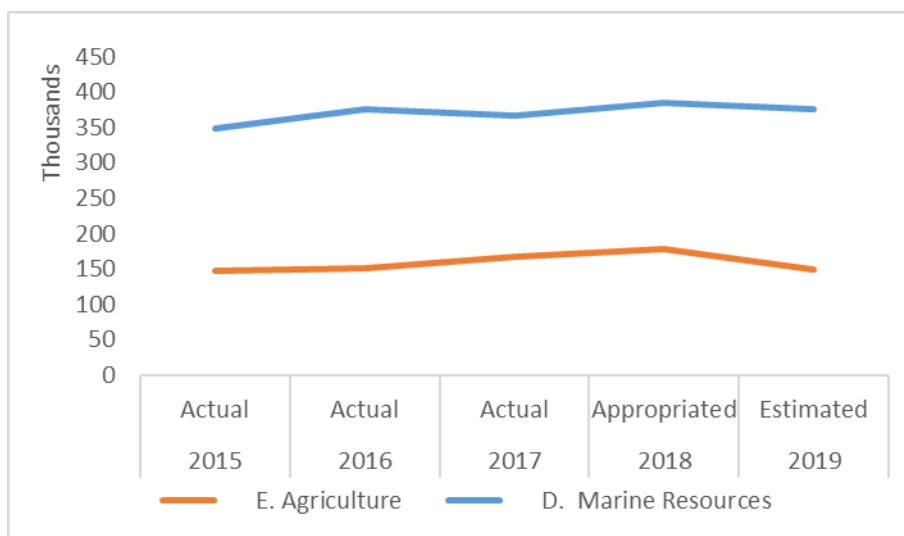
Division of Marine Resources spent USD 55,358 in 2017, which corresponds to 4% of the Department's budget. In 2017, actuals amounted to 100% of the budget<sup>11</sup>.

**Figure 5. FSM, Department of Natural Resources and Development Expenditures in 2017, USD**



17. As shows Figure 6, the budgets of the Divisions for Agriculture and Marine Resources have been fairly stable over the last years, although the budgets for 2018 and 2019 are not finalised.

**Figure 6. FSM, Marine Resources and Agriculture Divisions Expenditures, USD**



18. If considering expenditures at both the National and State levels, expenditures on economic development (resources and development) amounted to USD 7.3 million in 2017, 3.1% of expenditures. For the National Government only, expenditures on economic development reached 4.4 million USD, 3.4% of national

<sup>11</sup> It is not clear this might reflect a modification in the budget rather than expenditures amounting exactly to the appropriated budget.

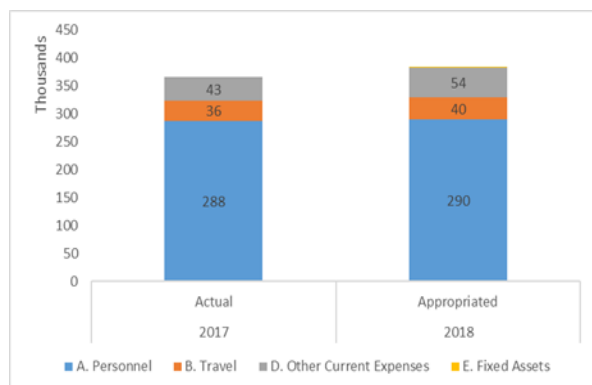


expenditures. At the State levels, expenditures on economic development reached USD 3.0 million, 2.7% of state expenditures. However, at this level of data, it is very difficult to estimate how much of these expenditures are allocated to agriculture more specifically, as opposed to, for instance, tourism and trade.

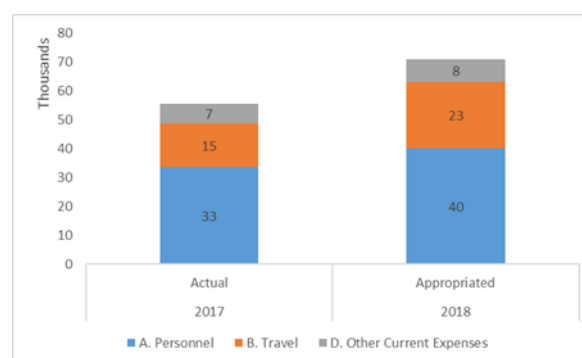
### ***Breakdown of Expenditures on Agriculture***

19. Looking at the breakdown of expenditures within the Agriculture Division and the Marine Resources Division shows that salaries account for most of expenditures. Salaries reached 75% of the appropriated 2018 budget in the Agriculture Division and 56% in the Marine Resources Division. The remaining budgets are allocated to travel expenses and other recurrent expenses, so that no budgets are available for investments.

**Figure 7. Agriculture Division Expenditures, USD**



**Figure 8. Marine Resources Division Expenditures, USD**



20. Data is also available on Overseas Development Assistance (ODA) in the FSM. The following analysis is based on the ODA database covering the years 2014 and 2017, as the 2018-2019 database was not yet available. The database records only one project for agriculture, the FSM Integrated Agriculture Census, financed by India for USD 200,000 and by the Pacific Community (SPC) for USD 57,605. More ODA flows to the fisheries sector, in particular through the World Bank funded Pacific Islands Regional Oceanscape Program, for which a budget of USD 5.5 million is recorded. The project seeks to strengthen the management of oceanic and coastal fisheries. It was approved in 2014 and will close in 2020. Japan finances a project of over USD 3 million classified under environment, the Pacific Environment Community Fund, which seeks to mitigate the impacts of climate change. Finally, about half a million USD are allocated to climate change, financed by the European Union, the Global Environment Facility (GEF) and the United Nations Environment Programme (UNEP).

21. A proposal is also currently being prepared for a Global Climate Fund (GCF) project, focusing on climate smart agriculture and local crops. If accepted, this proposal would have important synergies with the GAFSP proposal and strong cooperation would be foreseen.

22. Projects financed by the World Bank in the sector include:

- The Pacific Island Regional Oceanscape Program (noted above), which focused on the shared management of oceanic and coastal fisheries.
- The Federated States of Micronesia Maritime Investment Project, which focuses on the safety, efficiency and climate resilience of marine infrastructure and operations, with a budget of USD 38 million.

23. Projects financed by the Global Climate Fund (GCF) include:

- The Pacific Islands Renewable Energy Investment Programme, which covers a number of Pacific SIDS<sup>12</sup>, for a total budget of USD 26 million, with co-financing from the ADB and beneficiary country governments.

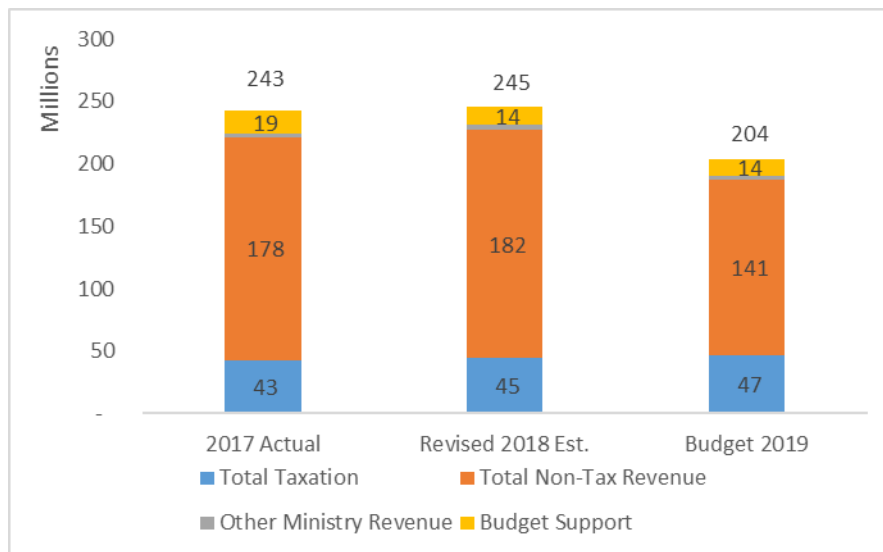
## Kiribati

24. The analysis below is based on data provided by the Ministry of Finance and Economic Development on Government revenues, budgets and expenditures. Data up to 2017 corresponds to actuals, data for 2018 corresponds to a mix of actuals and estimates and data from 2019 onwards corresponds to estimates. The analysis only covers up to 2019 as estimates from 2020 to 2022 are less reliable.
25. The currency used in Kiribati is the Australia Dollar (AUD), and the analysis is presented in this currency.

### Overview of Government Revenues and Expenditures

26. The sources of Government revenues were quite stable over the past years, as illustrated by Figure 9. The Government of Kiribati's revenues reached AUD 245 million in 2018. While the 2019 Budget foresees that revenues will decrease to AUD 204 million, previous estimates were consistently lower than actual year estimates and actuals<sup>13</sup>, so revenues might be higher in practice. Revenues come primarily from Fisheries license fees, which account for most of non-tax revenues. For the revised 2018 revenues estimates, fisheries license fees revenues amounted to AUD 170 million, corresponding to 69% of revenues (74% of revenues without budget support); taxes amounted to AUD 45 million, corresponding to 18% of revenues; and budget support amounted to AUD 14 million, accounting for 6% of revenues.

**Figure 9. Kiribati, Government Revenues, AUD**



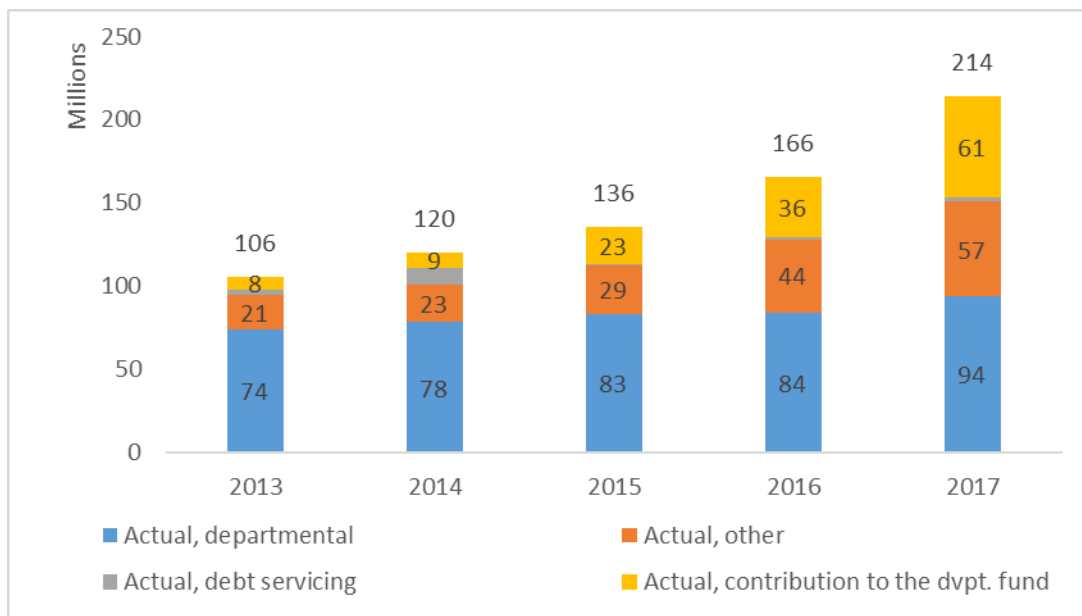
27. The Government of the Kiribati categorises its budgets and expenditures in the following categories:

<sup>12</sup> Tonga, Republic of Marshall Islands, Federated States of Micronesia, Papua New Guinea, Nauru and Samoa

<sup>13</sup> For 2017 revenues, previous-year estimates were AUD 165 million, revised estimates were AUD 227 million and actuals were AUD 243 million. For 2018 revenues, previous year estimates were AUD 204 million and revised estimates were AUD 245 million.

- Departmental expenditures, which further distinguishes between recurrent expenditures and other expenditures, including land rents and contributions to the Development Fund;
  - The Development Fund, which includes both donor projects and government investment projects.
28. Expenditures have increased consistently from 2014 and budgeted Government spending reached AUD 223 million in 2018. As Figure 10 shows, actual spending also increased steadily from AUD 106 million in 2014 to AUD 214 million in 2017.
29. Most Government Expenditures are allocated to recurrent costs through departmental expenditures, which accounted for 44% of expenditures in 2017. Contributions for the Development Fund, which includes Government investment expenditures, amounted to 29% of expenditures in the same year. As Figure 10 illustrates, the contributions to the Development Funds account for an increasing share of the budget, which suggests that the Government increased its allocation to programmes and investments.

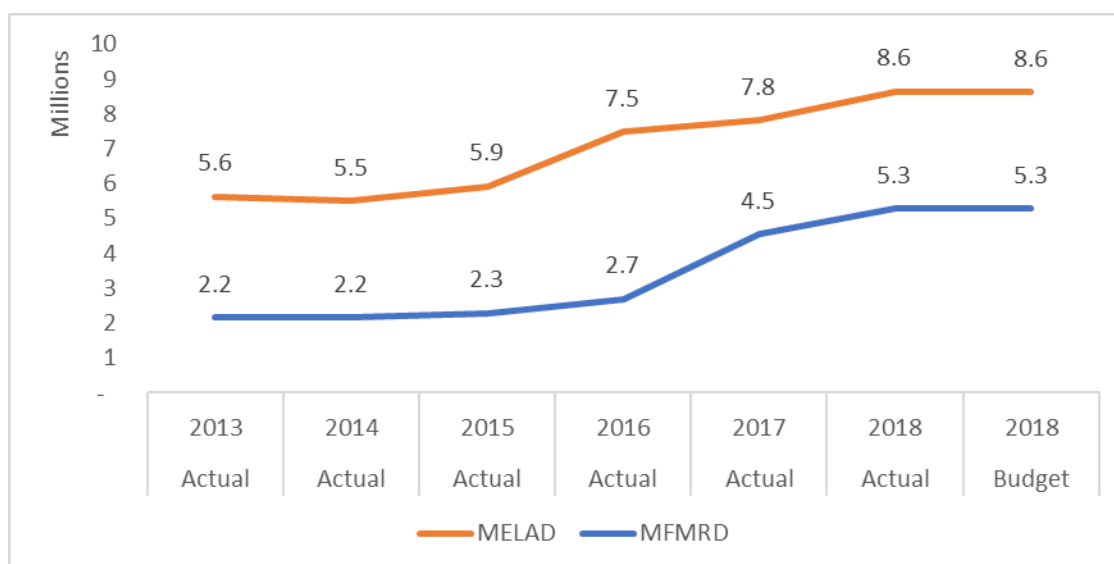
**Figure 10. Kiribati, Government Expenditures, AUD**



### ***Overview of Expenditures on Agriculture***

30. The Government entities in charge of agriculture and food production are the Ministry of Environment, Lands and Agricultural Development (MELAD) and the Ministry of Fisheries and Marine Resources Development (MFMRD).
31. Together, the total annual departmental expenditure for these two ministries amounted to about AUD 14 million in 2018, AUD 9 million for MELAD and about AUD 5 million for MFMRD. The projected budget for 2019 will be higher, with AUD 10 million and AUD 9 million respectively for MELAD and MFMRD. For 2018, actuals reached 100.3% of budgets.

**Figure 11. Kiribati, MELAD and MFMRD Expenditures, AUD**



32. While the absolute expenditures for these two ministries have increased, as shows Figure 11, they remained fairly constant as a share of total Government expenditure. Ministry’s recurrent expenditures as a share of Government recurrent expenditures have remained stable over the same time period, between 3.4% and 3.9% for MELAD and between 2.7% and 3.2% for MFMRD.

**Table 15. Kiribati, Expenditures on Agriculture as a share of Government Expenditures**

<i>Recurrent expenditures as a share of total government recurrent expenditures (department expenditures)</i>					
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
MELAD	3.4%	3.3%	3.6%	3.9%	3.6%
MFMRD	2.9%	2.8%	2.7%	3.2%	3.0%

33. In addition to these expenditures, additional funding into the sector comes in through the Development Fund. In 2018, the Development Fund Budget was AUD 5.6 million for MELAD and AUD 5.3 million for MFMRD. Donors finance most of the Development Fund budgets; they financed 95% of MELAD funding and 64% of MFMRD funding.

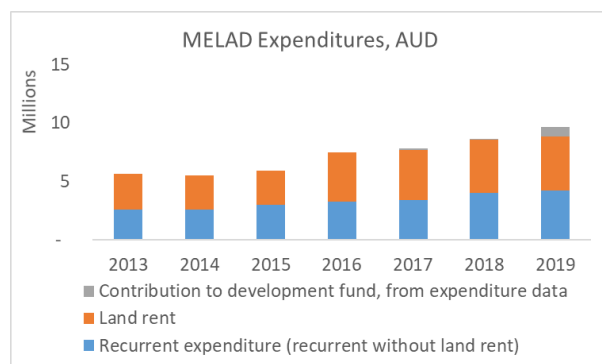
34. Hence, the 2018 budget reached AUD 14 million for MELAD, of which 38% were financed by donors via the Development Fund, and AUD 11 million for MFMRD, of which 32% were financed by donors via the Development Fund. It must be highlighted that some of the donor funds did not go through Government financial systems.

***Breakdown of Expenditures on Agriculture***

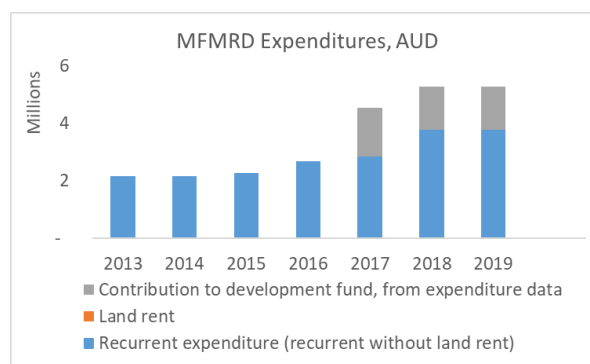
35. The breakdown of MELAD and MFMRD’s Government expenditures shows that the Government is also increasingly setting aside some of its budgets for investments in the form of the Development Fund, although recurrent costs still account for most expenditures. For both ministries, department recurrent expenditures account for a significant share of funding, about 46% of expenditures for MELAD and 72% for MFMRD in

2018. Within these recurrent expenditures, salaries and allowances amount to about two thirds of expenditures<sup>14</sup>. For MELAD, a large proportion of expenditures, 53% in 2018, is further allocated to land rent<sup>15</sup>. MFMRD has no expenses on land rent but allocates some of its budget to the Development Fund, which amounted to 28% of the 2018 expenditures. As Figure 12 and Figure 13 illustrate, recurrent expenditures have increased over the past years for both Ministries, but decreased as a share of total expenditures, due to larger increases in expenditures allocated to land rents and the Development Fund.

**Figure 12. Kiribati, MELAD Expenditures, AUD**



**Figure 13. Kiribati, MFMRD Expenditures, AUD**



36. Information on donor funding is available to the extent that it is recorded in the Development Fund data. Only the detailed data for 2016 and 2018 were available for this analysis. While the Development Fund budgets are predominantly financed by donors, some of the donor funding goes through Government systems; 58% of MELAD funding went through Government systems for MELAD and 100% for MFMRD in 2018.
37. In 2018, AUD 5.6 million were allocated to MELAD's mandate<sup>16</sup> through the Development Fund and AUD 5.3 million were allocated to MFMRD. Compared to 2016, MELAD's allocation increased by 53% in 2018, while MFMRD's allocation decreased by 14%.
38. In 2018, the main donors for MELAD were the Phoenix Islands Protection Area Management Plan (PIPA), Taiwan and IFAD. PIPA is in its second phase, which will last from 2015 to 2020. While the first Management Plan was funded under GEF, the second Plan is funded through a PIPA multi-donor Trust Fund. Taiwan finances the Taiwan Technical Mission, a project on saw milling of senile coconut trees on outer islands and co-finances the IFAD grant Kiribati Island Food and Water Project (KOIFWP). According to the database, IFAD funding and part of the Taiwan funding goes through Government systems, while the PIPA funding goes through separate systems.
39. For MFMRD, the main donors are the Government of Kiribati and New Zealand. The Government budget finances a number of small programmes, including a Fisheries Observer Programme and a Support to Fisheries Development in North Tarawa. New Zealand finances the Kiribati Maritime Safety Programme, the Kiribati

<sup>14</sup> Looking at actuals from 2013 to 2017, salaries and allowances as a share of recurrent expenditures range from 59% to 76% for MELAD and from 54% to 70% for MFMRD.

<sup>15</sup> Land traditionally belongs to communities and the Government rents it. Land rents are not classified in Government Recurrent Expenditures, although they would technically fit into this category.

<sup>16</sup> In the Development Fund database, each budget line is allocated to a Ministry, even if the money does not go through Government systems.

Sustainable Coastal Fisheries Programme and the Joint Kiribati Sustainable Fisheries and Development Management. New Zealand financing goes through separate systems.

40. Projects financed by the GCF include:

- The South Tarawa Water Supply Project, which focuses on building a water secure future for the residents of South Tarawa, with a budget of USD 58.1 million, including co-financing from the ADB, the World Bank and the Government of Kiribati.

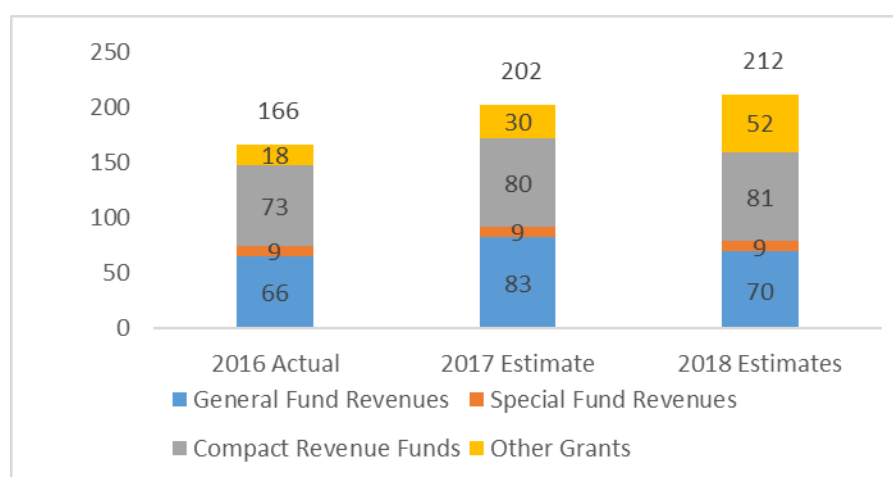
## Republic of the Marshall Islands

41. The analysis below is based on data provided by the Ministry of Finance on Government revenues, budgets and expenditures. The currency used in the RMI is the USA Dollar (USD), and all data are in USD. The Fiscal Year lasts from August to September. Hence, the year 2016 refers to the Fiscal Year that ends in September 2016.

### Overview of Government Revenues and Expenditures

42. Government Revenues in the RMI depends heavily on funding from the USA through the Compact of Free Association (COFA). Under this Compact, the USA Federal Government committed to providing financing for the Government of the RMI, as well as Palau and the Federated States of Micronesia. RMI entered the COFA in 1986 for an initial fifteen years, and the compact was subsequently renewed for an additional twenty years in 2003. The funding in the COFA is primarily for education and health care, as stipulated in the amended compacts.
43. Beyond the budget support, the COFA also contributed to a Trust Fund designed to provide some revenues from 2024 onwards to ensure the sustainability of Government finances. The USA is the main contributor to the Trust Fund, but the Government of the RMI and Taiwan have also contributed. However, it is not clear whether the Trust Fund will suffice to replace the COFA funding, and the Government budget might face serious budget constraints from 2024 onwards, unless the COFA is renewed.
44. Looking at the past few years, the sources of Government revenues have been quite stable, with the exception of donor funding (see the category: “Other Grants” in Figure 14) that has increased substantially. Revenues amounted to USD 202 million in 2017 and USD 212 million in 2018.
45. COFA revenues are consistently the main source of Government Revenues, accounting for 38% of revenue estimates for 2018. Donor grants classified as Other Grants come second, accounting for 25% of revenues estimates for 2018, a significant increase from 2016 and 2017, when they respectively accounted for 11% and 15% of revenues. Fishing revenues accounted for 12% of revenues for the 2018 estimates.

**Figure 14. RMI, Government Revenues, million USD**



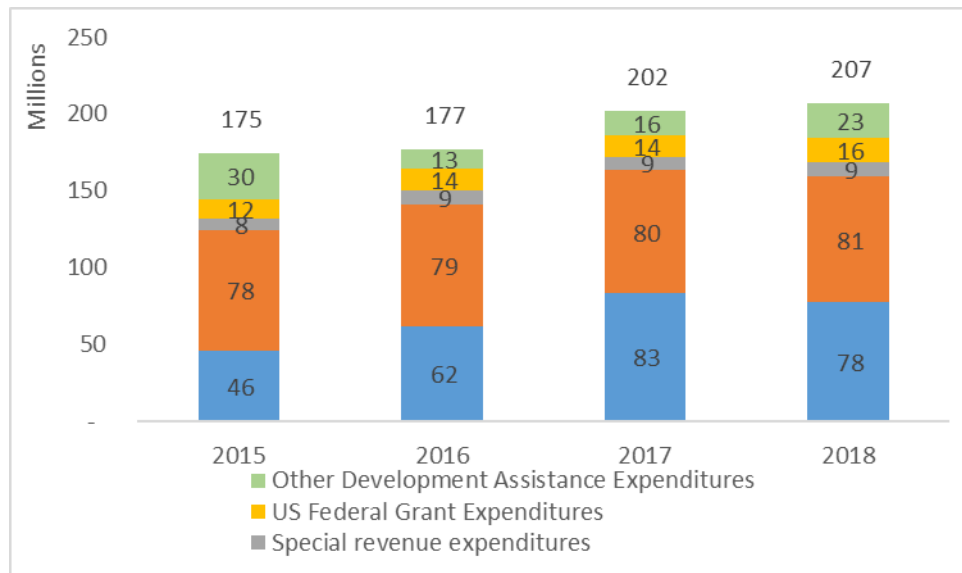
46. The Government of the RMI splits categorises its budgets and expenditures in the following categories, in line with the different sources of funding:

- General Funds

- Compact, corresponding to the COFA
- Special Revenue Expenditure
- US Federal Grant Expenditures
- Other Development Assistance (ODA) Expenditures

47. The Government budget, amounted to USD 207 million in 2018. Total budgets have increased since 2015, mostly as a result of the increase in General Funds. Figure 15 shows the evolution of Government budgets by category of funding.

**Figure 15. RMI, Government Expenditures, USD**



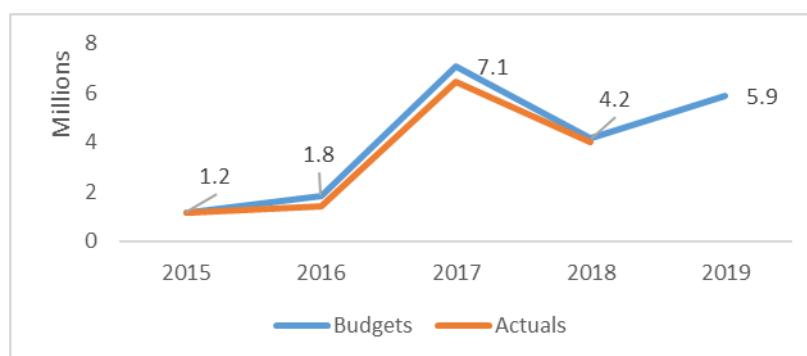
### ***Overview of Expenditures on Agriculture***

48. The Government entities in charge of agriculture and food production is the Ministry of Natural Resources and Commerce. The budgets and expenditures within the Ministry are financed from the General Fund, USA Federal Grants and Other ODA Expenditures<sup>17</sup>. Within the General Fund, expenditures are further categorised into non-project specific i) Administrative, ii) Agro Forestry and iii) Trade and Investment expenditures and iv) project-specific expenditures.
49. The expenditure for the Ministry for 2018 amounted to USD 4.2 million, see Figure 16. In the same year, actuals reached 96% of the budget.

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<sup>17</sup> The Compact and the Special Revenue Expenditure categories are not sources of funding for the Ministry of Natural Resources and Commerce, as they are allocated to other sectors, for instance health and education for the Compact budget.

**Figure 16. RMI, Budgets and Actuals, Ministry of Natural Resources and Commerce, USD**



50. The Ministry’s budget has fluctuated over the years, as illustrates Figure 16. These variations reflect changes in project-specific funding, which are part of the General Funds. These project funds fluctuated between 2015 and 2018, with the lowest share allocated in 2016, 2.3%, and the highest share allocated in 2017, 8.1%.

51. Total budget as a share of total Government budget also fluctuated in parallel, between 0.7% in 2015 and 3.5% in 2017.

**Table 16. RMI, Expenditures on Agriculture as a share of Government Expenditures**

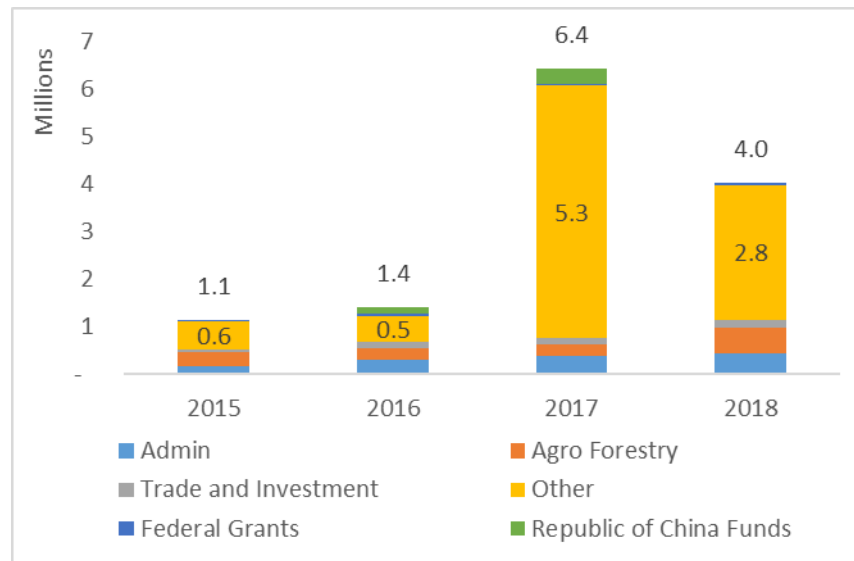
	2015	2016	2017	2018
MNRC as a share of the government	0.7%	1.0%	3.5%	2.0%
Department of Agriculture as a share of the government	0.2%	0.2%	0.3%	0.4%
MNRC as a share of General Funds	2.5%	2.3%	8.1%	5.3%
Department of Agriculture as a share of General Funds	0.6%	0.4%	0.8%	1.0%

***Breakdown of Expenditures on Agriculture***

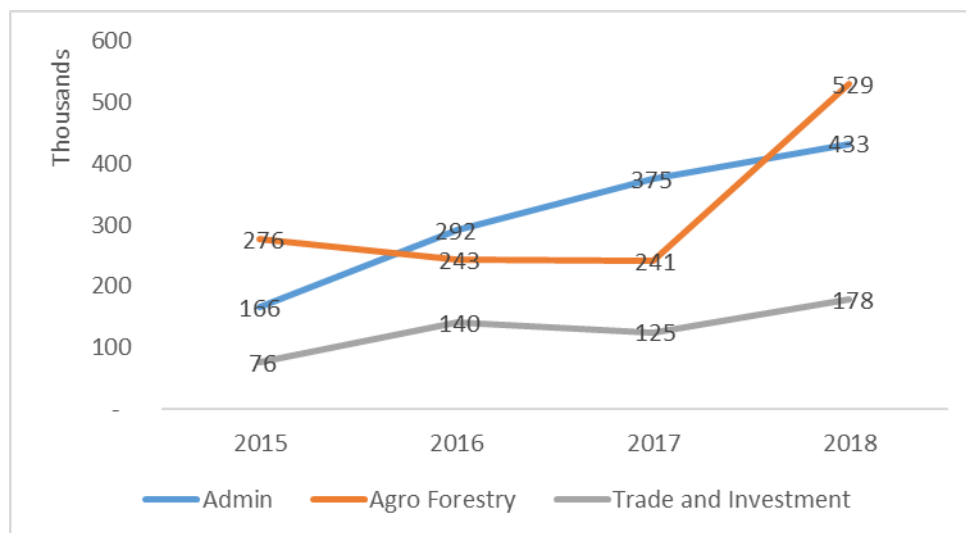
52. To consider the budget fluctuations in more detail, Figure 17 shows a breakdown of all of the Ministry’s expenditures, including the project-specific budgets in the General Funds, labelled as “Other”, based on actuals. It is important to note that these expenditures do not contribute to financing for the agriculture sector, as they correspond mostly to a national energy project and a small business loan programme. Focusing on the trend of non-project-specific expenditures in the General Funds shows an increase in the Ministry’s budget, as illustrates Figure 18.



**Figure 17. RMI, Ministry of Natural Resources and Commerce Expenditures, USD**



**Figure 18. RMI, Ministry of Natural Resources and Commerce, Non-Project Specific Expenditures, USD**



53. The non-project specific General Funds mostly finance recurrent expenditures, and in particular salaries. In the 2019 budget, salaries and contractual services respectively represented, i) 33% and 42% of the admin budget; ii) 40% and 25% of the Agro-Forestry budget; iii) and 54% and 0% of the Trade and Investment budget.
54. As noted above, some donor projects are recorded as part of Government budgets and expenditures. However, in the case of the MNRC, most of these projects did not pertain to the agricultural sector. Additional data on donor projects are not available at this stage.
55. Projects financed by the World Bank in the sector include:
  - The Pacific Island Regional Oceanscape Program, which focused on the shared management of oceanic and coastal fisheries, with a budget of USD 8.6 million
  - The recently approved Multisectoral Early Childhood Development Project, which includes some activities to improve early childhood nutrition, with a budget of USD 14.9 million
  - The Marshall Islands Maritime Investment Project, which focuses on the safety, efficiency and climate resilience of marine infrastructure and operations, with a budget of USD 33 million.

56. Projects financed by the GCF include:

- The project Addressing Climate Vulnerability in the Water Sector (ACWA) in the Marshall Islands, which was recently approved, for a total budget of USD 24.7 million, including a co-financing from the Government of the Marshall Islands. The Pacific Resilience Project Phase II, which focuses on resilience to long-term climate change through coastal protection, with a total budget of USD 44.1 million, including an IDA co-financing of USD 19.1 million.
- The Pacific Islands Renewable Energy Investment Programme, which covers a number of Pacific SIDS<sup>18</sup>, for a total budget of USD 26 million, with a co-financing from the ADB and beneficiary country governments.

## **Tuvalu**

57. The analysis below is based on data provided by the Ministry for Finance and Economic Development on Government revenues, budgets and expenditures. The local currency is the Australian Dollar (AUD) and all the analysis is presented in this currency.

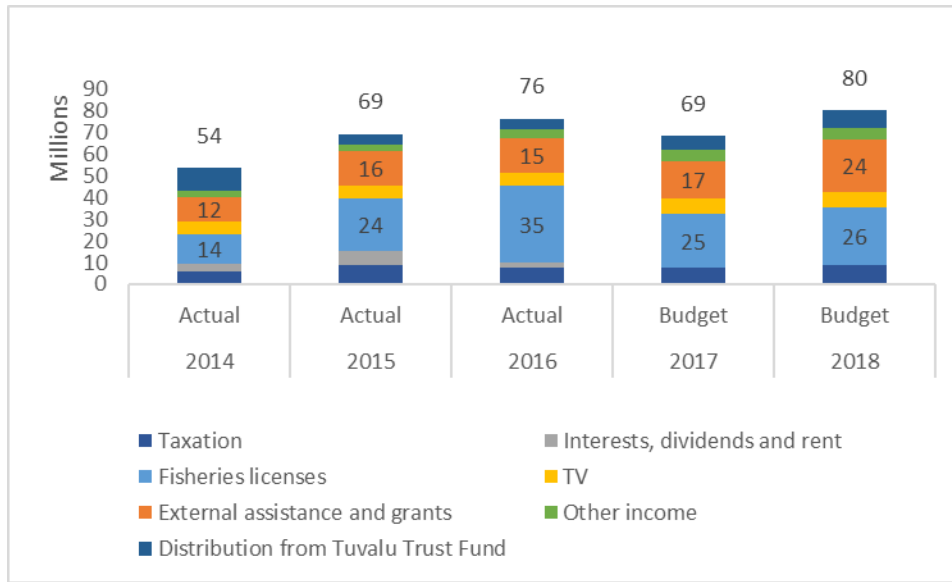
### ***Overview of Government Revenues and Expenditures***

58. The main sources of revenues for the Government of Tuvalu are classified as taxes, dividends and rents; fisheries licenses; charges from the provision of the “.tv” domain and other services; and revenues from the Tuvalu Trust Fund. The Tuvalu Trust Fund is a sovereign wealth fund designed to help Tuvalu finance its budget, which was established in 1987 by the United Kingdom, Australia and New Zealand. In addition, the government also gets non-domestic revenues in the form of external assistance and grants.
59. Government revenues reached AUD 80.2 million in 2018. Revenues have fluctuated somewhat, partly because of fluctuations between the USD and the AUD and fluctuations in the fishing licenses revenues. Most revenues come from fisheries licenses, which account for 33% of 2018 total revenues ( 47% of domestic revenues), followed by external assistance and grants, which account for 30% of revenues, followed by taxes, which account for 11% of revenues.

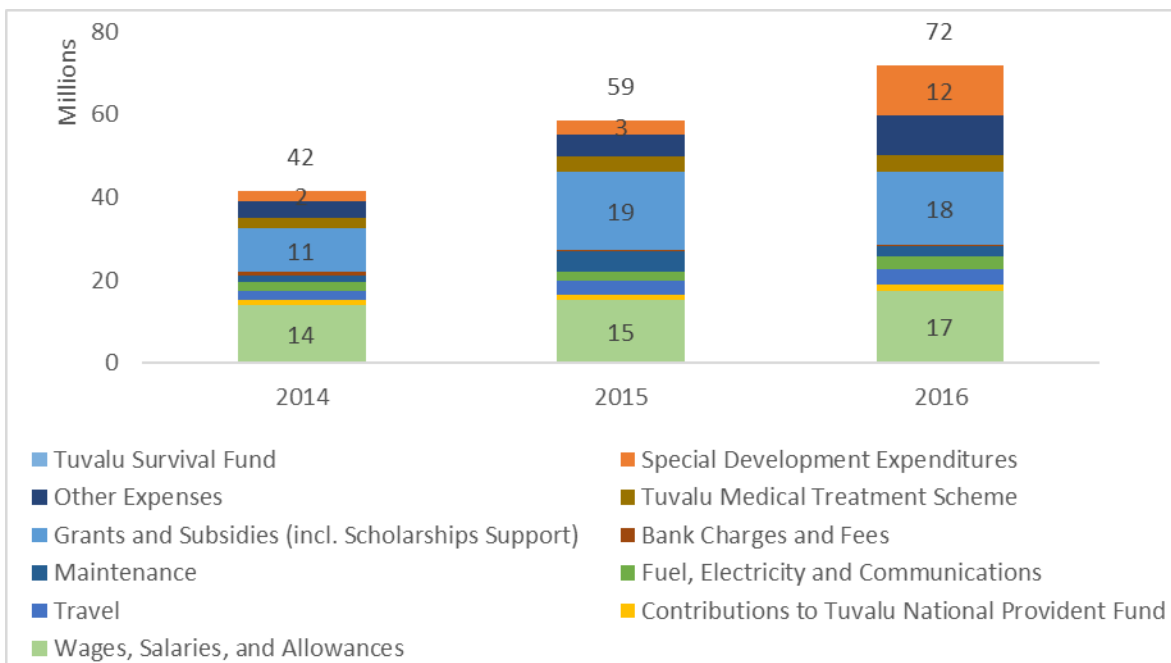
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<sup>18</sup> Tonga, Republic of Marshall Islands, Federated States of Micronesia, Papua New Guinea, Nauru and Samoa

**Figure 19. Tuvalu, Government Revenues, AUD**



**Figure 20. Tuvalu, Government Expenditures, AUD**



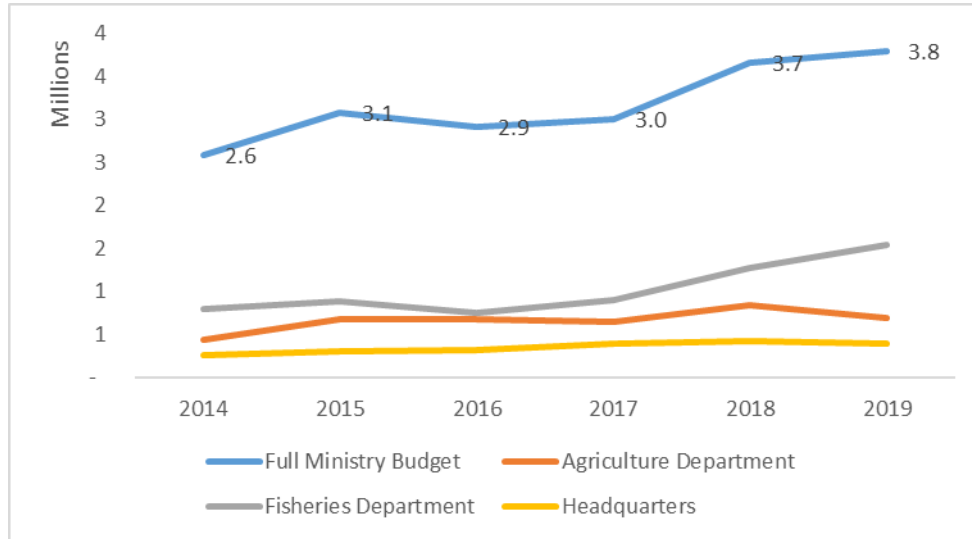
60. Expenditures have been increasing over the past few years, and reached AUD 72 million in 2016. The 2017 and 2018 budgets are not presented on the graph, as the data per category of expenses was not fully available. Budgeted expenditures amounted to AUD 70.8 million in 2017 and AUD 80.7 million in 2018.

61. The largest expenditure categories are wages, salaries and allowances, which accounted for 24% of Government expenditures in 2016, and grants and subsidies, including scholarship support, which accounted for another 24% of expenditures in the same year. Salaries as a share of expenditures is on a downwards trends, as they went from 34% of expenditures in 2014 to 24% of expenditures in 2016.

### Overview of Expenditures on Agriculture

62. The Government entity in charge of agriculture is the Ministry of Natural Resources, which comprises the Departments of Agriculture, Fisheries and Land and Surveys. The budget for the Ministry amounted to AUD 3.8 million in 2019. Expenditures reached 96% of budgets for 2017<sup>19</sup>. Within the Ministry, the budgets for the Department of Agriculture and the Department of fisheries respectively reached AUD 0.7 million and AUD 1.5 million in 2019. Actuals respectively reached 82% and 91% of budget for these two departments in 2017.

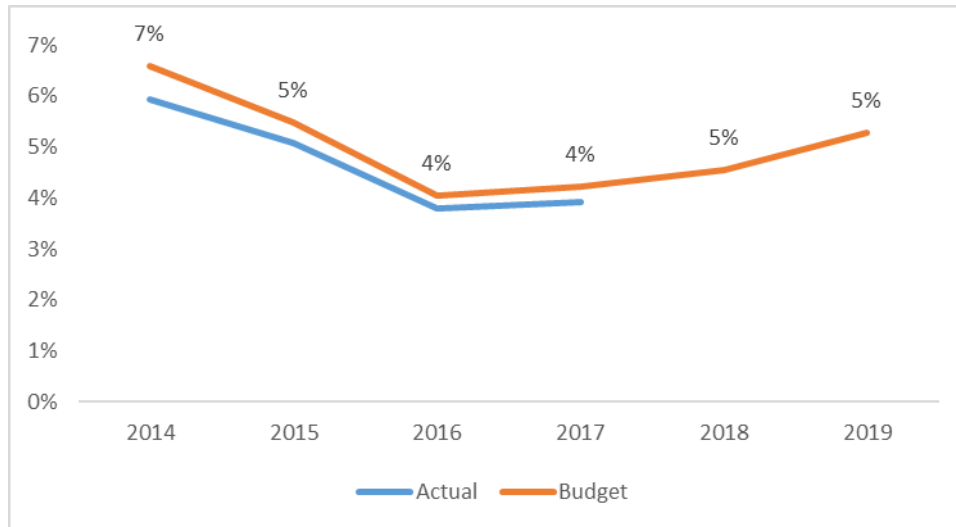
**Figure 21. Tuvalu, Ministry of Natural Resources Budget, AUD**



63. Figure 21 shows the evolution of budgets for the Ministry and its departments from 2014 to 2019. It shows that budgets for the Ministry and for the Department of fisheries have increased while those for the Department of agriculture have fluctuated somewhat.

<sup>19</sup> The complete data on actuals for 2018 was not available for this analysis.

**Figure 22. Tuvalu, Ministry of Natural Resources Expenditures as a Share of Government Expenditures**



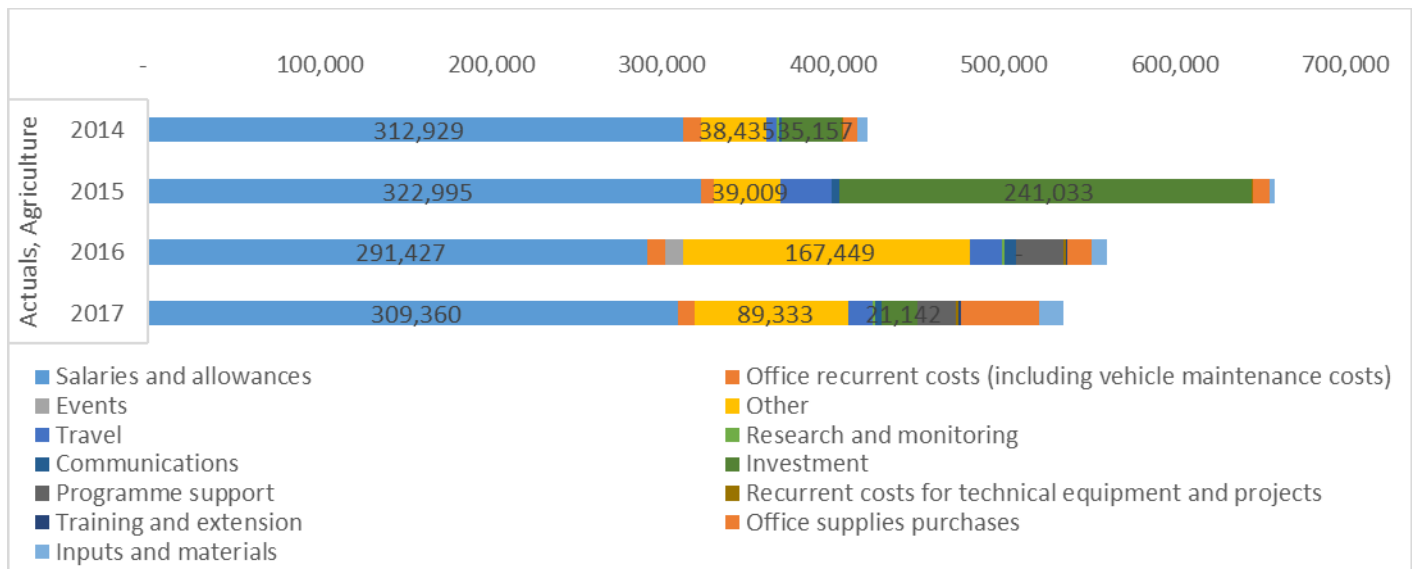
64. The Ministry’s budget accounted for 5% of the Government’s budget in 2019. The budget for agriculture is now on an increasing trend, following a decrease in the budget between 2014 and 2016.

65. In addition to the above, the Ministry of Health also has a budget ranging from AUD 35,000 to AUD 55,000 per year on nutrition-related programmes.

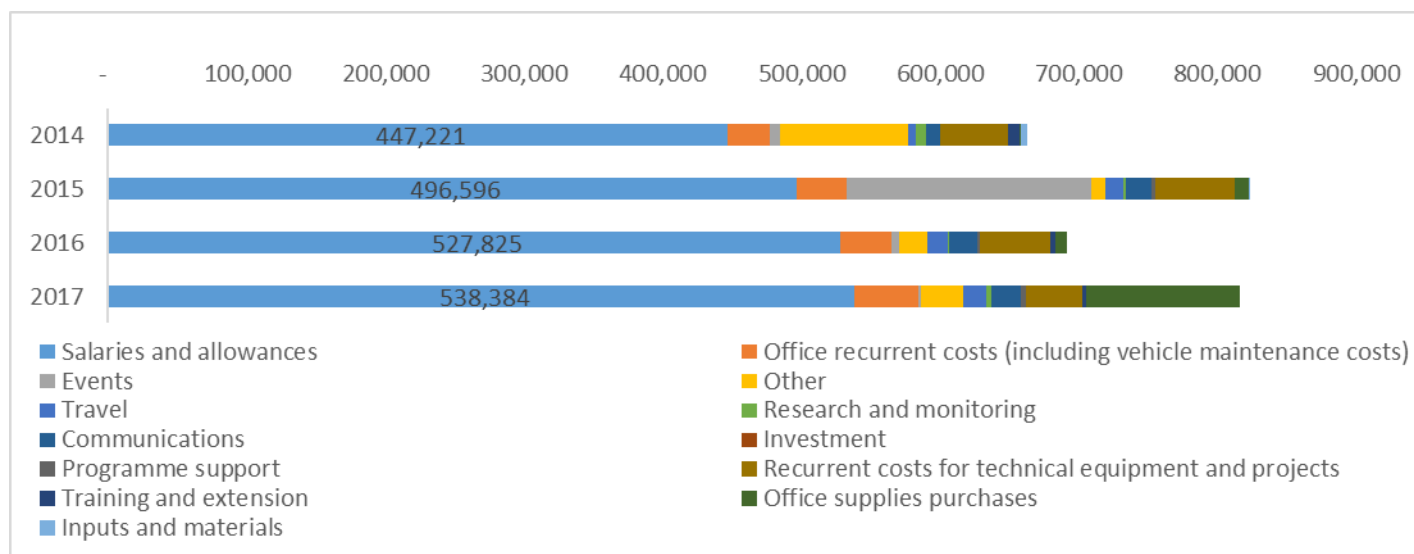
**Breakdown of Expenditures on Agriculture**

66. Expenditures primarily finance recurrent costs, and in particular salaries. In 2017, salaries and allowances accounted for 58% of expenses in the Agriculture Department and for 66% of expenses in the Fisheries Department. Budgets for investments and programmes are negligible.

**Figure 23. Tuvalu, Agriculture Department Expenditures, AUD**



**Figure 24: Tuvalu, Fisheries Department Expenditures, AUD**



67. The Department of Agriculture also has a database of relevant donor projects in the country. Some of the projects relevant to agriculture and food security in the latest version of the database used for this analysis include:

- Construction of Fish Market for Fishermen on Funafuti Association for about AUD 150,000, financed by Japan
- Tuvalu Fisheries Support, for about AUD 130000, financed by New Zealand.

68. Projects financed by the GCF include:

- The Tuvalu Coastal Adaptation Project, focused on protecting Tuvalu from rising levels and increasing cyclone events, for a total funding of USD 38.9 million, including co-financing from the Government of Tuvalu.

**Figure 25. GEF Approved Projects in the Four Countries**

ID	Title	Focal Areas	Grant and Cofinancing	Implementing Agency	Countries	Fund Source
9823	Support to Eligible Parties to Produce the Sixth National Report to the CBD (Pacific)	Biodiversity	\$1,270,500 \$590,000	United Nations Environment Programme	Cook Islands, Fiji, Kiribati, Marshall Islands, Micronesia, Nauru, Niue, Palau, Tonga, Vanuatu, Tuvalu	GEF Trust Fund
6982	Enhancing Capacity to Develop Global and Regional Environmental Projects in the Pacific		\$1,000,000 \$1,914,502	United Nations Development Programme	Cook Islands, Fiji, Kiribati, Marshall Islands, Micronesia, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu	GEF Trust Fund
6978	Continuing Regional Support for the POPs Global Monitoring Plan under the Stockholm Convention in the Pacific Region	Chemicals and Waste	\$1,995,000 \$6,448,604	United Nations Environment Programme	Fiji, Kiribati, Marshall Islands, Niue, Palau, Samoa, Solomon Islands, Tuvalu, Vanuatu	GEF Trust Fund
5898	Support to 16 GEF Eligible Parties for Alignment of National Action Programs and Reporting Process under UNCCD	Land Degradation	\$1,045,000 \$1,000,000	United Nations Environment Programme	Zambia, Fiji, Cambodia, Marshall Islands, Palau, Solomon Islands, Kuwait, Tonga, Papua New Guinea, Tuvalu, El Salvador, Bolivia, Suriname, Timor Leste, Micronesia, Libya	GEF Trust Fund
5634	Ratification and Implementation of the Nagoya Protocol in the Countries of the Pacific Region	Biodiversity	\$1,762,557 \$1,234,000	United Nations Environment Programme	Cook Islands, Fiji, Marshall Islands, Micronesia, Nauru, Niue, Palau, Samoa, Solomon Islands, Tonga, Tuvalu, Kiribati, Papua New Guinea, Vanuatu	Nagoya Protocol Implementation Fund
5404	R2R: Testing the Integration of Water, Land, Forest & Coastal Management to Preserve Ecosystem Services, Store Carbon, Improve Climate Resilience and Sustain Livelihoods in Pacific Island Countries	International Waters	\$10,317,454 \$87,708,160	United Nations Development Programme	Cook Islands, Fiji, Kiribati, Marshall Islands, Micronesia, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu	GEF Trust Fund
5195	MEAs by Strengthening Planning, and State of Environment Assessment and Reporting in the Pacific Islands		\$4,319,635 \$6,476,276	United Nations Environment Programme	Cook Islands, Micronesia, Fiji, Kiribati, Marshall Islands, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu	GEF Trust Fund
5131	Enhancing Capacity to Develop and Manage Global Environmental Projects in the Pacific		\$1,000,000 \$1,100,000	United Nations Development Programme	Cook Islands, Fiji, Kiribati, Marshall Islands, Micronesia, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu	GEF Trust Fund
4746	Implementation of Global and Regional Oceanic Fisheries Conventions and Related Instruments in the Pacific Small Island Developing States (SIDS)	International Waters	\$10,000,000 \$84,934,375	United Nations Development Programme	Cook Islands, Micronesia, Fiji, Kiribati, Marshall Islands, Nauru, Niue, Palau, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu, Papua New Guinea	GEF Trust Fund
4066	PAS: Pacific POPs Release Reduction Through Improved Management of Solid and Hazardous Wastes	Persistent Organic Pollutants	\$3,275,000 \$6,052,290	United Nations Environment Programme	Cook Islands, Marshall Islands, Papua New Guinea, Samoa, Tuvalu, Palau, Tonga, Kiribati, Niue, Vanuatu, Fiji, Micronesia, Nauru	GEF Trust Fund
850	Expedited Financing of Climate Change Enabling Activities (Phase II) - PICCAP	Climate Change	\$1,000,000 \$0	United Nations Development Programme	Cook Islands, Micronesia, Fiji, Kiribati, Marshall Islands, Nauru, Samoa, Solomon Islands, Tuvalu, Vanuatu	GEF Trust Fund
9932	Development of a Minamata Initial Assessment in the Federated States of Micronesia	Chemicals and Waste	\$125,000 \$0	United Nations Environment Programme	Micronesia	GEF Trust Fund
9866	Support to Preparation of the Interim National Report on the Implementation of the Nagoya Protocol	Biodiversity	\$1,430,000 \$1,111,321	United Nations Environment Programme	Antigua And Barbuda, Albania, Belarus, Benin, Bhutan, Bolivia, Botswana, Burkina Faso, Burundi, Cambodia, Cameroon, Comoros, Congo, Cote d'Ivoire, Cuba, Congo DR, Djibouti, Dominican Republic, Egypt, Ethiopia, Fiji, Gabon, Gambia, Guatemala, Guinea, Guinea-Bissau, Guyana, India	GEF Trust Fund

9634	Review and Update of the National Implementation Plan for the Stockholm Convention on Persistent Organic Pollutants (POPs) in Federated States of Micronesia (FSM)	Chemicals and Waste	\$200,000	\$0	United Nations Environment Programme	Micronesia	GEF Trust Fund
9505	Third National Communication and First Biennial Update Report	Climate Change	\$852,000	\$100,000	United Nations Development Programme	Micronesia	GEF Trust Fund
5517	R2R Implementing an Integrated Ridge to Reef Approach to Enhance Ecosystem Services, to Conserve Globally Important Biodiversity and to Sustain Local Livelihoods in the FSM	Biodiversity, International Waters, Land Degradation	\$4,689,815	\$17,886,398	United Nations Development Programme	Micronesia	GEF Trust Fund
5426	National Biodiversity Planning to Support the Implementation of the CBD 2011-2020 Strategic Plan	Biodiversity	\$220,000	\$304,724	United Nations Development Programme	Micronesia	GEF Trust Fund
4678	GEF SGP Fifth Operational Phase - Implementing the Program Using STAR Resources II	Biodiversity, Land Degradation, Climate Change	\$72,851,267	\$75,766,000	United Nations Development Programme	Albania, Belarus, Botswana, China, Congo DR, Honduras, Nicaragua, Nigeria, Sri Lanka, Uganda, Venezuela, Armenia, Cote d'Ivoire, Dominican Republic, El Salvador, Gambia, Lao PDR, Lebanon, North Macedonia, Nepal, Panama, Paraguay, Senegal, Tunisia, Ukraine, Barbados, Bhutan, Burkina	GEF Trust Fund
3664	PAS: Prevention, Control and Management of Invasive Alien Species in the Pacific Islands	Biodiversity	\$3,031,818	\$3,979,072	United Nations Environment Programme	Marshall Islands, Micronesia, Papua New Guinea, Cook Islands, Kiribati, Samoa, Tonga, Vanuatu, Niue, Palau	GEF Trust Fund
3591	PAS: Strengthening Coastal and Marine Resources Management in the Coral Triangle of the Pacific - under the Pacific Alliance for Sustainability Program	Biodiversity, International Waters, Climate Change	\$13,118,183	\$23,849,000	Asian Development Bank (ADB)	Papua New Guinea, Solomon Islands, Palau, Micronesia, Fiji, Timor Leste, Vanuatu	GEF Trust Fund
34	National Biodiversity Conservation Strategy, and Action Plan and Report to COP	Biodiversity	\$281,000	\$0	United Nations Development Programme	Micronesia	GEF Trust Fund
9187	Development of Minamata Convention Mercury Initial Assessment in Pacific	Chemicals and Waste	\$500,000	\$20,000	United Nations Environment Programme	Cook Islands, Kiribati, Palau, Tonga, Vanuatu	GEF Trust Fund
9992	Development of A Minamata Initial Assessment in Marshall Islands	Chemicals and Waste	\$125,000	\$0	United Nations Environment Programme	Marshall Islands	GEF Trust Fund



## Appendix 5: Analysis of National Policy Environment

### Overview

69. The agriculture sector is an important source of livelihood in the Northern Pacific. These countries recognise the important role played by the sector in the country's socio-economic development and have articulated national policies aimed at tapping its potential to support economic growth by raising household income from farming, creating employment on and off the farm and creating new economic activities. The national policies of the four northern Pacific countries are aligned to regional and global frameworks such as the SIDS Accelerated Modalities of Action (SAMOA) Pathway, Framework for Resilient Pacific Development, 2030 Agenda for Sustainable Development, and the Paris Agreement and are anchored on the unique needs and circumstances facing these small atoll nations.
70. All four countries possess a range of complementary sector policies in climate change, environmental management, health, nutrition, and trade which reinforce their development aspirations in the agriculture sector in relation to building resilience and strengthening household food and nutrition security. The governments of these small atoll nations aspire to develop the agricultural sector to support higher household incomes, reduce reliance on imported food, diversify dietary options for the population, improve nutrition and health outcomes, and support biodiversity management and ecosystem resilience, particularly in the wake of the impacts of climate change.
71. The physical geography of the atolls lends itself to unique challenges common amongst all four countries. The porous atoll soil necessitates a shared emphasis on developing soil management techniques such as composting and prioritising sustainable land management practices. The blending of traditional knowledge and practices with modern techniques and technology is a central pillar to building resilient agricultural farming systems at the household and community level. The scattered nature of atolls and islands lends its population to internal logistical constraints which add to affect the efficiency of agricultural commodity value chains. All four countries are also characterised by a high incidence of non-communicable diseases (NCDs) and high migration of young and productive workers.
72. The northern Pacific countries recognise that a key prerequisite to begin addressing these challenges is creating an enabling environment for investment. This includes the adequate resourcing and institutional strengthening of their respective Agriculture Departments to more effectively support farmers and the private sector. The agriculture and food security policies of the four countries have therefore been largely build around the themes of 'resilience', 'self-reliance' and the aspiration for 'a healthier' population.

### Federated States of Micronesia

73. The Strategic Development Plan (SDP) 2004-2023 'Achieving Economic Growth and Self-Reliance', provides a framework upon which to base the annual request for sector grants under the Compact of Free Association with the US, and more importantly, articulates the development strategy for FSM.
74. The agriculture sector under the SDP carries the mission statement: The agriculture sector, including forestry, shall provide: (i) food security, cash incomes and healthy livelihoods; and (ii) opportunities for domestic and export markets, while promoting environmentally sustainable production within a stable and consistent policy framework. Pursuit of this mission is guided by 4 strategic goals: A well-resourced and properly focused agriculture sector consistently operating within a stable policy framework; To Increase production of traditional farming systems for home nutritional and traditional needs and cash incomes; Increased volumes of saleable surpluses to be marketed by the private sector into local and regional markets; and Promote environmentally sound and sustainable production.
75. Various supporting policies are outlined under the respective goals such as increasing the allocation of Government budget share to agriculture (from 1.8% to 3%), improving outputs and profitability from traditional farming systems, development of a flexible extension service specifically designed to deliver quality services to traditional farmers (targeting a 10% increase in production), elimination of Vitamin A deficiency among the FSM population (to less than 10%), develop more focused, household food security strategy for agriculture in Chuuk (to reduce food insecurity by 30%), replacement of some imported foods with local products, develop small-scale agriculture/food production units and industries and establish effective mechanisms to control invasive species.
76. The SDP also recognises the important contribution of the fisheries sector to industry, employment and particularly livelihoods for the case of inshore fisheries. The fisheries sector has five strategic goals, two of which relate to the management of inshore and coastal marine resources as follows: Inshore and Coastal marine resources are monitored and managed in a consultative and participatory manner that respects

traditional practice, utilises established scientific methodology, sustains biodiversity and resource abundance; and Inshore and Coastal marine resources are effectively exploited to meet subsistence and artisanal needs and optimised stakeholder social and economic benefits within sustainable parameters. Supporting policies aligned to these strategic goals include, amongst others, monitoring the status of resources to identify potential overexploitation; respecting traditional practices and traditional knowledge reflecting in management and regulatory processes; ensure management systems include marine protected areas and community based management; identify and promote opportunities to divert commercial fishing pressure from inshore resources; and encourage commercial opportunities for aquaculture development.

77. Health, education and infrastructure are the sectors prioritised for funding under the Compact of Free Association with the US Government. The SDP noted that 'FSM has shown little progress towards meeting the MDGs by 2015 - poverty incidence is estimated to be high, basic social services fail to reach the poorer strata of society, the outer islands and rural areas and FSM has poor health indicators'. The SDP contains five strategic goals for the health sector. Goal 3 on Prioritize Health Promotion and Services For Major Health Problems prioritises activities relating to establishing NCD Prevention and Control Programs in all states and promoting healthy lifestyles, places and healthy choices; and establishing a nutrition program in all states focusing on both NCDs, benefits of breastfeeding and on child nutrition.
78. Each of the four States (Pohnpei, Yap, Chuuk and Kosrae) have drawn up strategic development plans which integrate the priorities from the national FSM SDP 2004-2023 while also focusing on specific priorities and needs unique to each State.
79. The Agriculture Policy (AP) 2012-2016 provides the basis for action by both public and private sectors to invigorate sustainable agriculture growth in FSM. It recognises the major role played by traditional farming systems and the impact of socio-cultural realities. The nation faces many challenges in achieving national food security and ensuring sustainable livelihoods for a growing population. In 2014, 40% of householders generated income from the sale of produce, the bulk of which came from sale of fruits and vegetables (49%) followed by the sale of handicraft (27%) and fisheries (19%).
80. The AP aims to reflect and address the differentiated needs, constraints and opportunities of smallholder families who farm primarily for subsistence and more commercial oriented farmers and agri-business operators. The AP, which is in the process of being reviewed, contains 6 goals under which various strategies and activities have been identified. The 6 goals are: Achieve national food security, safety and nutritional health; Improve farm incomes and livelihoods with particular focus on gender and vulnerable groups; Strengthen socio-cultural safety nets; Preserve and protect culture, traditional knowledge and practices; Support sustainable economic growth and improve the balance of trade; and Improve natural resource management.
81. Notable strategies supporting identified goals include increase sustainable production (and productivity) of traditional farming systems to provide for household nutrition, traditional needs and cash incomes; develop robust domestic and export market supply chains; increase opportunities and capacity for processing and value addition of traditional farm products; and enhance synergies between the agriculture and tourism sectors.
82. The National Strategic Plan for the Prevention and Control of Non-Communicable Diseases in the Federated States of Micronesia 2013-2017 serves as a guiding document for the development of State-level strategies. NCD is recognised by the FSM Department of Health as 'the number one killer' in FSM. The long term focus of the NCD prevention plan is on children and youths (i.e. school health and supporting environment). Childhood obesity contributes to NCDs in later life and while the education awareness programs are conducted in the communities and among the adult population, school health programs like the Health Promoting School program which focuses on school gardening and physical activity are also national priorities. Working with young children and youths to adopt healthy lifestyle demonstrates to be more effective than trying to change the behaviour and attitude of adults toward healthy eating and exercise.
83. The National Plan of Action for Nutrition 2000-2005 is under review. The Action Plan had 3 goals which included: To ensure continued access by all people to the supply of foods necessary for a diet that is sufficiently safe and adequately nutritious; To achieve and maintain health and nutritional well-being of all people; and To achieve environmentally sound and socially sustainable development to improve nutrition and health. These goals were supported by nine strategies amongst which were improving household food security; preventing micronutrient deficiencies; and promoting appropriate diets and lifestyles.
84. The State Wide Assessment and Resource Strategy 2010 -2015 identified seven cross-cutting issues shared by all four States which included the need for up to date aerial photography; food security; watershed management; sustainable forest and mangrove harvesting; coastal stabilisation; urban forestry; and capacity building. Under food security, all states rank the conservation of biodiversity and protection of ecosystem integrity as a priority. A general strategy proposed for achieving both objectives is to enhance agroforests

and expand food production activities upland into already disturbed areas of secondary vegetation, while conserving areas of native forests: upland forests and coastal mangroves. Food production via agroforestry is seen by all States as a way to maintain ecosystem integrity while producing food. There is a further emphasis to preserve “agrobiodiversity” i.e. the wide range of species and sub-specific varieties of traditional crops that provide genetic resilience in the face of climate change.

85. The National Biodiversity Strategic Action Plan (NBSAP) 2002 outlines the state of the nation’s biological resources and the current biological and anthropogenic threats that are affecting their continued existence. The NBSAP carries the vision “The FSM will have more extensive, diverse, and higher quality of marine, freshwater, and terrestrial ecosystems, which meet human needs and aspirations fairly, preserve and utilize traditional knowledge and practices, and fulfil the ecosystem functions necessary for all life on Earth”.
86. Stakeholders identified eleven biodiversity themes as the most important issues currently facing the nation. Each theme has a series of proposed actions addressing these concerns. Amongst the threats identified by stakeholders were inappropriate farming practices (e.g. extensive burning & wildfires), agricultural degradation, soil degradation, deforestation and development; inappropriate and indiscriminate use of fertilizers and pesticides; loss of traditional ethno biological knowledge; and global climate changes and sea level rise.
87. Under the thematic area of agrobiodiversity, priority actions include: promote environmentally sound agricultural practices (e.g. organic farming, agroforestry and polyculture); promote, develop and share environmentally sustainable agricultural practices; identify, promote and enhance existing programs for the inventory, propagation and preservation of traditional species, varieties, cultivars and breeds; develop and expand on existing markets for local species and varieties that can be produced on a sustainable basis; to promote existing research findings with farmers through training programs and public education; conduct research on the ecology of traditional agricultural methods; develop and implement new and existing programs that promote the production of local nutritional food; develop and implement programs that increase local food production and enhance agrobiodiversity; and encourage sustainable breeding programs for livestock (e.g. pigs and chickens).
88. The Nationwide Integrated Disaster Risk Management and Climate Change Policy 2013 integrates the management of disaster and climate related hazards by investing in disaster risk management, climate change adaptation and greenhouse gas emissions reduction. It is aligned to the FSM SDP 2004-2023. Amongst the strategic outcomes pursued under the Policy are: robust agriculture, forestry and fisheries sectors that are able to rapidly recover from hazards and positively adapt to changing environmental circumstances; reduced reliance on imported commodities; socially and environmentally responsible tourism sector; food, water and energy security; and uninterrupted supply of locally grown high-quality food crops for domestic consumption. Each of the four States have a complementary Joint State Action Plan for Disaster Risk Management & Climate Change which translates the national policies and strategies into specific activities prioritised by each State.
89. The FSM Trade Policy 2011 carries the long-term vision: Encourage and facilitate local and foreign direct investment in agriculture, fisheries, tourism, human resources development and other supporting services to enable the private sector to produce value added, quality and competitive goods and services both for the local and the export market, in order to promote export-led economic growth, self-reliance and sustainable development, with the ultimate objective of creating employment, alleviating hardship and raising the living standards of FSM citizens. The Policy prioritises the development of export competitiveness in agriculture, fisheries and tourism and the important role of the private sector.
90. The private sector in FSM is very small and fragmented. The FSM Association of Chambers of Commerce Strategic Plan 2014-2019 is geared towards providing business services to improve private sector capability and capacity; strengthening the capability and capacity of the Association as well as the State based Chambers of Commerce to be self-sufficient organisations; work in collaboration with government in the establishment of regulations that support a vibrant private sector and reduce the country based risks for local and foreign investors in doing business in FSM; and support the development of a baseline of business planning and decision making of all sectors, focusing in particular on priority sectors based on their contribution to GDP.

## **Kiribati**

91. The Kiribati 20-Year Vision or KV20 is Kiribati’s long term development blueprint for the period 2016-2036. This development blue print aims to transform Kiribati into a wealthier, healthier and peaceful country. It seeks to achieve this aspiration by maximising the benefits from fisheries and tourism as key productive sectors. The development of these sectors are expected to stimulate the development of other sectors through backward and forward sectoral linkages.

92. Adequate investment and a conducive environment need to be developed for productive natural resource sectors to thrive. To this end, the four pillars, namely wealth and health, peace and security, infrastructure for development and governance are intended to complement, support and cultivate an enabling environment in order to promote the evolution of investment into fisheries and tourism.
93. The Kiribati Development Plan (KDP) is the medium-term implementation plan of the KV20. The current KDP, 2016-2019, carries the vision, 'Towards a better educated, healthier, more prosperous nation with a higher quality of life'. Since independence Kiribati has managed its development through a 4 year development planning cycle. This current Plan is a continuation of the predecessor with a focus on the same six key priority areas (KPAs): Human Resources Development, Economic Growth and Poverty Reduction, Health, Environment, Governance, and Infrastructure. The KDP takes into account various international obligations that the Government of Kiribati has assented to. These include the 2030 Sustainable Development Agenda, the Istanbul Plan of Action for Least Developed Countries (LDCs), the SAMOA Pathway and the Framework for Pacific Regionalism.
94. The review of KDP 2012 – 2015 showed significant improvements achieved under various KRAs such as Human Resource Development (improved school enrolments and literacy rates), Economic Growth and Poverty Reduction (real economic growth of 5.4%, 5.8% and 2.4% in 2012, 2013 and 2014 respectively), Environment (adoption of key policy documents - Kiribati Joint Implementation Plan on Climate Change and Disaster Risk Management and Kiribati Integrated Environment Policy), Governance (Accession to the UN Convention Against Corruption and the UN Convention on the Rights of Persons with Disabilities, passing of the Family Peace Bill, enactment of the Children, Young People & Family Welfare Act and establishment of a Ministry for Women, Youth and Social Affairs.) and Infrastructure development (completion of Betio Hospital and Wharf upgrade and Solar Energy for Outer Islands project, commencement of Road Rehabilitation, Airport Upgrade and South Tarawa Sanitation Improvement projects). While some improvements were made in health, NCDs, child mortality, maternal mortality and tuberculosis remain problem areas.
95. The KDP states that general population health issues are contributing to loss of productivity, and increasing marginalisation and vulnerability. Environmental factors, including the challenge of climate change, agricultural food production, continue to impact people's daily lives and well-being.
96. Kiribati has very limited land and agriculture resources. The soils are shallow, alkaline and very low in organic matter content while water sources are mostly fragile shallow water lenses that are susceptible to salt water incursion due to over-use, drought and sea level rise. The distance between the islands increases the complexities in the working environment, which is coupled with the poor means of communication to monitor the progress of activities. Most agricultural food production (crops and livestock) is at subsistence level, while there have also been initiatives and commercial programmes operating on a very small scale that have provided local markets with eggs, vegetables and other small farm products.
97. Strengthening food and nutrition security through increasing crop and livestock diversity and increasing the contribution of agriculture to household income, protection of marine resources to ensure that overfishing does not result in the reduction in catch volume, and developing soil management technologies appropriate for atoll conditions are strategies prioritised under KRA 4 on Environment which carries the goal, 'To facilitate sustainable development through approaches that protect biodiversity and support the reduction of environmental degradation as well as adapting to and mitigating the effects of climate change'.
98. The Global Green Growth Institute (GGGI) is currently supporting the Government in formulating an Agricultural Strategy which will support the achievement of KV20 through more climate change resilient, diversified and secure livelihoods within the agricultural sector to provide the population with fruits and vegetables necessary for an improved diet which will lead to improved nutrition and health.
99. The goal of the Agriculture and Livestock Division's Agriculture Strategic Plan 2013-2016 is that households of Kiribati have food, income and nutrition security and the balance of the agricultural and forestry environment is sustained and maintained. Activities planned are aligned to 4 objectives which include: Sustainable atoll crop production systems developed and promoted; Sustainable small-animal livestock systems developed and promoted; Improved biosecurity; and Capacity building for stakeholders and agricultural staff. Key performance indicators in the Plan include: contribution of local food to diet increased; contribution of agriculture to household's income increased; incidence of dietary diseases reduced; and crop and livestock diversity increased.
100. The Department of Agriculture & Livestock further compiled a livestock implementation report on climate change adaptation options for the country. The aim of the report was to identify vulnerabilities and impacts of climate change and provide adaptation and intervention options for the short to medium livestock planning. Livestock plays an important role in the lives of the people and although livestock are rarely slaughtered for daily meals, they become important for meeting social and cultural obligations such as

weddings, birthdays and funerals. The objective of the report was to have sustainable small livestock production systems developed and promoted in Kiribati for Food Security and livelihood.

101. A recently formulated national Food and Nutrition Security Policy (FNSP) 2015 includes strategies and a proposed institutional coordination structure to strengthen cross-sectoral actions to address the food and nutrition challenges Kiribati faces. It also identifies the need to strengthen food policy to incentivise local food production, trade, marketing and consumption.
102. The Kiribati Fisheries Policy 2013-2025 is based on 5 goals including supporting employment opportunities through sustainable fisheries, protecting food security and livelihoods, ensuring the long-term conservation of fisheries and marine ecosystem, strengthening governance, and building resilience to climate change for fisheries. The Policy recognizes the importance of communities in the management of coastal fisheries together with the supporting pillar of a strong national regulatory system. It identifies 34 strategic actions over short (4 year) and long-term (12 year). Notable short term actions include implementing community based fisheries management in the outer islands to strengthen climate resilience through increasing the contribution of oceanic fisheries' resources to domestic food supplies and employment, without unduly impacting the livelihood of small-scale fishers.
103. The Kiribati Trade Policy Framework 2017-2027 (KTPF) promotes agribusiness, strengthening domestic supply chains, reviving the coconut industry, and investment in interisland shipping and ICT.
104. The Government of Kiribati recognize that the biggest threat to the nation's environmental integrity is posed by the potential impacts of climate change. Therefore the Kiribati Integrated Environment Policy 2013 sets the direction towards long-term preparations and planning for building and enhancing the resilience of Kiribati, its local communities and people to respond to the impacts of climate change. The Kiribati Joint Implementation Plan for Climate Change and Disaster Risk Management (KJIP) 2014-2023 sets out a holistic approach to integrate climate change and disaster risks into all sectors and to coordinate priorities for action. The KJIP identifies 12 major strategies to achieve the goal, 'to increase resilience through sustainable climate change adaptation and disaster risk reduction using a whole of country approach'. Strategy 4 is to increase water and food security with integrated and sector-specific approaches and promoting healthy and resilient ecosystems.
105. Under the KDP 2016-2019 Goal 3 on Health, a key strategy included is to strengthen initiatives to reduce the prevalence of risk factors for NCDs, and to reduce morbidity, disability and mortality from NCDs through tobacco and alcohol control, healthy eating and physical activities. The Ministry of Health and Medical Services (MHMS) Strategic Plan 2016-2019 sets the overall framework for action on health and includes NCDs as one of the seven key priority areas to address. A key strategy included in this plan is to strengthen initiatives to reduce the prevalence of risk factors for NCDs, and to reduce morbidity, disability and mortality from NCDs. Improving data monitoring and strengthen the integration of NCD interventions into primary health care, and strengthen initiatives around healthy eating are key actions proposed in the Plan relevant to nutrition security. Almost three-quarters of the adult population have personal NCD risk factors (elevated blood pressure, smoking, insufficient exercise, and obesity), and one quarter of adults over the age of 25 years are pre-diabetic or already on treatment for diabetes.
106. The Ministry of Health and Medical Services Strategic Plan 2016-2019 sets the overall framework for action on health and includes NCDs as one of the seven key priority areas to address. Improving data monitoring and strengthening the integration of NCD interventions into primary health care, and strengthening initiatives around healthy eating are key actions proposed in the Plan relevant to nutrition security.

## **Republic of Marshall Islands**

107. The Republic of Marshall Islands National Strategic Plan 2015-2017 carries the vision, 'In our Own Hands is Our Future' and focuses on continuing to build a resilient, productive and self-supportive island State. As such, it is founded on the principles of self-reliance, mutual respect, tolerance and integrity.
108. The Plan has 10 development themes, three of which include Strengthening ability to mobilize local and traditional knowledge to address emerging challenges facing people, communities and governments; Ensuring broad-based growth and food security through a cross-cutting approach; and mitigating the impacts of climate change and creating awareness of the importance of environmental assets through community, national, regional and international approaches.
109. Currently the country does not have an agriculture sector plan; the last plan was produced in 1979 and has not been updated. In addition, the Ministry of Resources and Development, under which the agriculture sector is managed, does not have a current strategic plan as the last plan covered the period 2005-2010.

110. Food security is an issue that cuts across several strategic areas including fisheries, transportation and trade. Agriculture and agriculture production, however, continue to be a foundation of food security in the RMI. The Agriculture Sector Plan 2005-2010 recognised that a thriving coconut industry remained vital for rural livelihoods, the economy and food security in RMI, particularly in the outer-islands where few other economic opportunities existed.
111. The Food Security Policy (FSP) 2013 contained five strategic action areas which included: Stimulating sustainable local food production and preparation and better linking producers to consumers; Strengthening access to nutritious food for vulnerable households and individuals; Educating the public about food security and nutrition and encouraging home gardening; Facilitating efficient national food distribution channels; and Building safety, quality and resilience into food supply and production systems.
112. The FSP targets to reduce the ratio of food imports to total imports from 30% to 15%, reduce the proportion of imported food consumed in diets by 20% and reduce the price differential between food in outer islands and urban centers. Strategies being promoted to achieve these targets include supporting local food crop production through extending knowledge and skills in better husbandry practices and farming systems, conserve traditional crop biodiversity, and cautiously introduce new crop varieties which can extend the tolerance range of crop growing conditions, sustainably manage coastal/inshore fisheries and aquaculture to support food security and livelihoods, adopt a supply chain approach to facilitate and support the establishment of viable production and marketing chains from input supplies, develop robust domestic food supply chains, and participatory and community-based approaches to promote local food production, healthy lifestyles and sustainable diets.
113. The Tile Til Eo 2050 Climate Strategy “Lighting the way” 2018 sets a clear framework for RMI for progressing towards net zero greenhouse gas emissions by 2050, as well as transitioning to an economy and society that is resilient and can adapt to the inevitable impacts of climate change.
114. The National Determined Contribution 2018 submitted by the Government includes a commitment to produce a National Adaptation Plan that sets out short, medium and long-term milestones to adapt to the impacts of climate change and transition to climate resilience.
115. The Joint National Action Plan for Climate Change Adaptation & Disaster Risk Management 2014 – 2018 has six goals which include: establish and support an enabling environment for improved coordination of disaster risk management (DRM) and climate change adaptation (CCA); public education and awareness of effective CCA and DRM from local to national level; enhanced emergency preparedness and response at all levels; improved energy security, working towards a low carbon future; enhanced local livelihoods and community resilience; and integrated approach to development planning including consideration of climate change and disaster risks.
116. Under the goal of enhanced local livelihoods and community resilience, key actions identified include assessing the scope for increased local food production and preservation; identifying and implementing key practical strategies for increasing and diversifying local food production, including climate-resilient crops and replanting traditional foodstuffs (e.g. pandanus, koin, konnat, lukwe etc) to reduce import dependency; assessing the need to address marine food security and coral reef protection; consider climate-adaptive approaches for a sustainable fisheries sector; and implementing the FSP.
117. The Climate Change Policy Framework 2011 contains five strategic priority areas of which food and water security, and biodiversity and ecosystem management are identified for strengthening under the priority area of Adaptation and Reducing Risks for a Climate Resilient Future. Areas of emphasis include strengthening resilience of community livelihoods and vulnerable groups including the youths and children, and improve national and local capacity to undertake technical vulnerability, adaptation assessments and planning, including the interpretation and application of climate data and information and cost-benefit analysis of various adaptation options.
118. The current Fisheries Policy 1997 is outdated and under review. It contained three objectives which include improving economic benefits from the fisheries sector within sustainable limits, promoting responsible private sector led fishery developments, and strengthening institutional capacity to facilitate the responsible development and management of the nation's fisheries resources. Under the policy, the Marshall Islands Marine Resource Authority was the primary public sector vehicle to work with the private sector, both domestic and foreign, to optimise benefits from the industrial fishery. Local Government Councils and island and atoll community groups were encouraged to take responsibility for the management of coastal and lagoon resources in the islands and atolls under arrangements to ensure responsible sustainable resource management practices.
119. The RMI Trade Policy 2012 promotes the economic potential of the agriculture sector by addressing transport and infrastructure needs, establishing farmer associations, improving access to credit, increasing

local production to reduce reliance on imports, and focusing on niche products and value adding products such as noni and pandanus products and handicraft. The consumption of local foods in hotels, state functions, schools, and cargo and passenger vessels was also emphasised.

120. The Ministry of Health Strategic Plan 2017-2019 promotes the concept of healthy islands focused on nurturing the body and mind, particularly of children and youth, and maintaining an ecological balance. Improving Primary Health Care services is one of six outcomes of the Plan under which addressing NCDs through education and awareness at schools and community level is emphasised.

## **Tuvalu**

121. The guiding framework for development in Tuvalu is the Te Kakeega III (TKIII), the National Strategy for Sustainable Development 2016-2020, which is Tuvalu's eighth development plan. The TKIII carries the vision of a more protected, secure and prosperous Tuvalu with healthier people who are more engaged in national, regional and international forums, and a government fully committed to honouring Tuvalu's international commitments and respecting its partnerships.

122. TKIII builds on Tuvalu's efforts to meet the eight millennium development goals (MDGs), now superseded by the sustainable development goals (SDGs). Tuvalu's 2011 MDG progress scorecard reported that the country was on a near-term track to achieve four of eight MDGs (2,4,5,8), potentially on track to achieve three (3,6,7), but was unlikely to achieve MDG 1 any time soon: eradicate extreme poverty and hunger. Renewed efforts to do that have been ongoing since 2011, and it remains a priority under TKIII.

123. TKIII builds on the eight strategic thrusts in TKII and adds four new strategic areas which include Climate Change, Environment, Migration and Urbanization, and Oceans and Seas. TKIII is closely aligned to the 2030 Sustainable Development Agenda, the SAMOA Pathway and the Paris Agreement.

124. The eighth strategic area under TKIII is Natural Resources under which fisheries and agriculture fall. The strategic area carries the goal to 'Maximise social and economic returns from the management and sustainable use of Tuvalu's natural resources'.

125. The TKIII acknowledges the long standing supply-side challenges that constrain prospects for agricultural development such as: harsh climate; very poor soils; narrow product base with few options to widen the base; land tenure systems that limit land availability; labour intensive production restricted to small plots; poor inter-island transport links; dependence on imported agricultural inputs; and lack of infrastructure to support non-subsidised agricultural development beyond subsistence.

126. To address these challenges, the TKIII has set out strategies to strengthen the existing enabling environment by updating agriculture sector policies and legislations, including developing a Land Use Policy and reviewing the Food and Nutrition Policy; institutional strengthening of the Department of Agriculture through training, increased staffing and adequately resourcing the department; increase agricultural productivity through increased emphasis on vegetable home gardens and production of local crops; assessing the merits of establishing an Organic Farming & Marketing Authority to organize and increase farm production, train farmers in organic farming and conservation practices, set production targets for selected produce, and handle domestic marketing and sale of local produce; and increasing community engagement in the agriculture sector by encouraging the formation of at least 2 farmer associations in each island.

127. The Government formulated its first Trade Policy Framework in 2016 where agriculture and fisheries were two of the four priority areas identified, in addition to tourism and labour mobility. The overall focus of the policy is on developing niche markets and commodity diversification. For the agriculture sector, resources will be channelled towards developing value-added food processing and compliance standards for products exported to regional markets. Examples of goods with domestic and export market potential include: virgin oil; coconut by-products, such as toddy; natural fibres; biofuel for motor vehicles; bio-waste for livestock and root crop production.

128. The Tuvalu National Agriculture Strategic Plan (TNASP) 2016-2023 provides a roadmap to address the factors that have contributed to an underperforming agriculture sector. It is guided by 6 goals: Strengthened enabling environment for the agriculture sector; Department of Agriculture (DOA) has adequate capacity and means to implement the National Agriculture Sector Plan; Farmers have adopted more resilient, productive and environmentally sustainable farming practices and techniques; Demand for domestic agriculture products encouraged to grow; Agriculture workforce increased, inclusive of landowners, women and youth; and Access to safe, affordable and nutritious food enhanced.

129. The (TNASP) seeks to enhance the contribution of agriculture to rural development and agricultural sustainability by prioritising the updating and harmonising of policy, legislative and regulatory frameworks; establishing within the DOA a research & development unit and a home economics unit (to support

development of value adding to agriculture products and promotion of consumption of local foods); improving the capacity and effectiveness of the extension service; Strengthening data collection for improved planning; encouraging home food production including backyard gardening and fruit tree planting; investigating and applying incentives for domestic food production; and promoting the consumption of healthy foods including local foods; and increasing the participation of youth and of women in agriculture.

130. The drive for increased production and productivity is complemented by measures to enhance marketing of agricultural products locally and initiates efforts to export products to markets in other Pacific countries and further abroad. The Tuvalu Agriculture Strategic Marketing Plan (TASMP) 2016-2025 aims to revive domestic and international trade of locally produced agricultural products through domestic activities and trade arrangements. The goal of TASMP is to increase the resilience of the Tuvalu people in relation to climate change by fostering a sustainable domestic trading platform for local food and other local produce, mainly traditional handicrafts.
131. The TASMP, which is aligned to the TKIII and TNASP, is guided by the following objectives: Increase local food consumption and decrease reliance on imported food; Generate foreign exchange earnings by exporting prime local products; Revive traditional integrated organic farming practices and consequently increase land productivity; Preserve and breed more climate-resilient traditional food crops and tree varieties by cultivating them with innovative crops and trees that are bred to be more resilient to climatic changes; Increase knowledge and awareness of the benefits of local food; and Increase the sale of local produce and quality traditional handicrafts in Tuvalu.
132. The National Environment Management Strategy (NEMS) 2015-2020 was formulated to support the achievement of the outcomes in TKII and TKIII sets a policy platform for long term planning and action to respond to priority environmental issues. The first NEMS was developed in 1997. The NEMS is guided by four key principles: leadership and good governance; collective responsibility for the environment; indigenous knowledge, practices and innovations; and integration of the environment and development. It is composed of the priority activities for implementation under the four environmental themes of governance, biodiversity management, waste and pollution, and environment awareness and education. Notable activities under biodiversity management and environmental awareness and education relate to the conservation, documentation, and training on traditional knowledge. This includes linking traditional conservation mechanism and national conservation mechanism, documentation of traditional knowledge such as navigational skills, weather predictions, and also on environment conservation and organising regular training on traditional knowledge and its relationship to the environment.
133. Climate change is recognised as the most serious threat to security and survival and cuts across Tuvalu's development landscape. Climate change is the first strategic area in the TK III and is mainstreamed throughout all the other strategic areas. High level policy advice is provided to Government by the National Advisory Council on Climate Change (NACCC) and the Climate Change and Disaster Policy Unit (CDP) located in the Prime Minister's Office.
134. The Te Kaniva – Tuvalu Climate Change Policy 2012 – 2021, sets out the strategic priorities for scaling up the Government of Tuvalu's commitments to respond to climate change, both in terms of current and future vulnerabilities. This policy promotes a coordinated approach to strengthen the capacity of Tuvalu in reducing current and projected climate change impacts and risks such as the risk of loss of life, economic disruption and damage to the environment and property, and to alleviate poverty in vulnerable groups.
135. The policy carries the vision 'To protect Tuvalu's status as a nation and its cultural identity and to build its capacity to ensure a safe, resilient and prosperous future' and is underpinned by the following goals: Strengthening Adaptation Actions to Address Current and Future Vulnerabilities; Improving Understanding and Application of Climate Change Data, Information and Site Specific Impacts Assessment to Inform Adaptation and Disaster Risk Reduction Programmes; Enhancing Tuvalu's Governance Arrangements and Capacity to Access and Manage Climate Change and Disaster Risk Management Finances; Developing and Maintaining Tuvalu's Infrastructures to Withstand Climate Change Impacts, Climate Variability, Disaster Risks and Climate Change Projection; Ensuring Energy Security and a Low Carbon Future for Tuvalu; Planning for Effective Disaster Preparedness, Response and Recovery; Guaranteeing the Security of the People of Tuvalu from the Impacts of Climate Change and the Maintenance of National Sovereignty.
136. Under the goal of Strengthening Adaptation Actions to Address Current and Future Vulnerabilities, activities prioritised include an assessment and analysis of salt and/or heat tolerant food crops (e.g. pulaka) and tree species for coastal protection to improved food security and strengthen coastal protection; Integrated and coordinated water resources (including desalination) planning and management including preparedness and response plans for each island to safeguard water security (adequate water quality and quantity) and as a proactive measure for droughts and other extreme events; and Coordinated planning and



management of marine, coastal and land resources and systems (Whole Island Systems Management/ecosystem base management) in recognition of inter-linkages of systems and adaptations and disaster risk reduction activities; and strengthened resilience and adaptability of these inter-linkages (ecosystem based management).

137. Based on Tuvalu's climate change and disaster risks context, the National Strategic Action Plan for Climate Change and Disaster Risk Management 2012-2016 identified seven thematic goals covering adaptation, mitigation and disaster risk management. The goals included: Strengthening Adaptation Actions to Address Current and Future Vulnerabilities; Improving Understanding and Application of Climate Change Data, Information and Site Specific Impacts Assessment to Inform Adaptation and Disaster Risk Reduction Programmes; Enhancing Tuvalu's Governance Arrangements and Capacity to Access and Manage Climate Change and Disaster Risk Management Finances; Developing and Maintaining Tuvalu's Infrastructure to Withstand Climate Change Impacts, Climate Variability, Disaster Risks and Climate Change Projection; Ensuring Energy Security and a Low Carbon Future for Tuvalu; Planning for Effective Disaster Preparedness, Response and Recovery; and Guaranteeing the Security of the People of Tuvalu from the Impacts of Climate Change and the Maintenance of National Sovereignty.
138. Under the goal of Strengthening Adaptation Actions to Address Current and Future Vulnerabilities, key outcomes being pursued include: Resilience and livelihoods strengthened; Food security; Water security (adequate water quality and quantity); Climate change adaptation integrated into planning and development decision making including household daily activities; and Economic security, food and species diversity (biodiversity and ecosystems) for Tuvalu, amongst others.
139. The Tuvalu National Adaptation Programme of Action (NAPA) 2007 was developed to support the TKII, National Strategy for sustainable development 2005-2015; in synergy with other action plans and other development aspirations of the Government. The goal of the Tuvalu NAPA was to provide a framework that would guide the coordination and implementation of adaptation activities in the country. The primary focus was initially on adaptation needs in the agriculture, water, fisheries, land, disaster and human health sectors. Stakeholders identified major challenges such as coastal erosion, flooding, inundation and salinity intrusion especially into pulaka pits which destroy crops and decrease yield from key food security fruit trees such as coconut, banana and breadfruit, and shortage of potable water.
140. A STEPS Survey was carried out in 2015 in collaboration with the World Health Organisation (WHO), to provide baseline data on NCDs and their associated risk factors. The survey revealed that the majority (95.8%) of adults consumed less than five servings of fruit and/or vegetables on average per day. More than half (63.9%) did not consume any fruit and/or vegetables on average per day. The mean number of days fruit was consumed in a typical week was 2.0 days and 1.9 days for vegetables; and the mean number of servings of fruit and/or vegetables consumed on average per day was 1.3.
141. The survey found that about 3.0 servings of sugary drinks were consumed per day and that an average 4.0 teaspoons of sugar were added to each drink per day. There were no significant differences between men and women and between age groups. About a quarter of the population did not meet the WHO recommendations on physical activity for health. Significantly more women (43.4%) than men (18.8%) engaged in low levels of physical activity.
142. The survey confirmed that the situation in Tuvalu is similar to many other Pacific island countries where there are high prevalence of overweight and obesity, physical inactivity, consumption of sugary drinks and diabetes, and relatively high prevalence of tobacco use and exposure to second-hand smoke. Approximately 64% of Tuvaluans have 3 to 5 risk factors for NCD.
143. The STEPS Survey informed the formulation of the NCD Strategic Plan (NCDSPP) 2017-2022 which guides a multi-stakeholder attempt prevent and reduce and incidence of NCD in the country. The strategic plan includes interventions aimed at establishing an environment to support healthy behaviours as well as education and awareness to support behaviour change.
144. Nutrition is a one of 7 components of the NCDSPP. Increasing public awareness on nutrition and healthy eating and strengthening food security (availability, accessibility and affordability) are key strategies under this component. Key activities include developing and implementing a School Food Policy, review and updating the National Food Policy, public education campaigns and training on planting fruits and vegetables, and establishing nurseries and gardens and increasing trade between outer islands and Funafuti. These activities aim to increase the proportion of population consuming at least 3 or more servings of fruits and vegetables per day on most days of the week by 15%
145. The importance of fisheries to Tuvalu cannot be overstated: indeed Tuvalu is often characterised as one of a handful of "fishery-dependent small island states" whose economy, livelihoods, food security and dietary health depend largely on marine resources. Since 2013 fishery access and licence fees paid by industrial

fishing vessels catching tuna in Tuvalu's exclusive economic zone (EEZ) have been the primary source of non-aid revenue to the Government. Seafood is a major source of protein to Tuvaluans, especially in the outer islands, where fish consumption may exceed 80kg per person per year (5 times the global average).

146. The TKIII describes fishery-related issues and aspirations under various strategic areas, but particularly Private Sector Development, Employment and Trade, Natural Resources, Environment, and Oceans and Seas. The corporate plan of the Tuvalu Fisheries Department 2017-2019 outlines key activities to ensure sustainable development and management of oceanic or designated inshore fishery resources and fisheries rights so that they generate national revenues and sustainable employment opportunities. It also outlines how the Department will support Kaupule/ Falekaupule (Island Councils) to manage inshore fisheries to support livelihoods and provide local food security.
147. The Diagnostic Trade Integration Study 2016 (TDTIS), Department of Fisheries Corporate Plan 2017-2019 (DFCP), and National Tourism Development Strategy 2015-2019 (NTDS) complements the Te Kakeega III National Strategy for Sustainable Development 2016-2020 and the Department of Agriculture's Strategic Plan in endeavouring to harness the economic potential of the agriculture sector. The TDTIS identifies agriculture and fisheries as priority areas, in addition to tourism and labour mobility. It promotes the development of niche markets and diversification of the agriculture sector, developing value-added food processing and compliance standards for product exported to regional markets. Examples of goods with domestic and export market potential include: virgin oils; coconut by-products, such as toddy; natural fibres; biofuel for motor vehicles; bio-waste for livestock and root crop production. The DFPC on the other hand outlines how the Department will support Kaupule/ Falekaupule (Island Councils) to manage inshore fisheries to support livelihoods and local food security. The NTDS recognizes the opportunities to strengthen the linkages between agriculture and tourism – food supply, catering, handicraft.

## Challenges

148. The Governments of Tuvalu and Kiribati have endorsed National Labour Migration Policies which promote opportunities to migrate overseas for decent work opportunities. With a young population and limited job opportunities in the local job market, this policy is already hindering efforts to invigorate the agriculture sector, particularly in the outer islands, through the shortage of labour.
149. A key area of uncertainty for RMI and FSM surrounds the continuation of the existing level of funding under the Compact of Free Association with the US which expires in 2024. There is an expectation of reduced resources being made available to support economic development, particularly investment in infrastructure, health and education. In addition, the migration policy under the Compact also allows citizens of RMI and FSM to live and work in the US, albeit with some restrictions. This is already having an impact on the population of outer islands and can affect efforts to revitalise agriculture, particularly in the outer islands.
150. Other general challenges confronting the northern Pacific countries include:
- The need to review and update a number of national policies and regulations. This process will provide an opportunity for the countries to take stock of implementation, assess gaps and consider strategies to improve implementation.
  - The lack of up-to-date information and data to guide policy development, project formulation and monitoring and evaluation. Data gathering systems are weak and policy decisions do not have the full benefit of rigorous statistical analysis.
  - Limited capacity within the public sector to effectively and efficiently manage multiple projects of Government and development partners. This limitation in capacity also constrains implementation of stated national policies and strategies.
  - Small and underdeveloped private sector which require support and a conducive environment to grow and innovate.

## Conclusion

151. All four countries are guided by national development plans or strategies that acknowledge the important role played by the agriculture sector in the country's socio-economic development. These national plans speak to developing or revitalizing the agricultural sector to increase household incomes, reduce reliance on imported food, diversify dietary options for the population, improve nutrition and health outcomes, and support biodiversity management and ecosystem resilience, particularly in the wake of the impacts of climate change.

152. Despite the absence of a holistic Agriculture Sector Strategy, each country possesses a range of complementary sector policies in climate change, environmental management, health and nutrition, and trade which reinforce their development aspirations in the agriculture sector in relation to building resilience and strengthening household food and nutrition security. These national policies are aligned to regional and global frameworks and are anchored on the unique needs and circumstances facing these small atoll nations.

## **Appendix 6 - Vulnerability analysis and climate resilience guidance**

See Attachment

## **Appendix 7 – FSM Market Study**

See Attachment

## **Appendix 8 – Tuvalu Market Study**

See Attachment