I. Project Context

Country Context

Samoa has achieved a major economic transformation over the last fifteen years, with real Gross Domestic Product (GDP) per capita increases of three percent per annum on average, faster than elsewhere in the Pacific Islands, and with GDP per capita estimated at USD 3,087 in 2010. The country also has one of the highest human development indexes in the Pacific. Economic growth has been driven by services, especially commerce and tourism, and remittances from a large diaspora of some 160,000 Samoans living aboard, mainly in New Zealand. Despite this strong growth, the income gap between the urban population of about 40,000 living in Apia and the rural population of approximately 140,000 has been increasing, partly due to the poor performance of the agriculture sector.

The level of extreme poverty in Samoa, as measured by the food poverty line, is low with only 3 percent of households falling below the food poverty line. However, the incidence of basic needs poverty is much higher; 20.1 percent of all households and 26.9 percent of the population fall below the basic needs poverty line. Despite having a large subsistence agriculture sector, households remain very vulnerable to increases in food and fuel prices, particularly when faced with the loss of cash income due to a reduction in remittances or loss of employment. Households in the lowest expenditure quintile spend about 55 percent of their total expenditures on food. These households are hardest hit when the cost of the food basket increases, such as it did in 2008 when food costs increased by 25 percent between the first and fourth quarters of the year.

II. Sectoral and Institutional Context
From 1995 to 2009, agricultural value added has declined at an average rate of 2 percent per annum in real terms, resulting in the sector’s contribution to GDP dropping from 19 percent in 1995 to 12 percent in 2009. Nevertheless, agriculture continues to play an important role in the economy, employing around two-thirds of the national labor force. About 18,000 rural households live in the 360 villages of the two main islands, Upolu and Savai’i, which are governed as semi-autonomous entities under councils of chiefs. Rural households comprising extended family units are the major producers, practicing small scale and labor intensive mixed farming on customary owned land. Less than 15 percent of land is freehold or government owned, a proportion of the latter being leased to farmers for agricultural production. The large majority of agricultural holdings are less than four hectares, with few above twenty hectares. Coconuts, cocoa, taro and other root crops, along with fruits and vegetables are the main crops. These are combined with small-scale livestock production. Around 80,000 hectares or about 30 percent of the country are potentially available for agriculture, with most of the remainder being forest or scrub. But only 10,000 hectares of this is used for low intensity mixed cropping, with the majority planted to plantations or pastures.

The agriculture sector is constrained by a mix of policy and institutional factors, which have combined to impede the productive potential of rural households and agribusinesses. First, while successive Samoa Development Strategies (2003-2007 and 2008-2012) promote agriculture through market-oriented strategies, both public and private investment over the past decade has been low. Second, only one quarter rural households are engaged in formal markets, the majority of households being subsistence farmers. Third, existing farming systems are labor intensive, and rural labor is becoming more scarce and expensive, due to high wages in urban areas and opportunities offered by migration. At the same time, the rocky nature of soils in Samoa presents a challenge to larger scale farming and mechanization. Fourth, access to agricultural credit is difficult, lending products are inappropriate for agriculture and interest rates are high, constraining on-farm investment, and production systems needing significant working capital. Finally, Samoa has still to develop effective farm support services, including market-driven research and extension to promote improved technologies; and farmer access to improved breeding stock and planting material is limited.

Agriculture in Samoa is also very vulnerable to the adverse effects of climate change. Climate change is manifesting itself in more frequent and extreme rainfall events, longer dry spells and drought events, rising sea levels, extreme winds and high air and water temperatures. The effects of climate change and variability will make agricultural production more challenging. A higher incidence of pests and disease is expected. Since Samoa has limited irrigation infrastructure, irregular or inconsistent rainfall is extremely problematic.

Notwithstanding these challenges, significant opportunities exist to develop Samoa’s fresh fruit and vegetable and livestock sub-sectors. A large share of the existing demand for fruits and vegetables is currently being met by imports and there is scope for encouraging domestic production to reduce this import dependence. In addition, current per capita consumption of fruits and vegetables appears very low by regional and global standards, indicating a need for increased awareness of the dietary benefits of fruit and vegetable consumption and prospects for future demand growth. The presence of well-organized retail and foodservice channels represent a considerable advantage to an organized fresh produce supply chain, provided that domestic producers are able to meet buyer standards for product continuity, quality and price. There are some products which could also be developed into sustainable export commodities, including organic products for which there is recognized export potential.

However, irregular domestic supply patterns have encouraged the organized retail grocery, hotel and restaurant buyers in Samoa to rely on imported product for their basic fruit and vegetable requirements. The small average size of fresh fruit and vegetable production units and the lack of coordination between growers severely limit the ability of individual farmers to satisfy the demands of organized buyer groups. With little or no access to these high-value, big volume sales outlets, local growers are forced to sell through farmers markets or roadside stands, where prices are generally lower, and where minor supply surpluses often lead to major price discounts. Better organization at production level, when coupled with improved planting material, and on-farm investments and infrastructure to permit year-round production, could provide local farmers with the ability to supply organized retail and foodservice customers with the quality and quantity of fresh fruits and vegetables these customers require.

Livestock production in Samoa is also largely subsistence oriented. With the exception of a small number of larger scale cattle operations, livestock production is dominated by small household production units, involving in total about 40,000 cattle, 150,000 pigs, 310,000 poultry, and 250 sheep. Almost all rural households raise backyard poultry and pigs. Cattle herds have been crossed extensively with imported exotic breeds for more than thirty years, but virtually all pigs and poultry breeds are indigenous, with a few exotic crosses. Sheep are new to Samoa, and all sheep in the country originated from those imported from Fiji in 2004. Productivity of most livestock is low because of a lack of attention to nutrition, breeding management and animal health. In the absence of any abattoir facilities in the country, the majority animals are slaughtered in unhygienic conditions, and carcasses transported in non-refrigerated vehicles. Apart from the obvious public health considerations, this process results in a substandard carcass which makes it difficult for domestic meat to compete with imports. Sixty five percent of meat consumed in Samoa is imported into the country.

The government is now actively considering a higher level of investment in the agriculture sector. The Ministry of Agriculture and Fisheries (MAF) has recently prepared an Agriculture Sector Plan (2011 – 2015) which provides a road map to guide public and private investments in the sector. The primary objectives of the Agriculture Sector Plan are: to strengthen policy, legal and regulatory frameworks for sustainable agriculture development; to improve national self reliance in food production and nutritional security; to enhance private sector capacity in improving agricultural productivity, value adding and marketing; and to ensure sustainable adaptation and management of agricultural resources.

Through its support for strengthening the performance of the livestock and fruit and vegetable sub-sectors, the proposed project supports the implementation of Samoa’s Agriculture Sector Plan. While there is no specific Country Assistance Strategy (CAS) for Samoa, the proposed project is consistent with the current Regional Engagement Framework FY2006-2009 for the Pacific Islands, which focuses on improved management of resource-based sectors and private sector development. Similarly, with its focus on raising productivity in the fruit and vegetable and livestock sub-sectors, strengthening value chains and linking farmers to markets the proposed project is also consistent with the World Bank Group Agriculture Action Plan FY2010-FY2012. The proposed project complements the assistance provided by other development partners including the European Union’s All Africa Caribbean Pacific Agricultural Commodities Programme, the Sino Samoa Agriculture Technical Cooperation Project, and assistance from the United Nations Development Programme for integrating climate change risks in the agriculture sector.

III. Project Development Objectives

The Project development objective would be that fruit and vegetable growers and livestock producers improve productivity and take greater advantage of market opportunities.
IV. Project Description

Component Name
Livestock Production and Marketing
Fruit and Vegetable Production and Marketing
Institutional Strengthening

V. Financing (in USD Million)

<table>
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<tr>
<th>For Loans/Credits/Others</th>
<th>Amount</th>
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<tbody>
<tr>
<td>BORROWER/RECIPIENT</td>
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<tr>
<td>International Development Association (IDA)</td>
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<td>Global Food Crisis Response Program</td>
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<td>LOCAL BENEFICIARIES</td>
<td>2.90</td>
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<tr>
<td>Total</td>
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VI. Implementation

Several agencies are expected to be involved in the implementation, including the Ministry of Finance (MOF), Ministry of Agriculture and Fisheries (MAF), Ministry of Natural Resources, Environment and Meteorology (MNREM), Ministry of Women, Community and Social Development (MWCSlD) and the Development Bank of Samoa (DBS). It is also envisaged that the private sector and relevant NGOs would be involved in the implementation of some project activities, including, inter alia, the Small Business Enterprise Centre (SBEC) for investor training, supporting and strengthening producer organizations and assisting farmers to access credit and matching grants; and Women in Business Development Inc. (WIBDI) for organic and niche market products.

Project management support would be provided to oversee implementation and coordinate the activities of implementing agencies. This would be done at a number of levels.

- Project Steering Committee (PSC): Comprised of representatives of MOF (chair); MAF; MNREM; MWCSlD; DBS; SBEC; and representatives of the private sector and NGOs. The function of the PSC would be to guide the overall direction of the project, review annual work programs, resolve implementation bottlenecks outside the control of MAF, assess the potential of the Project to achieve the expected development impact at the national level, and adjust Project activities, if necessary, in pursuit of the Project development objective.

- MAF Executive Management Team: Comprised of the Chief Executive Officer (CEO) and all Divisional Assistant CEOs (ACEO) and the Project Coordinator. The function of the team would be to review annual work programs, budgets and M&E results, and resolve implementation bottlenecks within MAF’s control.

- Project Coordination Group (PCG): Comprised of Project Coordinator (PC); Principal Matching Grants Officer, Principal Procurement Officer; Senior Procurement Officer, Principal Monitoring and Evaluation Officer; Principal Social and Environmental Officer and a Senior Financial Management Officer. Collectively, this group would be responsible for Project implementation coordination (including preparation of annual work programs and periodic project performance reviews), administration (procurement and financial management), safeguards compliance and monitoring and evaluation of project inputs, outputs and outcomes. Responsible administratively to the CEO, the Coordinator would be appointed at the level of ACEO and act as Secretary to PSC.

To foster organizational and Project sustainability, Project activities would be mainstreamed and implemented as integral parts of MAF’s program to improve the productivity and competitiveness of the livestock and fruit and vegetable sub-sectors. Accordingly, while the Project Coordinator would have ultimate responsibility for ensuring the Project is implemented as planned and produces the development impact expected of it, day-to-day implementation of Project fruit/vegetable activities and livestock activities would be the principle responsibility of ACEOs of the Crops Division and Animal Production and Health Division (APHD) respectively. The PCG would coordinate closely with the ACEO Corporate Services on procurement and financial management; and the ACEO Planning and Development on M&E activities.

VII. Safeguard Policies (including public consultation)

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<th>Safeguard Policies Triggered by the Project</th>
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<tbody>
<tr>
<td>Environmental Assessment OP/BP 4.01</td>
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<td>Projects in Disputed Areas OP/BP 7.60</td>
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VIII. Contact point

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