

SUB-REGIONAL OFFICE FOR THE PACIFIC ISLANDS

IMPLEMENTATION OF THE AGRICULTURE SECTOR PLAN

ALIGNING POLICIES AND STRATEGIES

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**FOOD AND AGRICULTURE ORGANIZATION
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Preface and Acknowledgements

Under the EU funded All ACP Agricultural Commodities Programme, support was provided to the formulation of a strategy for development of the Samoan Fruit and Vegetable sector. The Programme also foresaw the provision of support to assist, and develop the capacity of, policy makers in aligning policies to allow the successful implementation of the Fruit and Vegetable Sector Strategy (FVSS). Concurrently with the development of the FVSS, the Samoan Government formulated a new Agriculture Sector Plan which has now subsumed the FVSS. It was therefore decided that rather than addressing the alignment of policies with the FVSS in isolation, policy alignment in support of the ASP, but with primary attention to the crops sector, would be the focus of this activity.

This report documents the process to date and provides a basis for further elaboration of the existing policy set and its alignment with the objectives set out in the new Agriculture Sector Plan.

It is hoped that the activities undertaken during 2011 provide a solid base for further dialogue within and between key public and private sector bodies as to how best to align policies and strategies with the objectives of the ASP. It should also provide a basis for identifying where technical support and capacity development is required to allow Ministries to undertake the required analyses that must underpin policy formulation and intervention, including the ability to make a robust case for prioritizing these policy interventions.

Thanks are extended to all agencies that have provided information and documents to facilitate this activity.

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ACRONYMS and Abbreviations

ACP	African, Caribbean and Pacific
ANM	Aiga ma Nuu Manuia Program
ASP	Agriculture Sector Plan
CBS	Central Bank of Samoa
CTA	Customs Tariffs Act
DBS	Development Bank of Samoa
DCS	Duty Concession Scheme
EPA	Economic Partnership Agreement
EPC	Electric Power Corporation
EU	European Union
FAO	Food and Agriculture Organization
FIC	Forum Island Country
FTA	Free trade Agreement
GDP	Gross Domestic Product
GSP	General System of Preferences
GSM	Global System for Mobile communications
HACCP	Hazard Analysis and Critical Control Point
ILO	International Labour Organization
LDC	Least Developed Country
LTA	Land Transport Authority
MAF	Ministry of Agriculture and Fisheries
MCIL	Ministry of Commerce, Industry and Labour
MCIT	Ministry of Communications and Information Technology
MFAT	Ministry of Foreign Affairs and Trade
MfR	Ministry for Revenue
MNRE	Ministry of Natural Resources and Environment
MOF	Ministry of Finance
MOH	Ministry of Health
MPMC	Ministry of the Prime Minister
MWCSD	Ministry for Women, Community and Social Development
MWTI	Ministry of Works, Transport and Infrastructure

NCD	Non Communicable Disease
NEER	Nominal Effective Exchange Rate
NES	National Export Strategy
NTB	Non Tariff Barrier
NWCTA	National Working Committee for Trade Arrangements
NZ	New Zealand
PACER	Pacific Agreement on Closer Economic Relations
PICTA	Pacific Island Countries Trade Agreement
PIFS	Pacific Islands Forum Secretariat
POETCOM	Pacific Organic and Ethical Trade Community
PPCD	MAF's Policy Planning and Communications Division
ROO	Rules of Origin
SAME	Samoa Association of Manufacturers and Exporters
SAT	Samoa Tala (\$)
SCCI	Samoa Chamber of Commerce and Industry
SHC	Samoa Housing Corporation
SIS	Small Island States
SLC	Samoa Land Corporation
SN	Sui o le Nuu
SPARTECA	South Pacific Regional Trade and Economic Agreement
SPC	South Pacific Community
SPO	Strategic Policy Objective
SPS	Sanitary and Phytosanitary Standards
SPSA	Samoa Private Sector Association
SROS	Scientific Research organization of Samoa
STEC	Samoa Trust Estate Corporation
STN	Sui Tamaitai o le Nuu
SWA	Samoa Water Authority
TCIDB	Trade, Commerce and Industry Development Board
TRIPS	Agreement on Trade Related Aspects of Intellectual Property Rights
USA	United States of America
VAGST	Value Added Goods and Services Tax
WIBDI	Women In Business Development Incorporated
WTO	World Trade Organization

1. Introduction

The Agriculture Sector Plan (ASP) was recently endorsed by Cabinet and is now the overarching framework to guide actions and investments in the sector during the period 2011-2015. The ASP provides key policy objectives and strategies to address the policy, legal and legislative as well as institutional capacity and coordination issues that have affected the performance of the sector in the past few years. The four subsectors of agriculture in the ASP are crops (inclusive of fruits and vegetables), fisheries, livestock and forestry. The overall goal and focus of the ASP is *'to revitalize the agriculture sector to increase its relative contribution to the national GDP from its current level of 10% to 20% by 2015'*

Implementation of the ASP will be accomplished through adoption of a sector-wide approach which implies a whole of Government perspective to setting policies, designing strategies and delivering services to achieve the development outcomes anticipated in the ASP.

The majority of outputs of the agriculture sector; production, processing and marketing are delivered by private entities be they farm households, farmer co-operatives or larger commercial operations. Therefore the most important government roles in supporting the agriculture sector outcomes do not necessarily relate to public expenditure directly in the sector, but rather to policy and regulatory issues and settings. These include, amongst others, macro-economic policy, pricing policy (taxes and subsidies), land policy, trade policy, factor prices, and sanitary and phytosanitary standards (SPS). Furthermore, the close nexus between agriculture and the natural environment means that future sustainable development in Samoa will be dependent on ensuring an environmentally-friendly agriculture sector.

A key policy objective of the ASP is to strengthen the policy, legal, regulatory and strategic planning framework for sustainable agriculture development. As part of this process MAF's Policy, Planning and Communication Division (PPCD) is undertaking an exercise to list and align services and policies/strategies to the ASP Strategic Outcomes. Critical to the success of this process is clarification of the role and responsibilities of key ministries involved in the formulation and implementation of policies/strategies, legislation and regulations and providing services to support the implementation of the ASP.

2. Process and Approach

Following an inception workshop held in April 2011 (see annexed report), which sensitized stakeholders as to the importance of policy coherence and prioritized the activity of listing and aligning of policies and strategies, the MAF PPCD with assistance from FAO have organized two policy workshops and a number of in-house policy working group meetings. Participants at the workshops were the key stakeholders in the agriculture sector plan implementation and included representatives from government agencies, civil society and private sector organizations. The workshops were structured around a series of facilitated discussions, introduced by short presentations to stimulate and guide the discussions.

The overall aim has been to improve understanding of the implications of the current policy and regulatory framework on implementation and achievement of the strategic objectives in the Agriculture Sector Plan (ASP). The specific objectives were:

- To map the policy/service set relevant to the implementation of the Agriculture Sector Plan and the Fruit and Vegetable Sector Strategy (FVSS) and to use this to evaluate whether policies are consistent, coherent and to what extent they meet the needs of different producer groups.
- To identify key public policy, institutional and service factors that underlie the constraints to different producer groups.
- To identify where interventions/reforms may be needed to achieve the objectives set out in the ASP/FVSS –these may be economy-wide or sector/product specific issues.

A policy workshop held in June 2011 introduced the policy mapping exercise in the context of the ASP and the Fruit and Vegetable Sector Strategy and developed further activities for mapping the existing policy/service set. The intention was to start broad by capturing policies and services that impact agriculture (but focused on the crops sector) to get participants familiar with the bigger policy/institutional context in which the agricultural producers operate, but recognizing that after first capturing policies and services that are generic to all products and producers, it will at a later stage be necessary to try to understand how (and if) they impact different categories of producers.

Some of the key targets in the ASP and FVSS are listed below:

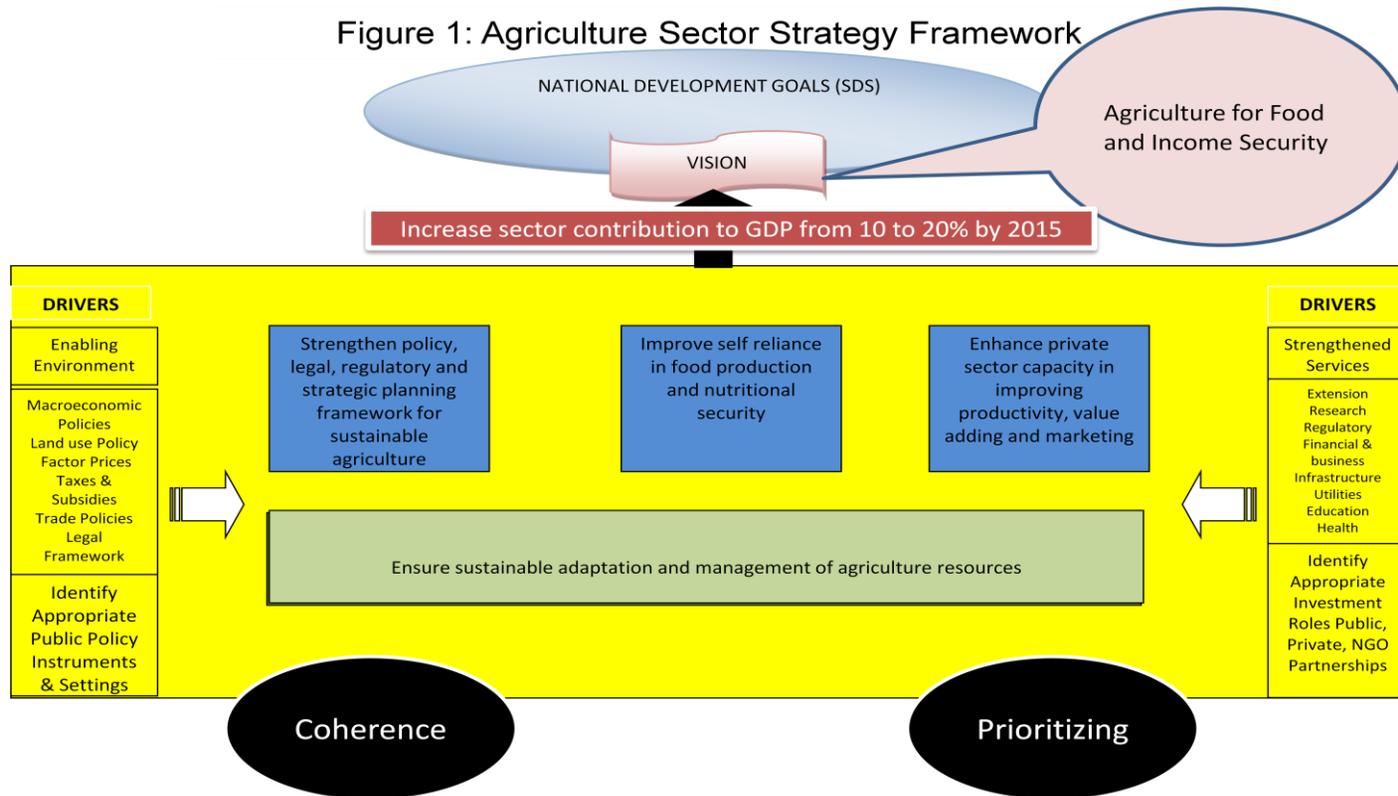
- ⇒ Increase the relative contribution of agriculture sector to national GDP from 10% to 20% by 2015 (ASP)
- ⇒ Overall F&V sector contribution to GDP will increase to approximately 10% over the next five years (FVSS)
- ⇒ Increase in commercial production output 50% by 2015
- ⇒ Increase in number of commercial farmers by 100% (mixed cropping from 10,000ha to 20,000ha)
- ⇒ 85% of current imports of F&V produced locally (excluding produce not grown)
- ⇒ 15% of total processed foods consumed produced locally
- ⇒ 50 million Tala(FOB) F&V exports by 2015
- ⇒ Decrease of NCDs related to healthier eating by 2015

Success in achieving these ambitious targets will require bold initiatives and a robust and supportive enabling policy and institutional environment.

Figure 1 below is a conceptual framework introduced to help better appreciate the range of policy instruments and services required to support the objectives set out in the ASP and FVSS. This framework separates drivers into “enabling environment” and “service provision” categories. Such a categorization is useful in determining (i) appropriate policy settings, and who can institute these and (ii) appropriate investment roles and who pays and who implements. This should help facilitate discussion on how best to coordinate efforts and investments to ensure coherence in policy actions. The aim will be for a framework which directs a more systematic configuration of cross-sectoral public policy and investment over time. Prioritization of actions will be critical and poses a key challenge.

In line with a “sector wide approach” a key objective of this activity has been to get MAF staff thinking and dialoging outside the agriculture box.

Figure 1: Agriculture Sector Strategy Framework



During the process of listing policies/strategies it has become very apparent that there are many policies that impact on the agriculture sector and it is possible that some may overlap or even undermine each other. It is necessary therefore to identify a set of key policies relevant to the sector and to assess the extent to which these are aligned. Indeed, sub-sector strategy 1.1.3 under Sector Institutional Strategies in the ASP is: *to conduct annual reviews of agriculture related policies, regulations and strategies to ensure their ongoing relevance and effectiveness in achieving the ASP key policy objectives.*

A first action to implement this strategy has therefore been to list relevant policies and strategies. An initial listing is provided, along with commentary, in Section 3 of this report. As the policy environment is dynamic this listing should remain a “living document” which is regularly reviewed and updated.

In September 2011, a third policy workshop was convened to review and refine the provisional list of policies and strategies that impact on the ASP. The workshop was organized around facilitated discussions in four of the key policy areas in the Listing; (i) Macroeconomic Policy, (ii) Regulatory - Quality and Standards, (iii) Trade Policy and (iv) Price Policy. A summary of the workshop discussion is included as Annex 2

The specific objectives of the workshop were:

- To discuss the degree of alignment of these policies and strategies with the ASP policy objectives and key outcomes.
- To identify any gaps or issues in coherence, and
- To prioritize any areas for policy/strategy reform and for improved coordination.

Based on outcomes of the MAF workshop dialogue during 2011 on aligning services and policies/strategies to the ASP, an illustrative matrix of policy issues and proposed actions has been prepared (Table 1 below). This matrix identifies key agencies related to the selected policy issues and suggested actions to either gather more evidence on the magnitude and impact of the issue or court wider opinion from relevant stakeholders. There are also suggestions on responsible agencies and the approach to carrying out these actions.

Table 1: Matrix of Priority Policy Issues and Proposed Actions

Policy Area	Policy Issue	Key Agencies	Action	Approach	Responsible
Law & Justice	Farm larceny	Law and Justice, MWCSO, MAF	Establish magnitude of issue and impact	Farmer survey Focus group	MAF PPCD
Banking & Credit	Allocation of DBS credit line facility	DBS, CBS, MOF, MAF	Monitor disbursements to agriculture sector	Loan statistics	DBS, ASP Steering Committee
Macroeconomic	Exchange rate	CBS, MoF, MCIL, MFAT, MAF, Chamber of Commerce, STA, SHA	Establish impact on exports and exporter margins	Economic analysis (TA) Industry (exporters) stakeholder survey	MAF PPCD
Regulatory	Quarantine import inspection protocol for fresh produce not sufficiently rigorous and comparable with ANZ	MAF, Chamber of Commerce, SFA	Review procedures	Focus group meeting	MAF Quarantine
Trade	Tariff ratings for agriculture inputs	MfR Customs, MCIL, SFA, MAF	Clarify current status	Check tariff regulations	MAF PPCD
	US Suspension of GSP preference to LDCs	MFAT, MCIL, MAF	Update information and status. Establish impact on exporters	Contact US Authorities Survey of stakeholders	MFAT MAF PPCD/MFAT
Price	Health impacts of Food price control and impact on local production	MCIL, MOH, MAF, Chamber, SFA	Review current items under price control	Focus group	MCIL/MOH/MAF
	Possible extension of use of excise tax on negative health products	MfR, MCIL, MFAT, MOH, MAF	Establish feasibility	Technical and economic review and analysis	MOH, MAF

Next steps and the way forward

1. *Extend dialogue on the policy listing*

In the time available to date only a few of the policy areas included in the listing were addressed in the workshops and further stakeholder dialogues to cover the other policy areas should be considered. This would enable MAF PPCD to use the outcomes and recommendations from the listing and aligning exercise to prioritize issues and better determine an agenda for coordination through the newly formed Agriculture Sector Coordination Committee. It would also move some way to identifying where greater coordination between ministries will be needed.

2. *Align policies with ASP objectives*

In order to focus attention on the policy settings and strategies that impact on achieving the specific outcomes in the ASP (refer to Table 2 below) an exercise to align the policies to the outcomes of the ASP has commenced and a provisional matrix is included at Annex 1. This, however, should be considered as an on-going exercise which will be developed through further dialogue with stakeholders.

Table 2: Agriculture Sector Plan Profile 2011-2015

Sector Vision	<i>Agriculture for food and Income Security</i>		
Overall Sector Goal	<i>To revitalize the agriculture sector to increase its relative contribution to national GDP from its current level of 10 percent to 20 percent by 2015</i>		
Sector Policy Objectives			
SPO 1: To strengthen policy, legal, regulatory and strategic planning framework for sustainable agriculture development	SPO 2: To improve self reliance in food production and nutritional security	SPO 3: To enhance private sector capacity in improving productivity, value adding and marketing	SPO 4: To ensure sustainable adaptation and management of agriculture resources
Sector Strategic Outcomes			
Outcome 1.1: Agriculture sector plan effectively implemented by 2015	Outcome 2.1: Increased food self reliance and nutrition	Outcome 3.1: Increased private sector investments in the sector	Outcome 4.1: Enhanced capacity for sustainable practices in the sector
Outcome 1.2: Reliable and Timely availability of key agricultural statistics for planning and monitoring of sector performance	Outcome 2.2: Increased productivity from adoption of high yield crops, livestock and aquaculture species	Outcome 3.2: improved efficiency of economic infrastructure in the sector	Outcome 4.2: Enhanced adaptation of environmentally friendly productive systems
Outcome 1.3: Coherent and well coordinated sector vis-à-vis adoption of the sector wide approach	Outcome 2.3: Enhanced nutritional dietary intake from locally produced agriculture products	Outcome 3.3: Increased access to tailor made financing arrangements for farmers and fishers	
Outcome 1.4: Enhanced policy planning and monitoring capacity of MAF including delivery of market oriented extension services		Outcome 3.4: Increased diversification and access to commercially viable products in the sector	
Outcome 1.5: Enhanced legal and administrative framework for leasing of customary land for agriculture formalized		Outcome 3.5: Increased compliance with food safety, phytosanitary and market access requirements in the sector	
		Outcome 3.6: Increased exports of fisheries and niche type products	

3. Consider the differential impacts on different categories of producers

It has been noted that the differentiation of farmer types in respect to the required services and enabling policy environment is often not well reflected in strategy documents, but must be incorporated into policy identification and formulation. For example, the objectives of policy intervention, whether in support of further commercialization or maintenance of subsistence based systems is critical in determining how to formulate and prioritize interventions.

This implies that the policy set (enabling environment) facing different categories of producer needs to be investigated to determine who it is enabling for. Two recent changes to the enabling environment (a reduction in tariffs on inputs, and the institution of an egg standard) could be considered as examples of policy reform that could significantly affect commercially oriented producers, but may have limited impacts on other categories.

Producers could be categorized using criteria such as: Regularity of supplying market; Proportion of crop sold; Trading relationships –e.g. ad hoc roadside sales, regular on municipal markets, contracts etc; Use of hired labour; Size of operation; Land tenure; and Profit motive.

Figure two below sets out an example typology which might be used to categorize producers in Samoa. Based on such a categorization it would be necessary, through focus group discussion or targeted surveys, to establish the key areas of policy that impact on the development of farming operations for the different producer types

In terms of food security and pro-poor policy, Type 1 producers would be a significant target group, whereas in terms purely of GDP growth Type 3 and Type 2 producers would be the more important target groups.

Figure 2: Example typology of producers

Criteria	Type 1	Type 2	Type 3
Regularity of supplying market	Ad hoc based on surplus to home food supply	Regular depending on season	Regular year round
Proportion of crop sold	10-20%	50%+	90%+
Trading relationship	Roadside market occasional municipal market	Regular municipal market, small trade stores	Formal and informal contracts
Use of hired labour	Family labour	Family labour, occasional hired help	Hired labour
Size of operation	Small 2-5 acres	2-10 acres	5-100 acres
Land tenure	Communal	Communal/ family land	Secured lease/freehold
Profit motive	low	medium	high

3. Listing of Policies and Strategies

The following listing of policies and strategies which impact on the agriculture sector plan outcomes should be considered as a work in progress. It should also be recognized that the focus in preparing this list has been on the crops sub-sector and therefore the list would need to be expanded to include policies in the livestock, fisheries and forestry sub-sectors. Recognizing that the policy environment is dynamic this listing should be regularly reviewed and updated.

This listing will facilitate the identification of key policy areas that might constrain the successful implementation of the ASP and of the responsible agencies with which MAF will need to engage in dialogue to make the case for policy reform/realignment where required. Table 1 (above) provides an indicative example of how the information contained in the listing can then be used in prioritizing areas requiring attention and proposing approaches.

The following policy areas are included:

- Macroeconomic
- Trade
- Intellectual property
- Price
- Regulatory environment
- Competition
- Banking and credit
- Environment
- Power
- Water
- Transport
- Telecommunications
- Health
- Research
- Education/training
- Land
- Labour
- Law and Justice
- Women, community and social development

Policy Area: Macroeconomic

Macroeconomic policies set the framework for stability in which agricultural producers operate, and are part of the determinant of the economy’s growth performance. A stable macroeconomic frame-work is constituted mainly by the absence of severe macroeconomic imbalances caused by exogenous shocks and incorrect policies.

Macroeconomic policies can be broadly defined as policies which use instruments that impact upon the economy as a whole, seeking outcomes which refer to aggregate economic performance. Macroeconomic policies include: monetary and fiscal policies, foreign exchange policies, factor price policies (e.g. wage, interest and land rental rates) and natural resources and land use policies. The four major objectives of macroeconomic policy are: (1) high level of employment; (2) price stability (low inflation); (3) high, but sustainable rate of economic growth; and (4) keeping the balance of payments in equilibrium.

The provision of an enabling environment for private sector development involves accommodating fiscal and monetary policies aimed at ensuring macroeconomic stability. Fiscal policy includes central government’s (Ministry of Finance) decision to tax and spend. Monetary policy (Central Bank, Ministry of Finance) directs control on the supply of money.

In a small, open economy such as that of Samoa, exchange rate policy can have an important impact on inflation, real wages, and the balance of payments. The continued opening up of the economy in recent years means that exchange rate policy is increasingly important to the nation’s economic prospects

Important indicators for macroeconomic policy are: Inflation Rate; Interest Rates; Exchange Rate and overall impact on GDP growth

Specific Policy (strategy)	Responsible Agency	Comments
<p><u>Monetary Policy</u> Objective to promote sustainable real economic growth by maintaining price stability (inflation low - target ≤3%) and international reserves viability (target ≥4 months import cover). In order to achieve these objectives, monetary policy decisions are conducted via open market operations through issuance and trading of Central Bank Securities (to impact lending interest rates). (Interest rates are liberalised and commercial banks are free to determine the level of interests on deposits and loan based on market forces affecting the demand and supply of money).</p>	<p>Central Bank (CBS), MOF Macroeconomic indicator targets:</p> <ul style="list-style-type: none"> ➢ Aggregate current expenditure to be maintained within a range of 35 – 38 percent of GDP over the forward estimate cycle ➢ Net public debt outstanding to be maintained at less than 40% of GDP ➢ Personnel costs as a 	<p>Expansionary monetary policy stance in 2010/11 has seen slight lowering of commercial lending interest rates. The aim is to increase credit to the private sector to help increase local production especially export oriented production To avoid returning to direct controls to reduce interest rates, the Central Bank explored the possibility of injecting liquidity into the economy via selected non bank financial institutions such as the Development of Samoa (DBS) and the Samoa Housing Corporation (SHC). Credit lines to these institutions will be provided at the same low interest rates offered to the commercial banks.</p>

Exchange Rate policy

To ensure export-oriented industries remain competitive in overseas markets whilst at the same time minimizing imported inflation. While there is no specific target level for the nominal effective exchange rate (NEER) of the Tala, the Central Bank aims to avoid a substantial real appreciation of the Tala since it can adversely affect the international competitiveness of the export sector.

In 2009/10, the Central Bank allowed the exchange rate of the Tala to drift upwards to ease some of the pressure from rising imported inflation.

percentage of total expenditure to be in the range 30 -35%

- Budget balance to be maintained in the range -3.5 and +3.5% of GDP
- Level of gross official international reserves, equivalent to no less than 4.0 months of imports of goods
- Target for year on year inflation 3%

CBS

After peaks of 14.6% in 2009 **Inflation** currently around (mid 2011) 3%

Surplus in **Balance of Payments** (largely due to inflow of aid and remittances) resulting **import cover** ≥7 months cover. But still large merchandise trade deficit ≥-SAT620 m. Import level 20 x exports

The **Exchange Rate** of the Tala is determined on the basis of a trade-weighted basket of currencies. The currency basket is reviewed periodically to reflect changes in trade and payment patterns between Samoa and its major trading partners. As a result of the last review carried out in March 2009, the currency basket now comprises the currencies of United States of America, New Zealand, Australia and the Euro Countries. The weightings are based on Samoa's distribution of trade and travel transactions

the CBS undertakes the review of the currency basket once a year, and there are no statutory requirements as to the composition and the weights of the basket. The CBS can make single discretionary exchange rate adjustments of up to +/-2 percent against the currency basket without cabinet approval. While there is no formal limit on the frequency of such adjustments, it is understood that the CBS would request cabinet approval for larger ad-hoc adjustments.

Main export markets for agriculture/fisheries products are US\$ (in 2008 Pago about 54%, USA, about 18%). But SAT has appreciated against the US\$ by about 25% since 2009 turning terms of trade against Samoan exports

But appreciation of the Tala against the US dollar results in lower local petrol prices and debt servicing costs for US\$ debt. But could the exchange rate policy be made increasingly proactive to stimulate exports and also used to contain spending on imports in the medium term?

<p>Budget Statements and Approved Estimates of Receipts and payments</p> <p>Fiscal policy continues on an expansionary path, with Parliament approving an overall Government Budget deficit of about 9 percent of GDP in 2010/11 and 6.5% in 2011/12, aimed at stimulating economic activity. The budget deficit is financed mainly by soft term foreign loans (and budget support from development partners).</p>	<p>MOF</p>	<p>Approved Budget for Agriculture 2011/2012 is SAT12.4m (small increase from \$12.33m in the 2010/11 Budget)</p> <p>The following provisions are made in the 2011/2012 Budget Stimulus Programme (replanting cocoa, coconut, and coffee) - \$150,000 Talomua Programme - \$300,000 Agriculture Show - \$100,000 <i>Infrastructure, Roads & Bridges</i> Government's investment in the improvement of roads and bridges will continue under the Land Transport Authority with the Ministry of Works, Transport and Infrastructure implementing its regulatory role. The total grant to LTA for 2010/2011 amounts to \$40.95m. Of that total \$14.90m will go towards new capital infrastructure with \$13.06m provided for road routine maintenance for both Upolu and Savaii. 2011/12 Budget for LTA \$29.0 m Improvements are still required in the rural areas to further extend the road network and reduce cost of transport of agriculture produce, including for exports, from production areas to distribution and consumption centres.</p>
<p>Tax policy – revenue sources</p> <p>Revenue consists of taxes, social contributions, grants receivable, and other revenue</p> <p>General government revenue for 2010 was SAT 0.603 billion (39.5% of GDP). Total expenditure for 2010 was SAT 0.695 billion (45.39% of GDP). Leaving budget deficit of about 6% of GDP.</p> <p>Grant aid has averaged out at 25 percent of total Government revenues and grants</p> <p>The policy guidelines for coordination and management of grant aid have been published in the 2010 Aid Management Policy of the Government centered on the aid effectiveness principles of the 2005 Paris Declaration, the 2007 Pacific Aid Effectiveness principles and the 2008 Accra Action Agenda.</p>	<p>MOF, MfR</p>	<p>Principal aid for sector from World Bank estimated SAT 27 million over five years AusAID Partnership Agreement for Agriculture estimated SAT 5 million over five years</p>

Policy Area: Trade Policy

Policies/legislation related to the exchange of goods and services in international trade including tariffs, taxes, subsidies and import/export regulations. The design and application of the country’s trade policy instruments is meant to ensure among other things, that domestic production is enhanced, exports are promoted, and safeguards are in place to shield domestic sectors and industries against external anticompetitive practices.

Specific Policy (strategy)	Responsible Agency	Comments
<p>Customs Act 1977 and Customs Amendment Acts 2007 & 2010 Duty Concession Scheme Duty Drawback Schemes Customs Regulations 68-71 VAGST Act 1992/1993 and Amendment 2006 Customs Tariffs Act (CTA) 1975 and Customs Tariff Amendment Acts 2003 & 2008</p> <p>Customs Tariffs Amendment Act 2008 Code 121</p>	<p>Ministry for Revenue MCIL/MfR</p>	<p>Pursuant to the Customs Act 1977, the Excise Act, Miscellaneous Fees and Charges, and Customs Regulations, Samoa imposes fees and charges commensurate with the services rendered on both imports and exports. There is a DCS allowing concession on imports for plant and equipment for manufacturing (N.B. such schemes may be questionable when Samoa joins WTO)</p> <p>There are no government fees or levies charged on exports. Tariffs have been substantially reduced in light of government’s reforms. Capital items and bulk of raw materials at 8% duty respectively plus VAGST. CTA Amendment 2008 changed duty/excise taxes for motor vehicles (import duty on motor vehicles were removed and replaced with an excise tax), reduced duty to 5% on fishing gear and to zero on bait and safety equipment on inputs for processing/manufacturing and feed for poultry and packaging (N.B. These concessions may be questionable under WTO) Now Samoa has a simplified duty schedule with only four general rates of zero, five, eight, and twenty percent Value Added Goods and Services Tax (VAGST) A tax on consumption charged and accounted for at the rate of 15%. Exceptions apply in the case of exempt supplies and supplies charged at the rate of 0%. Exempted from the VAGST are health, education, overseas travel, electricity, financial services, bus and taxi transport, and raw unprocessed food. Threshold Amount: for VAGST business with annual turnover of ≥ SAT\$78,000</p>

<p>Trade Policy Statement 2008. Samoa maintains an active trade policy agenda which takes into account multilateral, regional and bilateral strategies to address barriers to trade create export competitiveness and gain new market opportunities, while at the same time having the flexibility to respond to unpredictable events such as the current food and fuel crises. The overall goal is to strengthen the integration of Samoa into multilateral and regional trading arrangements.</p> <p>WTO Schedules</p> <p>Health Ordinance (being amended via the Public Health Bill). Lands and Environment Act, Stockholm Convention on Persistent Organic Pollutants. Guidelines for Pesticide Registration and Import Permits 1991</p> <p>The South Pacific Regional Trade and Economic Agreement (SPARTECA)</p>	<p>Trade, Commerce and Industry Development Board (TCIDB)</p> <p>MFAT</p> <p>MOH, MNRE</p> <p>National Working Committee for Trade Arrangements (NWCTA) was endorsed by Cabinet in January 2010, formerly known as the WTO Working Committee</p>	<p>“Samoa does not have major industries that need to be protected from import competition and hardly ever uses import duties for industry protection”.</p> <p>The Government of Samoa has endeavored to eliminate all non tariff barriers (NTBs) to trade consistent with the provisions of regional and international trade agreements.</p> <p>“The Government of Samoa neither maintains nor has any intention of introducing or applying quantitative restrictions on imports, or other non-tariff measures such as licensing, quotas, prohibitions, and other restrictions having equivalent effect that cannot be justified under the provisions of the WTO Agreement. However, there are existing legal provisions and policies in place that enable the Head of State to prohibit the importation of goods into Samoa so as to protect public interest such as measures undertaken to limit negative consequences on the environment and health of Samoans (e.g. ban on turkey tails, ban on motor vehicles over 12 years old.). Also Samoa charges an import licence fee on pesticides which is in accordance with the “polluter pays” principle.</p> <p>Since 2008, Samoa grants tariff preferences to members of the Pacific Island Countries Trade Agreement (PICTA) in an effort to expedite, facilitate and promote regional trade There are no government fees or levies charged on exports. The exporting of raw logs of timber and live coral is explicitly prohibited</p> <p>SPARTICA is a non-reciprocal trade agreement under which two developed member countries of the South Pacific Forum, Australia and New Zealand offer duty free and unrestricted concessional access for most products originating from the developing island member countries of the forum. SPARTECA was signed by most Forum members at the Forum’s Eleventh meeting in Kiribati on 14th July 1980. It came into effect for most Forum Island countries from 1st January 1981. Samoa signed onto this Agreement to tap into the benefits it offered especially considering that Australia and New Zealand are key markets for Samoa (Yazaki re-exports benefit from this with a derogation agreed on ROO). However one of the contentious issues that Samoa and other Forum Island countries face</p>
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<p>The Pacific Island Countries Trade Agreement(PICTA)</p>	<p>under this Agreement is in relation to the stringent Rules of Origin that are imposed. Rules of Origin could be negotiated under SPARTECA, then integrated under PACER-Plus, as well allowing improved access into the Australian and New Zealand markets almost immediately</p> <p>Samoa signed onto PICTA on the 18th August 2001 and ratified on 10th October of the same year. PICTA came into force on 13 April 2003. The main objective of PICTA is to promote regional integration among the Pacific Island Countries (PICs). PICTA seeks to reduce tariffs to zero by the year 2015 for developing countries and 2017 for least developed countries (LDCs) and small island states (SIS). For locally produced sensitive products to be exempted or included in the negative list and be entitled to a longer period of protection with higher tariffs, they must be locally produced, be produced by another PICTA member (risk of competition) and not currently being exported. This protection is not permanent and tariffs on such goods must be reduced to zero by 2020 for developing countries and 2021 for LDCs and SIS</p> <p>Rules of Origin are now in place at the national level. For products to qualify to trade under PICTA, they must meet the 40 percent local content criteria.</p>
<p>Customs Rules of Origin Regulations 2006</p>	
<p>PACER Plus</p>	<p>MFAT</p> <p>The main potential for improved access to the Australian and New Zealand markets could come from improvements in rules of origin and more constructive approaches to SPS. The FICs under PACER Plus could seek targeted quarantine review of fruits and vegetables; this would be consistent with agreements under the New Zealand and Thailand Closer Economic Partnership, under which New Zealand agreed to undertake pest risk analysis and develop an import health standard for certain Thai agricultural products.</p>
<p>Economic Partnership Agreement (EPA) with the EU.</p>	<p>The EPA negotiations have absorbed enormous amounts of</p>

The primary objective of EPAs is to foster smooth and gradual integration of ACP States into the world economy and enable ACP states to play a full part in international trade. Customs Rules of Origin Regulations 2006 A Dumping and Countervailing Duties Bill 2008 has been prepared

General System of Preferences (GSP)

Bilateral Trade Agreements

China

Samoa signed a Trade Agreement with China in 1997 granting China Most-Favored Nation treatment. The agreement is automatically renewed every four years and remains valid as of today. Samoa benefits from a recently established scheme which provides preferential market access to the Chinese market for all LDCs.

National Export Strategy (NES 2008-2012)

time and Samoa negotiating resources, yet it remains uncertain as to whether a substantive outcome will emerge for Samoa.

Samoa has been able to develop niche markets in the United States for products such as fish and noni fruit, on the basis of existing GSP preferences. GSP scheme providing preferential treatment for exports for LDCs to the USA has expired as of 31 December 2010. Does this impact American Samoa Market?

The spread of FTAs in East Asia means that the Samoa is facing progressively increasing discrimination in these markets. This issue will need to be addressed if Samoa has ambitions of developing meaningful trade and economic partnerships in East Asia. Samoa was granted duty free tariffs to 95% of its exports on a gradual basis whereby 60% of its commodities are currently granted duty free entry since July 2010 and will be extended to 95% within 3 years

The overall goal is to improve the competitiveness of the country's exports in both regional and international markets with key strategic objectives focusing on:

- 1 national and regional comparative advantages;
- 2 to align policy to national and regional imperatives/conditions;
- 3 to develop linkages with regional and international markets and institutions;
- 4 to combine incentives and supply side measures; and
- 5 to identify bottlenecks impeding the development of the country.

Policy Area: Intellectual Property

Intellectual property (IP) refers to creations of the mind: inventions, literary and artistic works, and symbols, names, images, and designs used in commerce.

IP is divided into two categories: Industrial property, which includes inventions (patents), trademarks, industrial designs, and geographic indications of source; and Copyright, which includes literary and artistic works such as novels, poems and plays, films, musical works, artistic works such as drawings, paintings, photographs and sculptures, and architectural designs. Rights related to copyright include those of performing artists in their performances, producers of phonograms in their recordings, and those of broadcasters in their radio and television programs. The innovations and creative expressions of indigenous and local communities are also IP, yet because they are “traditional” they may not be fully protected by existing IP systems. Access to and equitable benefit-sharing in, genetic resources also raise IP questions (source: [World Intellectual Property Organization](#) WIPO).

IPR can serve as one important factor to create an enabling environment for national innovation systems for economic growth. As a significant factor affecting agricultural development, IPR can positively contribute to agriculture and public agricultural research. However, IPR often are criticized as obstacles to dissemination of new technologies such as those produced by modern biotechnology, especially in developing countries. IPR as a policy option could then possibly negatively impact agriculture.

The WTO’s Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), negotiated in the 1986 to 1994 Uruguay Round, introduced intellectual property rules into the multilateral trading system for the first time. The agreement covers five broad issues:

- ❖ how basic principles of the trading system and other international intellectual property agreements should be applied
- ❖ how to give adequate protection to intellectual property rights
- ❖ how countries should enforce those rights adequately in their own territories
- ❖ how to settle disputes on intellectual property between members of the WTO
- ❖ special transitional arrangements during the period when the new system is being introduced.

Specific Policy (strategy)	Responsible Agency	Comments
Intellectual property is regulated by the Trademarks Act of 1972, the Industrial Designs Act of 1972, the Patents Act of 1972, and the Copyright Act of 1998. The only current legislation that complies with WTO TRIPS Regulations is the Copyright Act 1998.	MCIL	While the 1998 Copyright Act complies with WTO TRIPS Regulations, there is an initiative to revise local pieces of legislation so as to bring them into conformity with the TRIPS Agreement. To realise this, the Government is receiving technical assistance under the Regional Focused Action Plan run jointly by WIPO, IP Australia, and the Pacific Islands Forum Secretariat (PIFS). It is expected that as a result, provisions to control abuse of intellectual property rights, civil procedures and remedies, provisional

measures, administrative procedures and remedies, special border measures, and criminal penalties that would comply with the enforcement provisions of the TRIPS Agreement will be developed. Further, the process will result in provision for judicial review of administrative decisions concerning intellectual property and give customs officials the authority to prohibit importation of goods violating intellectual property rights. The Government is also considering the computerization of the filing system of intellectual property applications and the establishment of an agency to enforce the rights of copyright holders.

Policy Area: Price

Agriculture price policy is used to alter prices of agriculture outputs and inputs. For International trade items it includes:

- Quotas, licenses, tariffs or subsidies¹, taxes on imports and exports (e.g. excise taxes)
- Price controls (General Price Orders)

For Domestic production it includes:

- Domestic taxes (including VAGST) and subsidies

The debate over appropriate price policy has focused mainly on two issues: (i) whether market prices are transmitted to the farm gate, and, if so, (ii) whether price increases/decreases are sufficient to bring forth a significant supply response.

Specific Policy (strategy)	Responsible Agency	Comments
Tax: Income Tax Act 1974 & Tax rate Act 1974. Income Tax Rates Amendment Act 2006	MfR	General Price Orders -(1) If the Board considers it expedient in the public interests to control the prices of any goods or services, it may make General Price Orders fixing the maximum or minimum or actual price of such goods or services, other than crops that have been grown in Samoa either generally throughout Samoa or in any specified part or parts of or place or places in Samoa. (2) Any General Price Order may relate to the sale of goods at ex-factory, wholesale or retail prices or at any of these prices. (3) Any General Price Order may contain such incidental and supplementary provisions as are necessary or expedient. (4) The Board may at any time revoke or amend any
Agriculture Stimulus Programme Fair Trading Act 1998 - Price Orders	MAF	
Objects of the Act-to protect the rights and interests of consumers and to establish certain standards of conduct by those engaged in the production, sale and distribution of goods and	MCIL	

¹ Subsidies are payments by the government to producers of agricultural products for the purpose of stabilizing food prices, ensuring plentiful food production, guaranteeing farmers' basic incomes, and generally strengthening the agricultural segment of the national economy.

<p>services to consumers. General Price Order (No. 2) 2011 (“the Order”).</p>	<p>General Price Order. (5) Every General Price Order shall be published in such other manner as the Board shall consider sufficient, and no General Price Order shall come into force before it has been so published.</p> <p>Price control has made certain imported foods associated with NCDs more accessible to the general public. Could also serve to favor imported and processed foods over local fresh foods. (salt, sugar, flour, white rice, some meat products, tinned fish, butter are price controlled).</p>
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Policy Area: Regulatory Environment

Regulatory policies, or mandates, limit the discretion of individuals and agencies, or otherwise compel certain types of behavior. These policies are generally thought to be best applied when good behavior can be easily defined and bad behavior can be easily regulated and punished through fines or sanctions. An example of a fairly successful public regulatory policy is that of a road speed limit.

There are many areas in agriculture (including forestry, fisheries and livestock, land-use) where regulatory policy can be applied. Particular areas of importance are Bio-security, Food Safety and Standards and Quality Standards generally.

Specific Policy (strategy)	Responsible Agency	Comments
<p>Quarantine (Biosecurity) Act 2005 Agriculture, Forests and Fisheries Ordinance of 1959; the Plants and Soils Importation (Disease Control) Ordinance of 1950 and Regulations of 1951; and the Guidelines for Pesticide Registration and Import Permits of 1991 and Export Ordinance 1961</p>	<p>MAF Quarantine MAF Fisheries MAF Livestock</p>	<p>The current Quarantine (Bio-security) Act 2005 mandates a risk based approach consistent with principles of WTO SPS Agreement. However, there are no regulations to implement the specific provisions of the WTO Agreement on SPS and its annexes. Samoa’s current SPS measures relate mainly to plant protection. Specific regulations dealing with food safety and human health are being developed.</p>
<p>Food and Drugs Act 1967 (under review) Health Ordinance (1959) Poisons Act (1968) Currently there are no regulations in place which control food ingredients and food additives</p>	<p>MOH</p>	<p>Samoa is a member of the CODEX Alimentarius Commission and the Pacific Plant Protection Organization. Its interests in the International Office for Epizootics and the International Plant Protection Convention are represented through the South Pacific Community (SPC) and the FAO. Samoa’s SPS measures are based on the information provided by SPC, which collects pest data from relevant international organizations. The Food and Drugs Act 1967 is under review as of July 2009. Food Bill is in its final draft form(draft 8?) and can also be used to reduce NCD rates through controlling food quality through standards, labeling (to allow consumers to make good food choices) and to limit levels of fat, sugar</p>

Policy Area: Competition Policy/Law

Competition policy refers to government measures directly affecting both the behaviour of firms and Industrial structure. A competition policy should include both; (i) Economic policies adopted by Government that enhance competition in local and national markets and Competition law designed to stop anti-competitive business practices.

Specific Policy (strategy)	Responsible Agency	Comments
1998 Fair Trading Act	MCIL	MCIL Corporate Objective to Review and update existing Competition Policy mandate and redevelop an effective legal framework that meets the needs of the market

Policy Area: Banking & Credit

Four commercial banks, the Development Bank of Samoa, the Samoa National Provident Fund, two microfinance programs, and one small business finance program run by the Small Business Enterprise Centre (SBEC), provide business development finance (credit) in Samoa. Reported interest rates over recent years have ranged from 10% to 13% from commercial banks and 20% to 22% for microfinance. Lending to the agriculture sector and manufacturing has comprised a small proportion of commercial bank’s loans and has shown little or no growth over recent years. Farming is considered highly risky by the formal banking sector, thus it gives farming little attention. Without credit farmers are hard pressed to finance inputs and capital investment. The formal banking system (including the Development Bank) need to develop credit facilities particularly suited to small-scale farming.

Specific Policy (strategy)	Responsible Agency	Comments
Central Bank of Samoa Amendment Act 2010 – Credit Line Facility	CBS DBS SHC	Long-term development finance to key sectors (Ag, fish, manufacturing) 8% for loans 3 months to 5 years duration. Objective to stimulate private sector financial institution interest rates. Interest rates for borrowing are not regulated. Commercial Banks are free to determine the level of interests on deposits and loans based on market forces affecting demand and supply of money
Micro Finance Facility Scheme (MFF Scheme)	MWCSD	
Financial Institutions Act 1996		The Act sets the prudential and licensing requirements for banks

Policy Area: Environment

Environmental management underpins sustainable development in agriculture. Successful economic development and care for the natural environment go hand in hand. Samoa relies on a sustainable productive environment for agriculture, fisheries, forestry, clean water, health, and aesthetic beauty—and as an environmental sink to absorb wastes from consumption, manufacturing, and general human activity including greenhouse gases.

Specific Policy (strategy)	Responsible Agency	Comments
Forest Act 1967 which is currently under review? Marine Pollution Prevention Act 2008 The Lands Surveys and Environment Act (1989)	MNRE	There is no integrated national land-use policy for Samoa, nor any spatial planning policy. The Lands Surveys and Environment Act established DLSE (now MNRE) and makes provision in relation to land and the management of the environment. It is the principle law relating to the administration of land matters in Samoa and the management and protection of the environment.

Policy Area: Power

Samoa is heavily reliant on imported energy and has undergone a rapid transformation over the last decade towards an energy supply based on imported petroleum and hydropower-generated electricity. This transformation has been driven by economic growth that has resulted in increasing demand for electricity. Power generation accounts for 20% of imported fossil fuels. The increase and variance in energy demand, with the high associated costs, has highlighted the need for a comprehensive framework to guide and manage the growing energy sector. Currently, all regulatory responsibilities are held by the EPC, established in 1972, which is wholly owned by the government of Samoa, but has autonomy of both operation and finance.

The SDS 2008–2012, proposes a reduction of dependency on fossil fuels in favour of renewable energy sources to be encouraged through implementation of five strategies:

1. promoting the sustainable use of indigenous energy resources and renewable energy technologies;
2. promoting partnerships with communities and all energy stakeholders, especially development partners, in the development of renewable energy programs in Samoa;
3. exploring training opportunities to build capacity in renewable energy technologies;
4. encouraging the commercial use of renewable energy research findings of the Institute of Research and Development; and,
5. enhancing public knowledge and understanding of renewable energy, its costs, and benefits.

Availability, access and cost of power is critical to agriculture and agri-business (processing etc) development. A potential increase in use of bio-energy could have significant implications for the agriculture sector.

Specific Policy (strategy)	Responsible Agency	Comments
EPC Act 1980		According to the EPC Act of 1980, EPC is the only entity allowed to generate power in Samoa, although EPC can issue temporary licenses to other power generators to generate power for their own consumption in periods of peak loads
Energy policy 2007 (Bio energy)	MOF	Policy goal stresses increasing share of renewable. Biomass still significant in household cooking (62%+). Possible use of biomass gasification. Possible increased use of coconut biofuel. Could have implications for farm forestry (agroforestry) and for coconut supply (note stimulus program for replanting). Also link with SROS Corporate Plan on bioenergy
New Electricity Bill (2010) which will provide for the regulation of electricity regarding suppliers and providers etc?		
RED strategy plan (2007-2017) to focus on Climate Change Mitigation, Biofuels and Renewable Energy Resources Programs, contributing to the achievement of national and international obligations.	MNRE Renewable Energy Division SROS	The Scientific Research Organisation is seen as a means of improving local expertise in RE technologies. The primary function is to achieve a reduction in fuel imports and greenhouse gas emissions through the development of locally available RE resources suitable for road transportation and electricity generation Need also policy/strategy in terms of solar drying for agriculture products

Policy Area: Water

The need for protection and sustainable use of water resources is important in social and economic development. Samoa is adopting integrated water resources management³ approaches and has made a commitment to the fundamental IWRM principles. The management and protection of freshwater resources is essentially the role of the Ministry of Natural Resources and Environment, whereas the provision of water services into homes and workplaces rests with the Samoa Water Authority.

Specific Policy (strategy)	Responsible Agency	Comments
Water for Life Water Resource Management Act 2008. objectives to: Make comprehensive provision for all aspect of water resource	Water Sector Steering Committee (WSSC) MOF MNRE SWA	

³ An integrated water resources management (IWRM) approach is a multi-sectoral management of water use and conservation while social and economic demands for water are delivered to its users. This form of water resources management has become a popular concept in directing water management policies in the Pacific in the recent years.

<p>management in Samoa Replaces the outdated Water Act 1965 and Provide a firm foundation for the formulation, implementation and application of water resources policies, plans and strategies PUMA Act 2004</p>	<p>MWCSD</p> <p style="text-align: center;">PUMA Act created Sustainable Water Management Plans</p> <p>MNRE</p>
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Policy Area: Transport

Effective, efficient and competitively priced road, sea and air transportation is essential for development of domestic and international trade in agriculture produce.

Specific Policy (strategy)	Responsible Agency	Comments
<p>Land Transport Authority Act 2007</p> <p>Samoa Ports Authority Act of 1998.</p> <p>Samoa Airports Authority Act 1984</p>	<p>MWTI</p> <p>LTA</p> <p>SPA</p> <p>SAA</p> <p>MWCSD</p>	<p>A key constraint for the export sector, especially perishable agricultural and fishery products, is the limited freight capacity provided by the airlines currently serving Samoa.</p> <p>The competitiveness of export products will require efforts in reducing the cost and logistics of transport given Samoa’s relatively remote location.</p> <p>Access roads will become an important part of Government’s drive to reinvest in the development of the agriculture sector as a national priority</p>

Policy Area: Telecommunications

Telecommunications is now considered an infrastructure essential to a country’s economic development and competitiveness. Telecommunications will play an increasingly important role in knowledge transfer, information sharing and marketing.

Specific Policy (strategy)	Responsible Agency	Comments
Telecommunications Act, which aims at fostering competition in the telecommunications sector, entered into force in July 2005.	Ministry of Communications and Information Technology (MCIT) Office of the Regulator	The Act proposed the establishment of an independent regulator which was effectively set up in July 2006. As a result of a new policy and regulatory framework set up under the sector reform project, it was proposed and agreed upon that opening of the market for fixed telephone as well as other telecommunications services should occur before 2009. The Government has also agreed to give up SamoaTel's exclusive right to the international gateway by allowing Telecom Samoa Cellular Ltd (TSCL) to have its own gateway as of 1 January 2007. With regard to mobile services, two licenses have been granted by the government to Digicel Samoa Ltd (formerly TSCL) and SamoaTel (now Blue Sky SamoaTel) to provide cellular telephone services using the GSM technology

Policy Area: Health

Agriculture affects health, and health affects agriculture. Agriculture supports health by providing food and nutrition and by generating income that can be spent on health care. Yet agricultural production and food consumption can also increase the risks of water-related diseases, lifestyle and foodborne diseases—as well as health hazards linked with specific agricultural systems and practices, such as infectious animal diseases (avian flu, brucellosis), and pesticide poisoning.

Specific Policy (strategy)	Responsible Agency	Comments
National Health Promotion Policy 2010-2015 National Non-communicable Diseases Policy 2010-2015 National Food and Nutrition Policy 1995 Environmental Health also plays a role in monitoring the importation of pesticides into Samoa through the 1959 Health Ordinance that is now being operationalised into the current Public Health Bill	MOH	Seeking new opportunities and co-benefits for work with these sectors (e.g. introduction of new fruits and vegetables for agriculture) Reducing reliance on imported food through increased production of local foods especially foods of high nutritive value. To improve national and household food security

Policy Area: Research

Government has a core role in promoting knowledge and technology through the provision of a range of public services such as basic surveys of natural resources, scientific research, productivity improvement in agricultural and industrial resource use, and economic research (particularly marketing and feasibility studies).

Specific Policy (strategy)	Responsible Agency	Comments
Research & Development institute of Samoa Act – SROS Act 2008	SROS	A person who invests in a research program under this Act shall be entitled to prescribed tax credits under this Act NZ Lab Accreditation chemical and biological testing

Policy Area: Education/Training

A clear policy framework for Agriculture Education and Training is needed to improve its responsiveness to the needs in the sector.

Specific Policy (strategy)	Responsible Agency	Comments
Ministry of Education, Sports and Culture Strategic Policies and Plan July 2006 – June 2015	MESC	
Post School Education and Training (PSET) Strategic Plan 2008-2016	SQA	The Samoa Qualifications Authority (SQA) is the principal organization mandated to provide policy advice; coordinate and quality assure Post School Education and Training (PSET) in Samoa.

Policy Area: Land

Land is central to the economic development and stability of the cultural structure of Samoa. Samoan society is therefore protective of its customary lands with strict laws against alienation or sale of such land. For future sustained growth, the challenge for Samoa is to work out the reforms and institutional changes necessary to support the economic use of customary lands, but at the same time, the reforms must keep the system of traditional control, and usage of such customary land, intact.

Specific Policy (strategy)	Responsible Agency	Comments
Land Leasing Land Titles Registration Act 2008 Planning and Urban Management	MNRE	In General Leasing of Land In accordance with the Alienation of Customary Land Act 1965 and the Alienation of

Acts 2005 & 2005	STEC SLC Ministry of Women, Community and Social Development (MWCSO)	Freehold Land Act 1972, Land may be leased for up to 30 years renewable once in the case of land leased or licensed for industrial purposes or a hotel and 20 years renewable once in the other cases. Land holdings and ownership in Samoa fall into three (3) categories: 1. Customary Land These lands are not for sale but can be leased out to foreigners as well as locals. All leased land in this category are registered with the Ministry of Natural Resource and Environment. In case of dispute, ownership is decided by the Ministry of Justice and Courts Administration. 2. Public Land The Ministry of Environment and Natural Resources administers the database of Government land available for lease. Applications for leasing of land should be submitted to the Chairman of the Samoa Land Board. 3. Freehold Land Freehold land cannot be sold or leased to someone who is not a citizen of Samoa, unless with the proper consent of the Head of State of Samoa.
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Policy Area: Labour

The system of labour laws and institutions are intended to protect workers and guarantee a minimum standard of living. This system encompasses four bodies of law: employment, industrial relations, social security and occupational health and safety laws.

Specific Policy (strategy)	Responsible Agency	Comments
Labour and Employment Act 2001 Minimum Wage Orders Occupational Safety and Health Act 2002 SNPF ACC ILO Decent Work Country Program Samoa	ILO, MCIL, SCCI, SPSA, STUC	Employers in the private sector are free to set their own wages over and above the legislated minimum wage which is currently SAT\$2.00 per hour for all workers over 18 years of age. The minimum wage has increased moderately over the years and is now SAT 2.00 an hour since September 2005 (equivalent to US\$0.96 per hour). This is still considered a relatively low rate in the Pacific islands region when compared to average industry minimum wages for American Samoa and Fiji of US\$4.18 and US\$1.60 respectively. Both employees and employers pay a 1% payroll levy to the Accident Compensation Corporation. A 5% payroll levy by the employer to match a 5% contribution paid by the employee to the Samoa National Provident Fund. Under the scheme, workers from Tonga, Samoa, Tuvalu, Vanuatu and Solomon Islands go to New Zealand to work in the horticulture industry in planting, maintaining, harvesting, and packing crops. In 2008 640 Samoan workers were

<p>Recognized Seasonal Employer (RSE) schemes</p> <p>Immigration Act 2004</p>	<p>recruited with the number to be lifted to 1,000 in 2009</p> <p>Free movement of Labour is likely to be something negotiated in the context of PACER Plus. How would increased labour mobility impact on domestic agriculture?</p> <p>Under the Act, entry permits to undertake employment in Samoa are granted for a wide range of reasons.</p> <p>Ministry of the Prime Minister (MPMC) & Department of Labour, New Zealand</p>
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Policy Area: Law & justice

Law and order problems are directly manifested in the theft of crops and livestock before they can be marketed and the loss of cash earned from sales. A secure environment for people, property and goods is necessary for growers to produce for sale, for marketers to trade and for agribusiness to invest.

Specific Policy (strategy)	Responsible Agency	Comments
Samoa Law and Justice Sector Plan 2008-2012	Attorney General/Law and Justice Steering Committee	Problems related to farm larceny need to be dealt with as a high priority as theft of produce acts as a strong deterrent to investment. Need to harmonize formal justice system (policing/courts) with customary and community based justice.

Policy Area: Women, Community & Social Development

The Ministry of Women, Community and Social Development (MWCSO) through its Village Based Development Services Division provides support services to the agriculture sector.

Specific Policy (strategy)	Responsible Agency	Comments
Community Sector Plan 2010-2015 Ministry of Women Affairs Act 1990, Section 17 (2) of the Ministry of Internal Affairs Act 1995 and Section 17 (1) of the Ministry of Youth Sports and Cultural Affairs Act 1993/1994 Samoa National Youth Policy 2001-2010 (under review) -The Aiga ma Nuu Manuia Programme (ANM)	MWCSD	Critical involvement in strengthening village governance and leadership, network of Sui o le Nuu (SN – Previously Pulenuu) and Sui Tamaitai o le Nuu (STN – Previously STM and/or Government Women Representatives), empowering communities to implement and manage social and economic development initiatives e.g. talomua program. Promote gender responsive orientation to give equal opportunities. Involvement of women and youth in agriculture (TALAVOU program) MWCSD is developing a village governance strategy – issue of farm larceny needs to be clearly addressed in this Focus on plantation access roads and food security Development of Village Sustainable Development Plans

Key Reference Material:

Assessment of Samoa's development needs and constraints in relation to Pacer Plus, Research Findings Report August 2009, Pacific Institute of Public Policy

Government of Samoa Fiscal Strategy Statement Budget 2011/2012, Ministry of Finance 31 May 2011

Government of Samoa Legislative Assembly, Approved Estimates of Receipts and Payments of the Government of Samoa for the Financial Year Ending 30 June 1012

Government of Samoa National Investment Policy Statement, MCIL June 2010

Government of Samoa Trade Policy Statement, MFAT December 2008

Monetary Policy Statement for the Financial Year 2010/2011, Central Bank of Samoa

Samoa: 2010 Article IV Consultation—Staff Report, IMF Country Report No 10/214 July 2010

Samoa Diagnostic Trade Integration Study Volume 1 & 11, October 2010 KVAConsult Ltd Final Draft Report

Appendix 1: Working Framework for aligning services and policies/strategies to the ASP

There are many policies and strategies that impinge on the implementation of the ASP. In order to focus attention on the policy settings and strategies that impact on achieving the specific outcomes in the ASP an exercise to align the policies to the outcomes has commenced. This exercise attempts to identify specific policies/strategies that are important in achieving specific outcomes and who are the key service providers. This, however, should be considered as an on-going exercise which will be developed through further dialogue with stakeholders.

Aligning Services and Policy Settings to the ASP

ASP Objectives	Service provision	Strategy	Policy setting	Status
Objective 1: To strengthen policy, legal, regulatory and strategic planning framework for sustainable agriculture development	MOF	SDS	Fiscal-Budget Aid Policy	2011/12 Budget Adopted ADB – TA Promoting Economic Use of Customary Land phase 11. US\$500,000 2010-2012
Outcome 1.1: Agriculture Sector Plan effectively implemented by 2015	Wide range of services required including public-private partnerships. Roles and responsibilities need to be clearly defined	ASP, NES, FVSS, Trade Sector Plan (in prep.) “Water for Life”, Energy Policy, Health Sector Plan, + others	Wide range of Policies – refer to listing of policies	
Outcome 1.2: Reliable and timely availability of key agricultural statistics for planning and monitoring of sector performance	SBS MAF Quarantine Statistics Customs Data MCIL Data	National Statistics Strategy (in prep.)	Statistics Act 1971 (under review)	Agriculture Census Tabulation Report 2009 available. Monthly Fugalei Market Survey reports available
Outcome 1.3: Coherent and well coordinated sector vis-a-vis adoption of sector wide approach	MAF Agriculture Sector Steering Committee; Crops Working Groups; fisheries Working Groups; forestry working Groups	ASP NES FVSS	Cabinet Approval & Adoption	
Outcome 1.4: Enhanced policy, planning and monitoring capacity of MAF including delivery of market oriented extension services	FAO AAACP Capacity Building AusAID WB	FAO CPF Samoa-Australia Partnership for Development Priority Outcome 1 WB SACEP	MAF Corporate Plan	AAACP Concludes Dec 2011
Outcome 1.5: Enhanced legal and administrative framework for leasing of customary land for agriculture formalized	MNRE Land Registration STEC SLC Land and Titles Court ADB - TA	SDS	Land Leasing amendments to the Alienation of Customary Land Act 1965 To promote appropriate economic use of customary land; Land Registration Land Titles Registration Act 2008.	LTR Act 2008 came into force March 2009

Aligning Services and Policy Settings to the ASP

ASP Objectives	Service provision	Strategy	Policy setting	Status
Objective 2: To improve self-reliance in food production and nutritional security	MOF	SDS	Fiscal-Budget Aid Policy Food Security Policy	2011/12 Budget Adopted FS Policy to be prepared 2012
Outcome 2.1: Increased food self-reliance and nutrition	MOF MFAT MAF MOH MCIL MWCSO	Trade Policy/Sector Plan	WTO PACER+ EPA	WTO Accession 2012 PACER+ negotiations ongoing EPA negotiations ongoing
Outcome 2.2: Increased productivity from adoption of high yield crops, livestock and aquaculture species	MAF SROS Samoa Farmer's Association MWCSO WB SACEP	Corporate Plan Corporate Plan SFA Strategic Plan 2011 Draft Community Sector Plan Law and Justice Sector Plan		
Outcome 2.3: Enhance nutritional dietary intake from locally produced agriculture products	Min Revenue MoF MCIL MWCSO MoH	Community Sector Plan National Health Promotion Policy 2010-2015 National Noncommunicable Diseases Policy 2010-2015	Tariffs VAGST Excise Taxes Food Standards Price Control	Fair trading Approved Egg Standard 2010 adopted

Aligning Services and Policy Settings to the ASP

ASP Objectives	Service provision	Strategy	Policy setting	Status
Objective 3: To enhance private sector capacity in improving productivity, value adding and marketing	MOF	SDS	Fiscal-Budget Aid Policy	2011/12 Budget Adopted
Outcome 3.1: Increased private sector investments in the sector	MoF CBS DBS MoR MCIL MNRE MFAT	SDS Private Sector Support Facility DCS	Macroeconomic Policy CBS Credit Line Facility Tax Policy Land Policy Trade Policy	WTO Accession 2012
Outcome 3.2: Improved efficiency of economic infrastructure in the sector	MOF MWTI LTA, SPA, SSC			
Outcome 3.3: Increased access to tailor made financial arrangements for farmers and fishers	CBS, DBS MoF MWCS microfinance SBEC loan guarantee SPBD Trust microfinance MNRE	Monetary Policy Fiscal policy	Central Bank of Samoa Amendment Act 2010 – Credit Line Facility Land Policy	
Outcome 3.4: Increased diversification and access to commercially viable products in the sector	SROS SAME WIBDI	Corporate Plan Strategic Plan		
Outcome 3.5: Increased compliance with food safety, phytosanitary and market access requirements in the sector	MCIL SAME, WIBDI MAF Quarantine MOH SROS		Bio-Security Act 2005 Food Safety Bill (Final draft in review)	Review to finalised 2011/2012
Outcome 3.6: Increased exports of fisheries and niche type products	MFAT MCIL SROS MAF WIBDI	NES, Trade Sector Plan (in preparation)	Trade Policy Organic/Fair Trade Standards	WTO accession EPA negotiations PACER+ negotiations

Aligning Services and Policy Settings to the ASP

ASP Objectives	Service provision	Strategy	Policy setting	Status
Objective 4: to ensure sustainable adaptation and management of agriculture resources	MOF	SDS	Fiscal-Budget Aid Policy	2011/12 Budget Adopted AusAID Farm Forestry
Outcome 4.1: Enhanced capacity for sustainable practices in the sector	MNRE– Forestry Division WIBDI			
Outcome 4.2: Enhanced adoption of environmentally friendly production systems	MAF MWCS WIBDI MNRE - Forestry		Stimulus package for crop planting in organic systems	

Annex 2: Summary of September 2011 policy workshop key discussion points

Listing of Policies

The policy listing presented contained 20 policy areas with an extensive range of specific policies, strategies and regulations under these policy areas. The workshop identified two additional policy areas that should be included;

1. Law and Justice (sector plan and policy). The key issue related to ASP is the high incidence of farm theft which very negatively impacts on investment in farm production. This needs to be addressed as a high priority in both the formal justice system and through the traditional village governance systems.
2. Women, Community and Social Development (Community Sector Plan). The key issues related to the proactive inclusion of women and youth into agriculture sector activities and the need for involvement of the traditional governance systems.

Macroeconomic Policy Area

Samoa has undertaken significant economic reforms over the last fifteen years to create an enabling environment for private-sector led economic growth. However the economic performance of the agriculture sector has been disappointing. This raised the following key issues/questions:

1. Is the current liberalized and deregulated policy framework actually enabling for the agriculture sector?
2. Is a benign policy environment sufficient to stimulate agriculture growth?
3. What's missing and what needs to be tackled as a priority? Three key policy areas were touched on: economic use of customary land, interest rates and exchange rate.

Land access and land use policy is a cross cutting issue that needs special attention. The importance of customary land for maintaining social security and food security needs to be carefully considered in land policy. Land access was not considered to have been a priority constraint for growth in agricultural activities generally. Examples cited were earlier success in taro and nonu industry growth where land access was not a key issue. In regards to secure tenure of land to act as collateral for loans, the concern was that this factor of livelihood security and production could be lost through a bad investment and agriculture is very risky. Furthermore, there was concern that there is not an effective land market in rural leased land to attract commercial lenders to use this as collateral. "What would a bank do after foreclosing on a bad debt – farm the land"?

Monetary policy has been expansionary over the last three years in an attempt to lower commercial **interest rates** to stimulate private sector activity. Together with moral suasion some success has been seen in lowering of commercial rates to just less than 10% by July 2011 and an interest rate spread between lending and deposit rates of about 7.63 %. Whilst these rates compare well relative to other

Pacific Island countries they are still considered too high to stimulate sector borrowing and growth. The rate spread needs to be maintained to ensure sufficient profit incentive for the commercial banks in the small and risky market, so lowering lending rates inevitably means lowering deposit rates. But banks are constrained because they have to compete with very large regular fixed deposits into the SNPF and ACC funds. The CBS has set up a credit line facility to the DBS (and the SHC) to provide risk capital for on lending to the agriculture and tourism sectors with lending rate of 8%. This will provide direct assistance to priority sectors like Agriculture but also provide a means of competition to commercial banks to help try to bring down lending rates even further. The terms and conditions of these loans are up to DBS and SHC criteria. Comments were raised about the importance of monitoring equitable distribution of approved loans between the sectors. Private sector credit growth is at 4.9% in July 2011, up from 4.2% in July 2010. Credit to Agriculture, forestry & fisheries are around \$17.49m in July 2011 or about 2.2% of total loans.

CBS explained the objective of the **exchange rate** policy is promoting export of goods and services but also to minimise imported inflation. It is important to strike a balance between these 2 goals. If the Tala is too low, exporters benefit but imported inflation will go up and vice versa. The tala is pegged to a basket of currencies including the USD, AUD, NZD and Euro. The weights of the currencies are based on our trade (imports and exports) and tourism earnings from these countries, but weightings are confidential. The basket of currencies was previously larger and included Japan and Fiji. Questions were asked about Euro inclusion as opposed to other currencies with little apparent trade with Europe. What about China for the future? Debt servicing was raised as an important consideration for exchange rate with large debt holdings in US\$ and by China. Also source countries of remittances and tourists. Weighing these factors against relatively small current agriculture sector exports may mean that less concern is given to terms of trade for agriculture exports. The Tala has appreciated over the year mainly due to the weak US\$ and this has helped minimise the upward trend for fuel and food prices. However the REER has appreciated markedly over the last few years and the US\$ has depreciated significantly which has made Samoan exports to US destinations less competitive. Using the exchange rate to contain imported food price inflation could be a double edged sword for local agriculture production. High imported food prices could be a stimulus to local production.

Regulatory (Quality and Standards) Policy Area

The introduction of the egg standard was discussed in its relation to stimulating local production by limiting import of cheap (old) US eggs and also in relation to improved food standards generally for health reasons. Too quick and too rigorous implementation of food control standards could cause difficulties for Samoa's local producers and retail industries. This should be addressed holistically at a measured pace. But we should continue vigorously to gain advantage for local producers and manufacturers where opportunity arises through implementation of standards, labeling ect. Possible areas to look at are some Asian canned food imports and perhaps look at HACCP as an appropriate compliance standard.

Quarantine (SPS) inspection was seen as an area of very high priority that needed to be more proactively aggressive to control agriculture produce that did not meet appropriate standards. Level the playing field with ANZ. Examples of produce such as potatoes with soil attached and celery with insect larvae entering the country were cited. If we are going to negotiate under PACER Plus on quarantine protocols we should demonstrate that we are in a position to institute similar rigorous inspection standards and criteria in Samoa. “Let’s get out the magnifying glass”! Problems faced by ANZ private sector exporters would filter back to their governments.

The importance in stimulating consumer demand by promotion of foods through TV/radio advertising was acknowledged and it was discussed if consideration could be given to regulating a share of time for advertising local produce. However, concerns were on the shallow market for advertising and difficulties commercial TV companies might face. It was also discussed if local hotels/restaurants could be encouraged to use more local foods by an award programme giving “air time” and prestige to those who performed well. It was also suggested that government should institute a policy requiring government agencies and bodies to regulate an appropriate proportion of local produce used for event catering.

Some further discussion on regulation centered on possibility of regulating proportion of breadfruit flour in local bread making. Some concerns were raised over capacity of and cost of possible local production. Also issues related to obtaining technical data from SROS on processing breadfruit flour.

The view was put forward that incentives were a better route to encourage private sector activity than the overuse of regulations as regulations often prove difficult to police and enforce.

Trade Policy Area

It was highlighted that the Duty Suspension Scheme mentioned in the listings no longer exists. The Duty Concession Scheme wording is being revised which should be enough to satisfy WTO requirements.

Some confusion on whether all agricultural inputs are zero rated for tariffs. This needs to be looked at carefully to ensure agriculture sector can gain all possible advantage for access of agriculture inputs.

Discussions also considered Samoa’s interests in labour mobility in negotiations for PACER Plus, but should be careful not to trade agriculture interests in favour of labour mobility. Whilst there are some possible benefits in skill and discipline attributes of returning workers from RSLs there is also some concerns that we may have rural labour shortages for any growth in the domestic sector. Whilst recognizing the many values (both economic and social) of labour mobility attempts should be made to determine what would be the optimum numbers to participate and the threshold when loss of local labour capacity would impact negatively on society and the economy.

Other concerns related to share of time and capacity devoted to different trade negotiations (e.g. EPA, PACER Plus etc.) relative to possible rewards for our exports and particularly agriculture exports. What about Asian countries, including Japan and China, also USA (and American Samoa)? The agriculture sector and possibility for agriculture exports need to be given greater consideration in deciding **who we should be negotiating trade agreements with.**

Specific reference was made to the US suspension of GSP preference to LDC products into US markets (as from December 2010) and this was noted as a further difficulty for agriculture exports particularly Nonu . Some clarification was sought on what are boarder tariffs for American Samoa.

Price Policy Area

This is an area that needs to be given closer attention. Targeted subsidies for local production are considered important, but must reassess current stimulus schemes. The stimulus program has been recently expanded to include nonu, rambutan, lime and other fruit trees. There definitely is a need to stimulate coconut replanting, but not necessarily linked to organic production. Whether stimulus/ subsidies are WTO compliant was put in context that OECD countries spent some \$265 billion to support agricultural producers in 2008! The costs and sustainability for Samoa budget were the major considerations for implementation of stimulus schemes.

General Price Control used to cover more that 100 product lines, but now reduced to 20 items. This is only control on mark up on landed price so global price transmission impacts landed prices. However in terms of health concerns and NCDs it is advisable to review current items under price control.

Consideration should be given to using excise tax to limit imports of negative health products.

Whether incentives could be used to stimulate environmentally sustainable practices (ASP objective 4) was considered. Possible differential tariff/support on inorganic inputs compared to organic (e.g. biofertilizer). It was noted that current stimulus program is linked to organic production system.

The final discussion was on financial literacy and whether agriculture sector should be subject to income tax and VAGST. Whilst most participants would not be eligible for PAYE (threshold SAT\$12,000 income) or VAGST (threshold SAT\$78,000 turnover) it would encourage financial literacy. CBS is currently conducting surveys on financial inclusion and financial literacy. But the general view was that the sector is not yet ready to be included into income tax and VAGST – both from the side of sector activity and growth, but also because of the anticipated difficulties to institute revenue collection.

Annex3: April 2011 workshop report

Capacity development in policy analysis, formulation and
implementation

Inception workshop report

Tuesday 19th April 2011

MAF Conference Room, Apia, Samoa

Acknowledgements

This inception workshop was organised under the All ACP Agricultural Commodities Programme (AAACP) funded by the European Union. The workshop was a first activity in the implementation of components of Objective 1 of the Samoan Fruits and Vegetables Sector Strategy developed by sector stakeholders with the support of ITC and FAO under the AAACP.

The workshop was jointly organised by FAO and the Policy, Planning and Communication Division of the Ministry of Agriculture and Fisheries. Special thanks are extended to Tuifa'asisina Steve Rogers, Edwin Tamasese and Peseta Frank Fong for their participation as presenters and facilitators and to all workshop participants for their active engagement and contributions.

The workshop report was prepared by Jamie Morrison on the basis of the presentations and associated discussions.

Disclaimer

The views expressed in this report are those of the authors and do not necessarily reflect those of the Food and Agriculture Organization of the United Nations. The designations employed and the presentation of material in this paper do not imply the expression of any opinion whatsoever on the part of the Food and Agriculture Organization of the United Nations concerning the legal or development status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries.

1. Background

The Fruit and Vegetable Sector Strategy (FVSS) for Samoa highlights the need for policy coherence and linkages to other sectoral initiatives and to facilitate this, the requirement for capacity building in policy design and implementation. Further, it is suggested that “the private sector should have greater input into the setting of government policy to create better enabling environment, to allow the strategy to achieve its goals.”

In supporting the implementation of the FVSS, FAO, in collaboration with the Policy, Planning and Communication Division of the Ministry of Agriculture and Fisheries is formulating a programme of activities to develop the capacity of sectoral stakeholders in agricultural policy analysis, formulation and implementation.

To this end, the Policy, Planning and Communication Division of MAF, with the support of the Food and Agriculture Organization, under the EU funded All ACP Agricultural Commodities Programme, convened an inception workshop on “Capacity development in policy analysis, formulation and implementation” at the MAF Conference Room on 19th April 2011, to assist MAF and FAO in understanding the existing gaps in capacity and in identifying key areas and related follow up activities for capacity development.

2. Workshop Summary

The workshop was attended by 20 participants representing a range of government ministries and departments, the private sector and civil society.

The workshop was structured around a series of facilitated discussions, introduced by brief presentations to stimulate and guide the discussions. The agenda for the meeting is attached as Annex 1

On the basis of these discussions, a final session was devoted to agreeing upon potential follow-up actions. These actions, documented in the final part of this report will be designed to contribute to the development of capacity in understanding the policy environment, analysing emerging issues, formulating policy interventions and communicating advice to decision makers. Underpinning these activities will be a strong emphasis on the collection and use of relevant market data.

3. Summaries of the workshop sessions

3.1 Session 1 - Introduction and Workshop Objectives

Jamie Morrison provided an introduction to the workshop, explaining how it would be used to initiate activities in support of the implementation of the FVSS which had been developed under the EU AAACP, with a focus on Objective 1 – Activities 1.9 – 1.13

He explained how FAO, in collaboration with the Policy, Planning and Communication Division is initiating a programme of activities to develop the capacity of sectoral stakeholders in agricultural policy analysis, formulation and implementation and that the initial starting point for formulating these activities was that they should be built around a series of workshops and supported group work aimed at identifying and formulating policy options relevant to the selected policy issues and should link to ongoing FAO regional level work on evidence based policy making.

Although a specific set of activities would be designed for initial support from FAO under the EU AAACP during the remainder of 2011, the process initiated should be seen in the longer term as one which FAO and other development partners could support

The specific objectives of the Inception Workshop were explained as being:

1. Identify the needs and scope of the programme of capacity development activities

The workshop would seek to determine what type of support is required and at what level. For example, where are MAF staff most likely to be active in policy advice: priority setting; constraint identification; or policy intervention formulation. In identifying the type of support it would discuss how the support should be delivered and by whom.

2. Identify the key policy issues of relevance to the F&V sector for follow-up work.

3. Provide insights and stimulate discussion on key concepts and current practice in areas such as priority setting, policy in support of an enabling environments; PPPs for smallholder market integration and data collection and use in policy formulation and monitoring

3.2 Session 2 – Capacity Building needs in the context of the Agriculture Sector Strategy

Peseta Frank Fong provided a background on past and existing initiatives to develop policy analysis capacity and tied this to perceived needs in support of the implementation of the new Agriculture Sector Plan.

Between 2001 and 2007, an AUSAid funded Institutional Strengthening Programme (ISP) on improving Policy Advice to the CEO and Minister of Agriculture was implemented. However, in the intervening period, high staff turnover and a diversion of the definition of “policy” within Ministry had resulted in a diminution of the capacity. With the identified need for Strengthening Public Sector Policy Development in the FVSS and the key objective of developing capacity in Policy Analysis, Formulation and Implementation (or the Monitoring of implementation) in the 2011 Agricultural sector policy, it was timely to look again at the need for capacity development.

It was suggested that the new Agriculture Sector Plan (rather than the FVSS which is now integrated within the ASP) should provide the context for the capacity development activities. It was noted that under Chapter 4 of the ASP, the lack of a coherent policy, legal, regulatory and institutional framework was articulated as resulting from a lack of an overarching national sector plan; Institutional capacity issues such as weak policy, legal and planning frameworks to guide development and the failure of commercial agriculture to lead any sustained increases in production and exports; HR capacity constraints of MAF, which the ISP addressed, but high staff turnover has affected sustainability; and that the availability and quality of data has declined over the years

Specifically, the Sector Policy Objective (SPO1) related to strengthening the policy, legal, regulatory and strategic planning framework for sustainable agriculture development, calls for: (i) implementing the ASP; (ii) investing as a matter of highest priority in the collection of good, reliable and up to date agric statistics; (iii) introducing a sector wide approach to development of the sector to ensure national coordinated and clearly defined framework that guides collective responsibilities; (iv) strengthening the institutional capacity of MAF and its public sector partners; and (v) developing legal and administrative arrangements to ensure certainty in the leasing and use of customary land for agricultural purposes.

In summarizing what he felt were indicators of the Unit’s Pro-activeness in policy support, he noted:

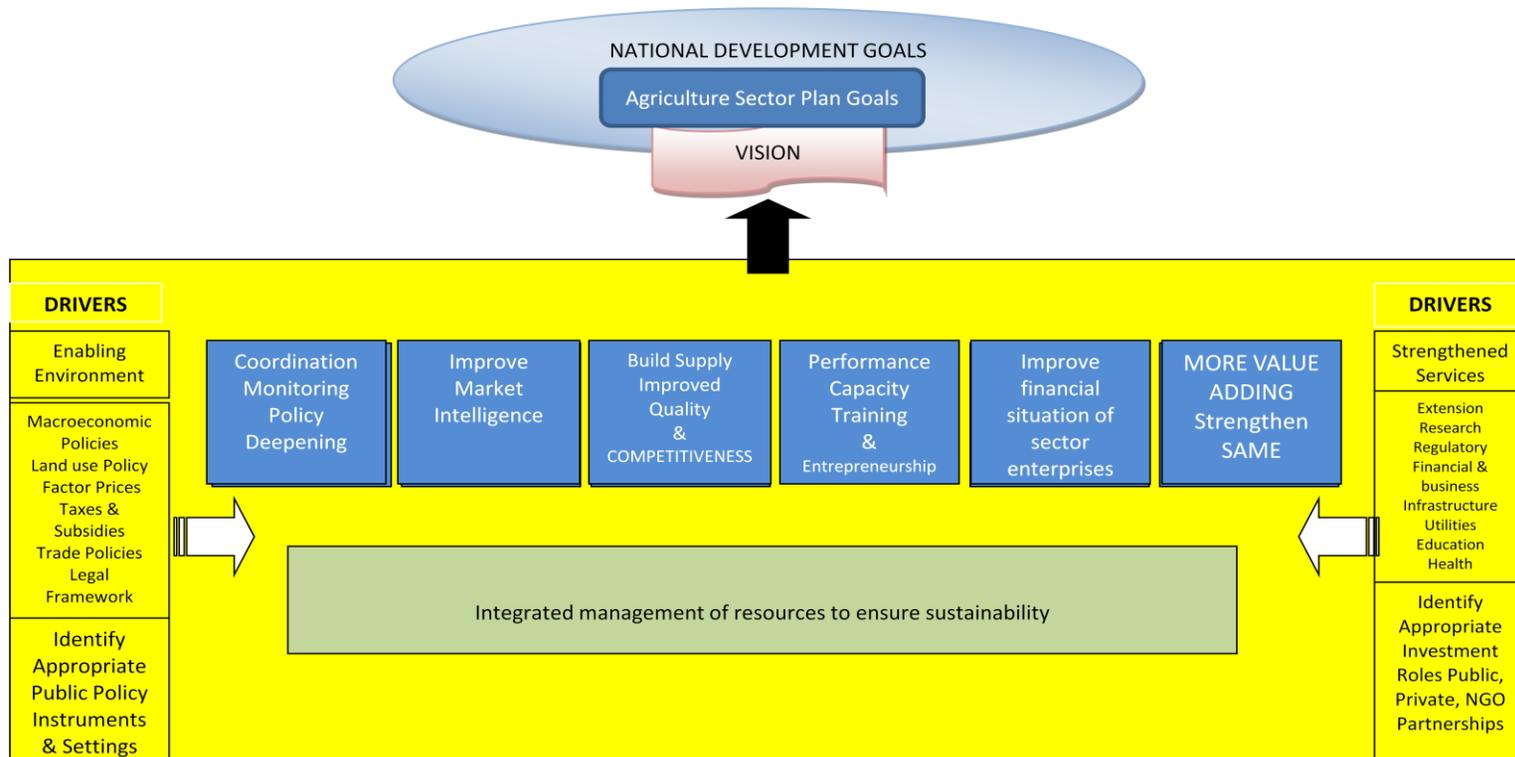
1. Sensing the environment for issues affecting the Agriculture Sector; (data/stats)
2. Analysing emerging issues;
3. Formulating Policies to address these issues;
4. Sending timely Policy Advice to Government for decision making (CEO, Minister);
5. Implementation (may be area-wide approach);

6. Monitoring and Evaluation.

3.3 Session 3 – What is meant by an Enabling environment?

This session was structured around two presentations. In the first, Steve Rogers highlighted the difficulties of developing SWAPs for the agriculture sector, given that the most important government roles in supporting agriculture do not necessarily relate to public expenditure in the sector, but to policy issues, for example, exchange rates, land reform, trade policies and prices, and that the most important government expenditures for supporting agriculture may be outside the sector, for example, investment in infrastructure such as roads and shipping. He noted that much of what the Ministry currently does may be better done by the private sector, with Government's main role as facilitator given that output from the sector is dominated by private enterprise.

A useful framework for helping to better appreciate the drivers for ensuring that the objectives set out in strategy documents such as the FVSS contribute to national development goals was introduced. This separated drivers into "enabling environment" and "service provision" categories. Such a categorization is useful in determining (i) appropriate policy settings, and who can institute these and (ii) appropriate investment roles and who pays and who implements. It is clear from the framework that MAF has only limited direct influence on the enabling environment and on components of service delivery.



In discussion, it was noted that the differentiation of farmer types in respect to the required services and enabling environment is often not reflected in strategy documents, but must be incorporated into policy identification and formulation. For example, the objectives of policy intervention, whether in support of further commercialization or maintenance of subsistence based systems is critical in determining interventions.

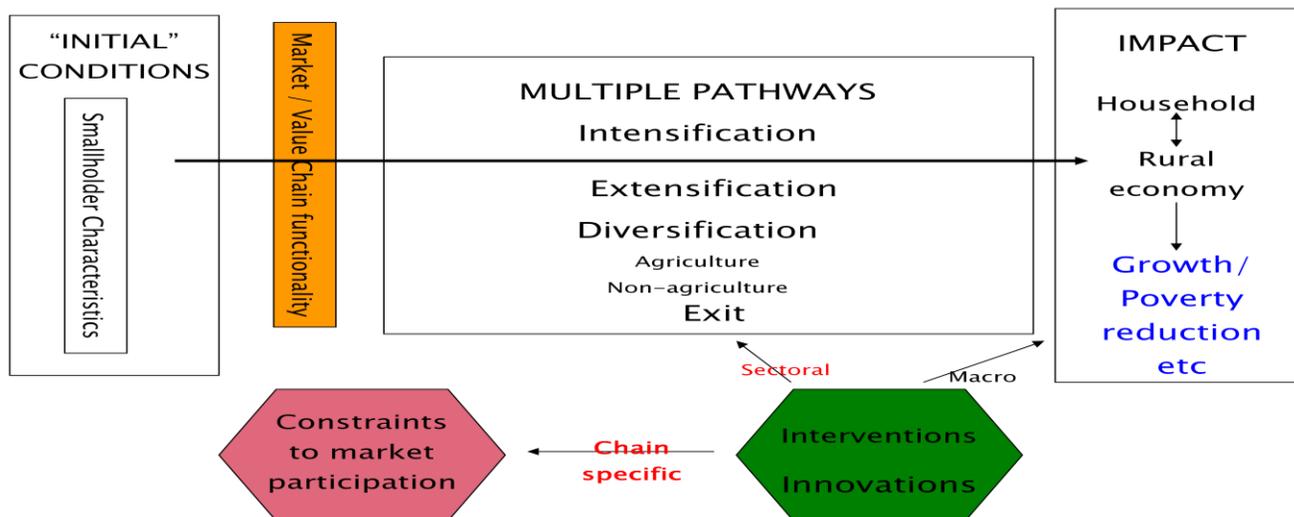
It was suggested that the policy set (enabling environment) facing different categories of producer types should be investigated to determine who it is enabling for. Two examples of changes to the enabling environment (a reduction in tariffs on inputs, and a change in egg import legislation) were cited as examples of policy reform that could significantly affect commercially oriented producers but may have limited impacts on other categories

In a second presentation, Jamie Morrison looked at the issue of differentiation in more detail, posing a number of key questions in formulating public sector policy support to smallholder based agricultural development. The increasing attention to key roles of the agriculture sector and a growing appreciation of the need for a more active public sector role that goes beyond creation of an enabling environment were recognized, but that with increased attention comes increased scrutiny, both in terms of budgets and the need to avoid creating incentives for poor, potentially damaging investment choices

Why is public sector support needed? Agriculture is an inherently risky and relatively low return activity for private sector investors meaning that the adoption of improved technology and delivery of services is low. There is a role for public sector support in risk reduction and in improving the likelihood of a good return, but also the need to recognise that different categories of producer will face different constraints. In formulating interventions, policy makers need to identify critical constraints to improved performance and to prioritize interventions to avoid the problems of too often finding disjointed interventions fixing non-critical constraints or too much focus being placed on one component of sector.

A schematic was introduced to demonstrate that different pathways will be available to different types of producers and that it is generally failures in market functionality that constrain certain producers from following certain (more positive) pathways during sector development.

Pathways to commercialization



Using such a conceptual framework can assist in determining how public sector support should be delivered. It was noted that the returns to policy differ at different levels of intervention. Macro and sectoral price policy may work for farmers operating in well integrated markets and with the capacity to respond, but benefits will be limited if constraints facing others are not lifted

There is a need to understand characteristics of market failures creating constraints. Basic infrastructure, research, extension, market intelligence will be underprovided by private sector almost by definition (public goods), but credit, fertilizers etc which are provided by private sector in well functioning markets may not be where risks and transaction costs are high or knowledge is limited. The source of market failure will determine the constraint and possible solutions, as illustrated in the following table.

Table 1 – Linking the market failure causing the constraint to possible policy solutions

Source of market failure:	What is the constraint to private sector involvement?	Possible PPP Solutions
1. Lack of enabling environment	Unstable macro-economic environment; Inadequate physical infrastructure; Weak property rights and/or contract enforcement	PPPs for provision and/or maintenance of infrastructure
2. Public goods	Non-excludability, non-subtractability	Contracting out for service delivery; Facilitate private coordination
3. Merit goods	Lack of effective demand, hence market “under-provides”	Contracting out for service delivery; Subsidies
4. Barriers to entry	Lack of access to: Capital, Training (technical information) Market information	-
5. High transaction costs/risks	Imperfect information about attributes or actions of other actors and/or attributes of goods being sold	Certification; Publicly supported assurance schemes; Risk sharing schemes
6. Coordination failures (complementary investment)	Asymmetric information, no mechanism to enforce commitments; hence lack of trust	Deliberative fora

Source: Poulton (2009)

Looking at rows 2 and 3 of table 1, service delivery has often had a public sector tradition in delivery. However, in adopting a “Hands-off” approach, the public sector could continue to pay even if private sector delivers, or the source of the low willingness to pay for the service can be addressed through demand stimulation, for example in the use of vouchers for fertilizer, seeds, or extension.

New products (line 5) could be developed for low income groups where there will be a WTP for service, but where it is a risky investment for service provider. The assumption is that that once established, private sector will upscale. New products can be supported through matching grants to share cost/risk at critical stage and/or guarantee funds to allow new financial products/ extension of existing product to new groups to be rolled out by the private sector.

In designing such partnerships, the public sector is trying to harness the capacity of the private sector to deliver services and/or achieve social and environmental objectives. However, the private sector will only enter a PPP if there will be a furthering of their objectives and this will not guarantee improved service provision.

3.4 Session 4 – Evidence based policy making

In this session questions were asked as to what data (evidence) are needed, how data can be used to assess the performance of interventions, how data can be captured (and the balance between cost and representativeness) and the key data collecting institutions etc.

Having reviewed current practice, it was concluded that a lack of priority (demand and use) and lack of resources and capacity still prevail; that while merchandise trade data (imports and exports) are generally available and improving, data on production, labour markets, market prices and functionality and household characteristics is still weak or absent. The lack of analysis and value adding of agriculture data represents a serious weakness if policy making is to improve, and nationally driven data collection and management is to improve in a sustainable way and that there needs to be a strong partnership between NSO, Ag Ministry and other data suppliers and users.

It was suggested that there is a need to demonstrate the use and value (\$) of data for decision makers and that capacity building should focus on analysis and dissemination of policy relevant information as much as its collection. It was proposed that domestic market data can be used to measure the pulse of national agriculture production and commercialization and impact of both domestic and external factors on this. To this end FAO had initiated a series of domestic market studies to demonstrate the use and value of domestic market data in assessing key policy issues across the region.

3.5 Session 5 – The Fruit and Vegetable Domestic Market study

Edwin Tamasese introduced the study that he had recently initiated. He noted that data is currently available from a range of sources including the Fugalei market, Nuu Crops Division, the Ministry of Revenue and the Central Bank and that these are compiled by the Samoa Bureau of Statistics.

One question that the study would address would be the representativeness of the data collection points (collection days, quality etc) and interaction between them. Once this is better understood, the data collated in the study could be used to assess questions such as the capacity of domestic markets to absorb increased quantities without significant price falls, the relative merits of initiatives to reduce the price variations due to seasonality etc

He stressed the importance of collecting data at different levels of the value chain in order to allow development of Key performance indicators which could be used in improved policies and procedures to improve efficiency within feasible bounds, particularly for monitoring purposes.

In discussion, a key question raised was the extent to which policy should be changed on the basis of perception (for example the perception that people make purchase decisions on the basis of quality rather than price).

3.6 Session 6 – Developing an outline for capacity building

In introducing this session, which was designed to generate ideas and agreement on potential avenues for capacity development in policy analysis, Jamie Morrison suggested that the six aspects of a proactive unit⁴ listed in Peseta Frank Fong's presentation be used as a framework for identifying specific activities that would lead to the development of these aspects.

1. Sensing the environment for issues affecting the Agriculture Sector

It was agreed that an improved understanding of the drivers (and the extent to which they could be influenced by MAF or other organizations) comprising the enabling environment and service delivery to different producer groups is required.

⁴ Sensing the environment for issues affecting the Agriculture Sector; Analyzing emerging issues; Formulating Policies to address these issues; Sending timely Policy Advice to Government for decision making (CEO, Minister); Implementation; and Monitoring and Evaluation.

This could be achieved by developing a mapping of the current policy set affecting representative products. The mapping would separate drivers related to the enabling environment from services (as per Steve Rogers' diagram). Once developed, the mapping could be used to evaluate the extent to which policies are coherent, whether they are meeting the needs of different producer groups and where interventions/reforms may be needed to achieve the objectives set out in the ASP (and more narrowly, the FVSS). The mapping would also provide a useful resource for developing capacity of new entrants to the sector. It was suggested that the MAF Policy unit takes a lead in preparing the mapping, with input from FAO.

2 – 4 Analyzing emerging issues; Formulating policies to address these issues; Sending timely policy advice to Government for decision making

- (a) It was suggested that capacity in analyzing emerging issues, formulating policies and providing timely policy advice could be developed by taking a contemporary issue and working through the process with external support.

For example, the current emerging issue of “high food prices” could be taken as a starting point. Activities could include: (i) Analysis – data collection on food prices, analysis of trends and interrelationships between, prices of key local and imported products, impacts of price changes in different market channels and for different stakeholder groups (ii) Policy formulation – assessing the relative merits of possible alternative interventions for reducing the increase/volatility in prices and/or mitigating its affects on different stakeholder groups; (iii) Policy advice – preparing concise briefs on the issue, impacts and relative merits of alternative interventions

It was suggested that such a set of activities could be linked to a national level consultation on “high food prices” suggested in a regional meeting on the topic held in Nadi on 14-15th April 2011.

- (b) The importance of improved data collection and analysis in underpinning these aspects of a proactive unit were also stressed

It was suggested that capacity development activities in this area be linked to the ongoing FAO initiative on Evidence based policy making. Four domestic market studies are currently underway in Samoa, Tonga, Vanuatu and Kiribati to demonstrate the value of data collection and use in assessing selected policy issues. Drafts of the studies will be reviewed at a synthesis workshop due to be held in August. If the workshop were to be held in Samoa, the participation of MAF, SBS and other interested parties, could provide the opportunity for an additional add on training component in analysis and use,

5-6 Implementation and Monitoring and Evaluation

No specific suggestions as to follow-up activities under the AAACP were made. However, it was noted that potential World Bank and AUSAid initiatives might follow up on these aspects.

Workshop Program 19 April 2011

Time	Session	Facilitator/Presenter
08.30 – 09.00	Introduction and Workshop Objectives	Jamie Morrison
09.00 – 10.00	Capacity building needs in the context of the Agriculture Sector Strategy and the FVSS - Introduction and group discussion	Frank Fong
10.00 – 10.15	Morning Coffee	
10.15 – 11.30	What is meant by an enabling environment for private sector (including smallholder participation) in the agriculture sector? - Facilitated group discussion	Steve Rogers Jamie Morrison
11.30 – 12.30	What data do we have/need to enhance evidence-based policy making in the F&V sector? - Introduction to FAO initiative on evidence based decision making	Steve Rogers
12.30 – 14.00	Lunch Break	
14.00– 15.30	The F&V Domestic Market Study - Introduction to the study and discussion to identify policy issues	Edwin Tamasese
15.30 – 15.45	Afternoon Tea	
15.45 – 16.30	Developing the outline for the capacity building	Working groups
16.30 – 17.00	Summary and wrap-up	Jamie Morrison and Steve Rogers