
II. Situation Analysis and Agriculture Sector Overview

2.1 SI is the third largest archipelago in the South Pacific consisting of six large and 986 small islands with a total land area of 28,370 km². The islands, mostly rugged mountains with some low coral atolls, are scattered leading to major challenges in the development of infrastructure, transportation, communications networks and rural development in general. The 2005/6 Household Income and Expenditure Survey (HIES) estimated the population at 533,672 with 84% of the population living in rural areas. Livelihoods are based mostly on a mixture of subsistence and cash crop farming, gathering of forest products, and fishing. The only major urban centre is the capital Honiara, located on the island of Guadalcanal, with an estimated population of about 69,189 (HIES 2005/6). Between 1998 and 2002 civil unrest and ethnic tension prevailed and resulted in social upheaval and violence. During that period GDP fell by an estimated 24 percent and businesses and government services were severely disrupted. In July 2003, at the request of the Solomon Island's Government, a Regional Assistance Mission (RAMSI) was called in to assist the country. RAMSI has helped to restore law and order, but the domestic political situation remains fragile. Since the end of the civil conflict real GDP growth has averaged over 7 percent, but this has largely been based on unsustainable logging³⁴ and increased aid flows. Whilst there has been improved economic performance in recent years this has been offset by high population growth (2.8 % annually). With an estimated GDP per capita of around US\$ 750, the Solomon Islands still ranks among the poorest countries in the Pacific.

³⁴ log production is now triple the level of the early 2000s and more than six times above the sustainable level.

- 2.2** The Solomon Island's economy is characterised by a dualism, which originates from the country's past. There is a large under-capitalised rural sector, linked only by smallholder production of copra and cocoa to the commercial export sector, where fishing and logging account for 80% of the economic output. Adverse weather conditions and cyclones in addition to world price fluctuations make primary sector export commodities such as copra, cocoa, palm oil, wood products and fish highly vulnerable. Several factors including poor transportation, the narrow economic base, and limited physical infrastructure contribute to the difficulty of developing a self-reliant economy. The country is still mainly a primary producer, with little processing capability. The shortage of trained human resources is also a fundamental constraint.
- 2.3** The agriculture, forestry and fisheries sectors make up about 40 percent of GDP and provide the country's top three export commodities timber, fish and copra. With an estimated 84% of the population depending directly on the sector, a critical challenge is developing agriculture to stimulate growth in the rural economy and rural incomes. This will be essential to achieve poverty alleviation, manageable rural urban migration, and ultimately societal stability. Whilst there is substantial potential for smallholders to promote agriculture as a driver of economic development in rural areas, this needs to be supported by strengthened institutions, improved infrastructure and appropriate research and extension that emphasizes smallholders, and has an adequate focus on traditional crops. Current production is primarily subsistence, but Solomon Islands' has substantial arable land available to expand agriculture, and has a climate and soils which could be harnessed to supply specialty and seasonal products to industrial country markets.
- 2.4** To address the vagaries of severe price fluctuations and global competition for its principal export commodities (copra, cocoa, palm oil and kernel) the country requires flexible coping mechanisms. There is a need to improve productivity and marketing efficiency to achieve comparative advantage in agriculture and ensure high profitability and returns to labour. Also to increase value adding and upstream processing of export crops (e.g. virgin coconut oil, cream and bio-fuel, chocolate and confectioneries for cocoa, processed wood, fish and food products). The overarching principle should be to add more value to marine, forest and agriculture products and to retain more of that value within the country.
- 2.5** Whilst the traditional farming system still provides a relatively high level of food security in Solomon Islands, rapid urban population growth and an increasing reliance on imported cereals³⁵ threatens food security and is having negative impacts on health and well-being. An estimated 41% of household income is spent on cereal and cereal products, 10% on bread and biscuits and 5% on confectionary compared to 10% on fruit and vegetables (HIES 2005/6). Surprisingly, the consumption pattern shows that the rural areas spent almost twice the amount spent by urban areas on cereals and cereal products. The nutritional composition of imported food in particular can have significantly negative impacts on health, and increasing cases of malnutrition in children are now being reported. There is a need to improve the links between agriculture and health ministries and increase public awareness on the importance of traditional foods in maintaining healthy lifestyles. A food security and nutritional surveillance and information system, an updated legislation on food quality and safety, and social safety nets for food insecure

³⁵ imported grains contributed 21% of the food energy consumed at the national level in 2004 (SPC)

groups (feeding and employment schemes) are also essential to effectively address food insecurity and malnutrition issues in Solomon Islands.

- 2.6** The livestock sub-sector consists of local inbred pigs and chickens which are an integral part of the traditional agricultural systems, as well as some commercial ventures involving cattle, chickens and pigs. Currently the livestock industry in the country is very limited and meat is imported largely from Australia, New Zealand and Vanuatu. Given the robust demand for both fresh and processed meat, potential for import substitution is an important issue for the sub-sector. Considerable potential exists for increasing productivity of subsistence pigs and chickens through better husbandry and feeding practices. The government also aims to develop the national beef herd through cattle imports and improved breeds.
- 2.7** The Solomon Islands has a rich and varied marine sector that is vitally important to the people as a major food source and to the economy for its export earnings. Fish is a major component of the protein diet of the people of Solomon Islands with per capita consumption of around 36 kilograms per year in 1995. Whilst extensive reef fisheries exist, maintaining security of village marine food resources through sustainable management is a critically important issue. The commercial fisheries sector is dominated by tuna fishing (both onshore and foreign-owned fishing operations). Sustainable tuna yield is estimated at 120,000 metric tons. There are many vessels licensed to fish in the EEZ, and this raises about US\$4 million annually. However there is no fisheries management plan in place for the offshore pelagic fishery and no policing of the EEZ. A draft plan has been discussed with industry over many years but is not yet adopted. Export figures show that in 1999 and 2000 Trochus with beche-de-mer were the largest, by far of the minor fishing industries. Beche-de-mer and shell have provided good incomes for rural populations in the past, but there has been over fishing and the beche-de-mer industry is presently subject to a moratorium. While the moratorium will enable stocks to recover, it has placed severe financial hardship on rural peoples in the outer islands with limited opportunities to earn cash income. Enhancing skills of fisheries managers, improving national fisheries institutions, and improving market access (for tuna products) through strengthened quality and sanitary aspects are priorities for sector development.
- 2.8** Forestry currently accounts for about 17 percent of the economy and 65 percent of total export earnings. Close to 90% of the total land area are classified as forest and woodland (2.45 million hectares) but only 254,000 hectares are considered as commercially exploitable because of poor accessibility. Recent natural forest inventory preliminarily indicates the availability of 13 million cubic meters (m³) of standing commercial timber. However logging is taking place at an unsustainable rate and will exhaust the natural forests by 2012 (IMF 2006 estimates). Therefore improving logging practices and pursuing reforestation are critical policy issues. Governance issues prevail in this sector and a strengthened legal framework is sorely needed. The pre-independence 1969 Forestry Act continues in force, whilst a 2004 Forestry Bill still remains to be approved by Parliament. A forestry audit completed in 2005 exposed some serious corrupt practices, and while some progress is being made many problems remain. A high priority is to protect the remaining natural forest and its rich biodiversity which provides valuable ecosystem services.
- 2.9** The environment and natural resources underpin economic development and food security in Solomon Islands. Accordingly, maintaining the sustainability of the natural

resource base is a high priority. Clear policy objectives for the environment need to be integrated in a national sustainable development policy and the institutions for managing and monitoring the environment strengthened. Major environmental challenges faced by the country include: unsustainable logging practices resulting in adverse impacts on streams, rivers and marine reefs; inappropriate land- use practices which are accelerating land degradation; and unsustainable fishing practices that are depleting fragile coastal and marine resources. Solomon Islands is also vulnerable to natural disasters and from increased risks of extreme weather events due to climate change which pose threats to food security. Improved capacity for resource assessment and data collection are needed to strengthen land-use planning and environmental management generally.

III. Key issues shaping priorities for FAO assistance

- Lack of agriculture statistics and baseline data for the sector
- Limited Livelihood options for people in remote areas and outer islands.
- Shortage of experienced and qualified staff at all levels of Government and private sector.
- Increasing dependence on nutritionally poor imported foods with increasing levels of food and nutrition related non communicable diseases.
- Low productivity and returns in subsistence and commercial agriculture.
- Limited processing and value adding of any of the primary produce including crops and forestry logs.
- Lack of marketing capacity linkages and market information
- Need to strengthen and expand the livestock sub-sector
- High cost of imported stock feed
- Difficulty meeting food quality and safety standards for domestic and overseas marketing.
- Lack of capacity in post harvest handling and technology
- Weak institutional framework to promote and effectively implement sustainable management of natural resources (forest & fisheries).
- Lack of systematic land use planning at provincial and national level
- Effects of sea-level rise on agriculture in atoll and small islands
- Lack of agriculture disaster relief capacity to meet emergency and recovery

IV. Country programme framework

4.1 Since restoration of stability in 2003, successive governments have stressed the need for equitable distribution of national financial resources, services and development for all people of the Solomon Islands. With more than 84% of the population living in rural areas and dependent on agriculture for their livelihoods, rural development has been given a very high priority. The National Economic Recovery, Reform and Development Plan (NERRDP) 2003-2006 identified revitalising the productive sector and rebuilding supporting infrastructure as one of five priority strategic areas for development. The Grand Coalition Policy Document (May 2006) and the Policy Translation and Implementation Document (August 2006) stressed a focus on rural development through adopting a “bottom up” approach. This provided the context for developing an Agricultural Development Strategy (ARDS) and a Rural Development Plan (RDP) to implement the strategy. Preparation of the ARDS and the RDP has been strongly supported by major development partners including World Bank, European Union and Australia. The first phase of the RDP (2007-2010) is currently under implementation. The Solomon Islands Medium Term Development Strategy (MTDS) 2008-2010 sets a goal

for agriculture to contribute towards increased food production, food security, food standards and economic development.

- 4.2** The new government, elected in 2008, has set out strategic national development objectives in 2008 which include four which are directly relevant for agriculture and sustainable natural resource management. These are: Address the basic needs of people in the villages and the rural areas where the majority of the people live, and ensure real improvement in their standard of living; Work towards food security for the nation and ensure healthy, literate and a contented population; Generate job opportunities for the growing population and achieve high economic growth, wealth and social wellbeing for all Solomon Islanders; Ensure sustainable utilization and conservation of natural resources, protection of the environment and successful adaptation to climate change. Priorities for agriculture sector development include improved infrastructure and strengthened services through partnership with private sector, NGOs and other rural service providers. Enhancing production and productivity of agriculture and fisheries, agro-processing, value adding, agribusiness development and sustainable management of natural resources are highlighted. The MTDS 2008-2010 identified three strategic programs for achievement of national objectives: (i) Smallholder Livestock Program; (ii) Smallholder Tree Crops Program; and (iii) Food security Program.
- 4.3** Official development assistance to the Solomon Islands is substantial and has a major impact on budget planning and development. Aid flows have increased sharply since RAMSI's intervention. This poses a challenge to government and partners alike in ensuring coordinated and productive use of these resources. The development budget is entirely composed of donor funds, which are nearly all in the form of grants. Coordination of development assistance has been largely donor driven over recent years. Several major donors are supporting rural development and agriculture sector development. Significant donors to the sector include Australia, European Union, New Zealand, Japan, Taiwan and World Bank. UNDP is coordinating a Diagnostic Trade Integration Study (DTIS) to identify priority areas for support under the Integrated Framework for trade related assistance to Least Developed Countries. Development partners are moving towards a programme-based approach for rural sector development, and FAO assistance under the NMTP framework aims to coordinate with and compliment other partners support to the sector. One of the most difficult obstacles facing agricultural development in Solomon Islands is poor transportation infrastructure particularly from some of the more isolated islands, currently several major donors have prioritized improving rural infrastructure.

Overview of FAO on-going and recent assistance

- 4.3** FAO recent assistance has focused on strengthening policy and planning through support for a review of the agriculture sector and development of a draft Agriculture Sector Policy. Technical assistance has also been provided for preparation of the Forest Sector Outlook study country report and for forest resources assessment under the Global Forest Resource Assessment Programme. Earlier TCP assistance provided capacity building support for farming systems development including adaptive on-farm research and extension. Support under the RPFS targeted food processing and post entry quarantine facilities. Solomon Islands has also benefited from the Telefood Program of FAO. Since its inception in 1997, there have been 7 Telefood projects approved and implemented. Emergency disaster support was provided following the Tsunami in 2007.

V. Proposed Programme Framework

5.1 Based on the situation analysis and existing medium-term priorities of the Government and the UN System, and taking into account past and on-going FAO and partner's programmes, the following four priority outcomes will be pursued in the next four years:

- 1) Strengthened policy, legal, regulatory and strategic frameworks for sustainable agriculture, forestry and fisheries development.
- 2) Increased production, productivity and resilience of crop, livestock and fisheries systems.
- 3) Enhanced capacity in processing and value adding of agriculture, forestry and fisheries products.
- 4) Sustainably managed terrestrial, freshwater and marine resources.

Strengthened policy, legal, regulatory and strategic frameworks for sustainable agriculture, forestry and fisheries development.

5.2 A strengthened policy and regulatory framework is necessary to ensure sustainable development of agriculture and the natural resource sector. FAO will continue to provide technical assistance to support policy formulation, legislation and regulation reviews and strategic planning. Particular emphasis will be placed on linking planning to financing. Capacity building support may also be provided to improve sector data collection and management systems.

Increased production, productivity and resilience of crop, livestock and fisheries systems.

5.3 Enhanced agricultural production for export and for food security and rural livelihoods is a key priority for Solomon Islands. Inconsistency in both quantity and quality of supply of agricultural products limit opportunities for processing, product value adding and market development. There is a need for improved supply of inputs – improved planting materials, livestock breeds, livestock feeds; for improved infrastructure and for better technology and husbandry practices supported by appropriate research and information services. Primarily through the FSSLP, but also through TCP programmes, FAO will bring support to improve productivity for targeted agriculture, livestock and fisheries commodities. Particular attention will be accorded to Solomon Islands' vulnerability to the impacts of natural disasters and climate change.

Enhanced capacity in processing and value adding of agriculture, forestry and fisheries products.

5.4 Considerable opportunities exist for processing and value adding agriculture, forestry and fisheries products. Agro-processing potentially reduces volume, increases value, extends shelf-life and reduces issues related to quarantine/biosecurity. However increased attention needs to be given to quality control and food safety issues. FSSLP and TCP resources will be used to support enhanced capacity in processing selected products and for meeting improved food safety and quality standards (HACCP & Codex). Product value chain studies may also be supported.

Sustainably managed terrestrial, freshwater and marine resources.

5.5 To ensure that the environment and natural resources continue to play a critical role in economic development, sustainable livelihoods and food security, increased effort needs to be directed towards sustainable management and conservation. Environmental concerns need to be mainstreamed into sustainable development policy. Through TCP and FSSLP resources support could be provided to strengthen capacity in land-use planning, sustainable forest and fisheries management and to strengthen data collection

for resource assessment and monitoring. Support to assist with adaptation to impacts of climate change and natural disasters may also be provided.

Priority NMPTF Outcomes and their Relationship to the to the Government and UN Medium-term Priorities

National Medium-Term Development Agenda CNURA – NDO 2008		UNDAF Results Areas: 1. Equitable economic growth and poverty reduction, 2. & 4. Sustainable environmental management		
Strategic Goals	Key Issues/constraints	NMPTF Outcomes	NMPTF Outputs	Potential areas for FAO assistance
<p>Address the basic needs of people in the villages and the rural areas where the majority of the people live, and ensure real improvement in their standard of living</p> <p>Work towards food security for the nation and ensure healthy, literate and a contented population</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Lack of agriculture statistics and baseline data for the sector <input type="checkbox"/> Limited Livelihood options for people in remote areas and outer islands. <input type="checkbox"/> Shortage of experienced and qualified staff at all levels of Government and private sector. <input type="checkbox"/> Increasing dependence on nutritionally poor imported foods with increasing levels of food and nutrition related non communicable diseases. <input type="checkbox"/> Low productivity and returns in subsistence and commercial agriculture. <input type="checkbox"/> Need to strengthen and expand the livestock sub-sector <input type="checkbox"/> High cost of stock feed 	<p><i>Strengthened policy, legal, regulatory and strategic frameworks for sustainable agriculture, forestry and fisheries development.</i></p> <p><i>Increased production, productivity and stability of crop, livestock and fisheries systems.</i></p>	<ul style="list-style-type: none"> <input type="checkbox"/> Draft policy, legislation, regulations and plans developed and capacity building provided. <input type="checkbox"/> National agriculture census undertaken <input type="checkbox"/> Baseline indicators towards agriculture development defined <input type="checkbox"/> Livelihoods enhancement through food production in rural areas <input type="checkbox"/> Training provided PRAs and on-farm trials implemented. Training materials produced. <input type="checkbox"/> Breeding stock and training provided <input type="checkbox"/> Infrastructure and training provided, research on feed formula undertaken <input type="checkbox"/> Freshwater aquaculture developed 	<p>TA support for policy and strategic planning and data collection/management (TCPF) support for a national agriculture census (TCP)</p> <p>TA support to conduct study (TCPF)</p> <p>Support livelihood development in rural areas (FSSLP)</p> <p>Capacity and capability building for research and development including on-farm research (FSSLP)</p> <p>Breeding cattle imports (FSSLP)</p> <p>Livestock feed mills (FSSLP)</p> <p>TA and support for freshwater aquaculture development (FSSLP)</p>

National Medium-Term Development Agenda CNURA – NDO 2008		UNDAF Results Areas: 1. Equitable economic growth and poverty reduction, 2. & 4. Sustainable environmental management		
Strategic Goals	Key Issues/constraints	NMTPF Outcomes	NMTPF Outputs	Potential areas for FAO assistance
<p>Generate job opportunities for the growing population and achieve high economic growth, wealth and social wellbeing for all Solomon Islanders</p> <p>Ensure sustainable utilization and conservation of natural resources, protection of the environment and successful adaptation to climate change</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Limited processing and value adding of any of the primary produce including crops and forestry logs. <input type="checkbox"/> Difficulty meeting food quality and safety standards for domestic and overseas marketing. <input type="checkbox"/> Lack of marketing capacity linkages and market information <input type="checkbox"/> Lack of capacity in post harvest handling and technology <input type="checkbox"/> Lack of sustainable management of natural resources (forest, fisheries) and land use planning policy covering all types of lands. <input type="checkbox"/> Effects of sea-level rise on agriculture in atoll and small islands <input type="checkbox"/> Lack of agriculture disaster relief capacity to meet emergency and recovery 	<p><i>Enhanced capacity in processing and value adding of agriculture, forestry and fisheries products</i></p> <p><i>Sustainably managed terrestrial, freshwater and marine resources.</i></p>	<ul style="list-style-type: none"> <input type="checkbox"/> Equipment and training provided, value chain studies undertaken, food safety and HACCP capacity building provided. <input type="checkbox"/> Infrastructure, equipment and training provided <input type="checkbox"/> Equipment and training provided, quality assurance systems developed <input type="checkbox"/> Equipment, TA and training provided <input type="checkbox"/> Equipment and training provided, response plans developed, data collection and storage systems improved 	<p>Support for food processing and value adding (FSSLP, TCP)</p> <p>Slaughter House Facilities (FSSLP)</p> <p>Expansion of food testing lab capacity (FSSLP, TCP)</p> <p>Capacity building for land-use planning (FSSLP)</p> <p>Surveillance and monitoring of pests and diseases (FSSLP, TCP)</p>

The FAO activities have been determined through dialogue with the government and other sector stakeholders, and in accordance with the priorities set out by the CNURA Government - National Development Objectives (NDO 2008-2010).

