



IFAD IN THE PACIFIC
**Partnering for
rural development**



Investing in rural people

IFAD's investment in the Pacific



COOK ISLANDS



FEDERATED STATES OF MICRONESIA*



FIJI



KIRIBATI



MARSHALL ISLANDS



NAURU



NIUE



PALAU*



SAMOA



SOLOMON ISLANDS



TONGA



TUVALU



VANUATU

29
projects

US\$28
MILLION

13
countries

*1 million farmers,
fishers and
rural dwellers
have benefited*



IFAD IN THE PACIFIC

Partnering for rural development

IFAD and small island developing states

IFAD has been working in small island developing states (SIDS) for 35 years, financing investments for smallholder farmers and fishers. IFAD recognizes that small island developing states are different than other developing countries. They face constraints that are quite particular to their size, remoteness, insularity and ocean resource base. In the light of a changing world and new challenges faced by rural people living in SIDS, IFAD recently took the opportunity of the Global Conference on Small Island Developing States held in Samoa in 2014 to articulate its lessons learned and current approach to financing investment in rural people in its paper presented at the Conference, *IFAD's approach in Small Island Developing States*.

IFAD's strategic priorities in SIDS are:

- Promoting sustainable small-scale fisheries, aquaculture, mariculture, and fish value chains
- Enhancing opportunities for employment, access to finance, and access to markets
- Strengthening resilience to environmental and climate change

Among small island developing states, the Pacific Islands have their own unique geographical, ecological, sociological and economic characteristics. They are composed of thousands of islands spread over a vast area of some 19 million square kilometres – more than twice the area of China. In order to better engage

with the Pacific island countries, IFAD has developed a particular approach for the Pacific Islands that is based on partnership.

Factors influencing IFAD investments and partnerships

The three Pacific country groups, Melanesia, Micronesia and Polynesia, are home to about 2.2 million people from diverse cultures and languages. The four largest countries, Fiji, Solomon Islands, Samoa and Vanuatu, account for 80 per cent of the population. At the opposite end of the spectrum, the four smallest, Nauru, Niue, Palau and Tuvalu, account for less than 2 per cent.

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IFAD as a partner of choice

- As both a United Nations agency and an international financial institution, IFAD backs its commitment to empowering people with investment resources
- IFAD partnerships with rural people translate into participatory and inclusive planning and implementation
- IFAD is an honest broker that has leveraged resources for successful public-private-producer partnerships (PPPPs) to rejuvenate the agricultural sector
- IFAD has a track record of successful projects in some of world's most challenging and remote rural areas
- IFAD works directly with national governments supporting country-driven projects aligned with national priorities
- IFAD tailors its approach for the small-scale farmers and fishers of small island states using innovative strategies that rural people help design

Some IFAD Partners in the Pacific

- Australia New Zealand Bank (ANZ)
- Australian Aid
- Australian Centre for International Agricultural Research
- Bank of the South Pacific (BSP)
- European Union
- Food and Agriculture Organization of the United Nations (FAO)
- Foundation of the People of the South Pacific, Kiribati (FSPK)
- MORDI Tonga Trust
- Pacific Islands Farmer Organisations Network (PIFON)
- Pacific Organic and Ethical Trade Community (POETCom)
- Secretariat of the Pacific Community (SPC)
- Taiwan Technical Mission
- Westpac Bank
- World Bank

Thirteen Pacific Island states are now IFAD member states.¹

The Pacific Islands are isolated from international markets, depend on a narrow natural resource base and are very vulnerable to shocks. Climate change is aggravating vulnerability. Food security, poor nutrition and degraded natural resources are increasingly problematic. Since 2008 economic growth has slowed. High and volatile prices for fuel and food have had a major impact on both balance of payments and purchasing power of households across the Pacific.

The Pacific Islands have an extraordinary variety of land and marine ecosystems, and are comprised of hundreds of islands, atolls and reefs, many uninhabited that are diverse in size and natural resources for agriculture, forestry and fisheries. There are three basic types of agricultural production systems in the Pacific Islands: small-scale semi-subsistence; medium-scale commercial farming; and large-scale commercial plantations. Small-scale semi-subsistence systems, largely based on traditional farming practices, dominate agriculture throughout the subregion.

In many Pacific Islands, rural people make up to 90 per cent of the total population and agriculture provides up to 90 per cent of formal and informal employment. However, only about 2 per cent of official development assistance (ODA) is allocated to agriculture and rural development in the subregion.

Sustainable agricultural and rural development for the Pacific

IFAD's aim is to enable poor rural people to improve their food security and nutrition, raise their incomes and strengthen their resilience. In the Pacific, IFAD is working to build strong partnerships with Member States, other international financial and development agencies, the private sector, non-governmental organizations (NGOs) and civil society.

In its development efforts in the Pacific Islands, IFAD has set two strategic objectives:

- Rural people in remote areas and outer islands produce, consume and market more local foods in environmentally sustainable ways
- Rural people earn more from farm activities, non-farm activities and employment

These objectives have been set in consultation with Pacific Island governments to be in line with their own national goals and strategies for improved food security, improved nutrition, higher incomes and greater resilience. Investments in the Pacific will be designed and implemented in collaboration with partners, based on their priorities and comparative advantage.

In partnership with others, IFAD will provide financing and other support to investments that increase the production and consumption of locally produced food, including fresh produce and staple crops. These investments will also be designed to enhance resilience to climate change and improve nutrition, helping Pacific communities capitalize on existing biodiversity and traditional

¹ Cook Islands, Federated States of Micronesia, Fiji Islands, Kiribati, Marshall Islands, Nauru, Niue, Palau, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu.



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Tonga: Building partnerships for investment cost-sharing

To increase the sustainability of community infrastructure assets created with financing from IFAD, the Tonga Rural Innovations Project (TRIP) makes rural communities responsible for beneficiary contributions towards the costs of the investments they select. For many community groups, raising the contributions for the TRIP project has been a struggle. However, the groups have found innovative ways to mobilize resources, including harnessing the power of remittances and directing them towards development goals. This provides a way for Tongans to invest in and determine their own development.

For example, there is a substantial diaspora of Tongans, particularly in Australia, New Zealand and the United States. Most of these Tongans want to retain contact with their villages back home. Several groups, particularly from the outer islands, have reached out to their extended families and fellow villagers abroad to mobilize financing for their community development investment. Amounts raised have ranged from US\$1,000-US\$19,000 per community – often exceeding the expectations of the communities themselves.

knowledge. Special attention will be given to meeting the needs of women and young people.

Investments will be targeted to improve the productivity, production and marketing of traditional foods (for example taro, yams, breadfruit or papaya), or local production of foods to replace imports (for example tomatoes, green vegetables, or meat). Principles of sustainable intensification of farming systems and environmentally responsible management of terrestrial and marine resources will be employed.

Together with partners, IFAD will provide financing and other support to investments to increase incomes from farming, non-farming activities and employment in rural areas. Projects will be designed to increase the number of rural households engaged in farming as a business, helping them to make a transition from subsistence to semi-commercial and commercial agriculture. To this end, increasing access to financial services and market opportunities will be targeted.

Working in partnership

IFAD recognizes that partnership-building takes time and effort, but commits to making partnerships work for the benefit of rural people in the Pacific.

Partnerships are already happening in the subregion. In the Kingdom of Tonga, the country's private sector partnered with the Ministry of Agriculture Forestry and Fisheries in preparing the Tonga Agricultural Sector Plan (TASP). IFAD, the World Bank and the Food and Agriculture Organization of the United Nations (FAO) were invited to participate in a joint effort, drawing on the particular expertise of each. Partnerships have also been effective in the planning and implementation of investments in the Rural Development Program of the Solomon Islands, where the World Bank, Australian Aid, the European Union and IFAD each bring expertise and resources to rural development nationwide, in line with the Cairns Compact and the Pacific Aid Effectiveness Principles.

In the past five years the amount of IFAD resources provided in partnerships for the Pacific has more than doubled from around US\$7.5 million to over US\$15 million. This has been for projects and programmes which including cofinancing provided by other partners, have a total value of more than US\$58 million. IFAD intends to go further, however. In doing so it will expand partnerships in the following ways:

- Finance investments that include partnerships at all levels
- Attract new partners with additional financing to agriculture and rural development
- Bring diverse partners together for technology development and exchange of knowledge

- Lead dialogue with Pacific partners who share common goals on key topics in rural development
- Design projects to forge partnerships at the local level, fostering collaboration between rural communities, local institutions and private enterprise

IFAD will increase face-to-face consultations and support for government institutions. IFAD will collaborate with new international development assistance partners emerging in the Pacific and beyond, helping Pacific Island governments and their new partners identify and oversee investments for agriculture and rural development. IFAD will build partnerships with the private sector and civil society to support applied research and technology development.

Public-private partnerships in action

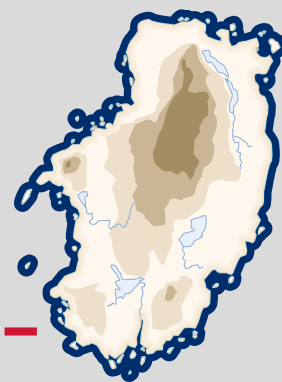
The Solomon Islands Rural Development Programme (RDP), begun in 2010 and cofinanced with IDA, AusAID and the EU, focused on improving the delivery of small-scale infrastructure and social and agricultural services in rural areas. It brought together government, the private banking sector and private SME agribusinesses. RDP created the initial contact by approaching the private banks and simultaneously promoting the project to potential borrowers.

Businesses presented a business plan to the bank showing how much equity they could contribute, how much they wanted to borrow from the bank. They were eligible for an equity grant equal to their own equity contribution provided they could demonstrate that they would purchase raw or processed materials from the rural areas or have operations in rural areas in a way that benefited rural people.

The role of the government was to invest the initial capital of US\$1.1 million for the equity grants and to promote a novel approach to enticing both the banks and the businesses to invest more of their own capital in rural areas. The grants from RDP have mobilized equity contributions from private businesses totalling about US\$2.1 million, and about US\$4.5 million worth of loans from the private banks to cover the remaining costs of the activities for which businesses received the RDP grant.

Some 58 businesses were direct beneficiaries. They created about 300-400 rural jobs, benefiting around 2,200 people. Smallholder farmers have seen an increase in volumes sold. Access to services has increased, for example through increased ferry routes, and increased availability of agricultural inputs at rural stores at businesses that have expanded inventory.

Investing in Pacific Island Developing States



Pacific Island characteristics



Small



Limited land



Insular and coastal countries



Food importers



Remote



Highly vulnerable to climate change and weather-related risks



Dependent on imported foods

IFAD invests in rural people, empowering them to reduce poverty, increase food security, improve nutrition and strengthen resilience. Since 1978, we have provided over US\$16.3 billion in grants and low-interest loans to projects that have reached about 438 million people. IFAD is an international financial institution and a specialized United Nations agency based in Rome – the UN's food and agriculture hub.



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