

# Overarching Productive Sector Policy

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## FOREWORD

Farming the land, fishing the sea and nurturing our forests continue to provide livelihood, employment and food security for the bulk of our people. With a growing population needing to be fed and an expanding number of young people searching for productive ways to lead fulfilling and prosperous lives, the agriculture sector undoubtedly offers the best opportunities for inclusive broad-based economic growth. Well managed growth in the agriculture sector is likely to have greater impact on food security, poverty alleviation and employment than any other sector. Reflecting this Government has prioritised agriculture as a key productive sector underpinning sustainable growth to raise our people's welfare and to achieve the national vision of *"An Educated, Healthy and Wealthy Vanuatu"*.

This ***overarching productive sector policy (OPSP)*** identifies what government, supported by our development partners, can do to facilitate equitable growth and it elaborates the elements of a sustainable growth strategy for the sector. It identifies what the public sector can do to foster the development of institutions that facilitate private investment and enterprise, recognising that it is the private sector that carries the burden of generating growth. This includes the issue of what kinds of investment the government should itself be undertaking, and it also concerns ensuring that public sector activity and policies do not depress or distort the pattern of returns to private investment. The key aim of the policy is to provide clarity and consistency on the government's role in assisting private sector-led agricultural development in Vanuatu.

In the context of this overarching policy, the term 'productive sector' encompasses agricultural (crops, livestock, forest and fisheries) primary production, processing, marketing and trade, together with regulatory services such as quarantine, plus the enabling environment and support services impacting on those areas.

A broad consultative process was adopted to develop this policy framework which commenced with stakeholder meetings in Port Vila, Santo and Malekula in 2010 and concluded with a further round of consultations for the Northern Provinces and the Southern Provinces in 2012. A final validation workshop was held in Port Vila in May 2012 to fine tune and finalise the policy document. These consultations included participation of the many active players in the productive sector including the government, provincial government, private sector, farmers, development partners, NGO and the civil society. Numerous studies and up-to-date analysis of sector data have informed and provided the evidence-base for the strategies chosen to achieve the development outcomes outlined in the OPSP.

I would like to thank all those from the agricultural community, private sector and government who have contributed to the development of this policy document. I would also like to acknowledge the support of our development partners and in

# Overarching Productive Sector Policy

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particular the European Union (EU) and the Food and Agriculture Organisation (FAO) who have generously provided support for the policy process. Success in the implementation of the policy will now require commitment from all players in the sector and particularly from the key government agencies the Ministry of Agriculture, Livestock, Quarantine, Forestry and Fisheries (MALQFF) and the Ministry of Trade, Commerce, Industry and Tourism (MTCIT). The Prime Minister's Office will continue to provide strong leadership for coordination and implementation of the policy and will ensure outputs and outcomes are regularly monitored.

The OPSP will provide the basis for preparing strategic operational plans to guide public and private actions and investments in the sector over the next five years. I pledge Government's commitment to its successful implementation.

  
Hon. Meltek Sato Kiliman Livuvanu  
Prime Minister



# Overarching Productive Sector Policy

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## TABLE OF CONTENTS

Foreword .....	3
List of ACRONYMS and Abbreviations .....	6
Map of Vanuatu .....	8
Executive Summary .....	9
Introduction .....	12
The Productive Sector Context.....	14
Stakeholders and their Roles in the Productive Sector.....	16
Policy Goals, Development Outcomes and Strategies.....	18
Policy Goals: .....	18
1. <i>Revitalise the productive sector, including strengthening local food production and marketing systems.....</i>	18
2. <i>Improve farm incomes and livelihoods with particular focus on gender equity and vulnerable groups. ....</i>	18
3. <i>Support low carbon, equitable, broad-based sustainable economic growth and improve the balance of trade.....</i>	18
Development Outcomes.....	18
Priority Thrust: Sustained Access to Markets.....	18
Priority Thrust: Improved Product Quality and Safety.....	22
Priority Thrust: Improved Production and Productivity.....	24
Priority Thrust: More Processing and Value Adding .....	27
Priority Thrust: Environmental Services and Resilience.....	29
Priority Thrust: Infrastructure Development.....	32
Priority Thrust: Capacity Building and Training .....	33
Priority Thrust: Policy Development, Coordination and Monitoring .....	34
Institutional Setting for Policy Implementation .....	36
Implementation and Financing of the Productive Sector Policy .....	43
Monitoring and Evaluation .....	44
Annex 1: Overarching Policy Framework.....	47

# Overarching Productive Sector Policy

## LIST OF ACRONYMS AND ABBREVIATIONS

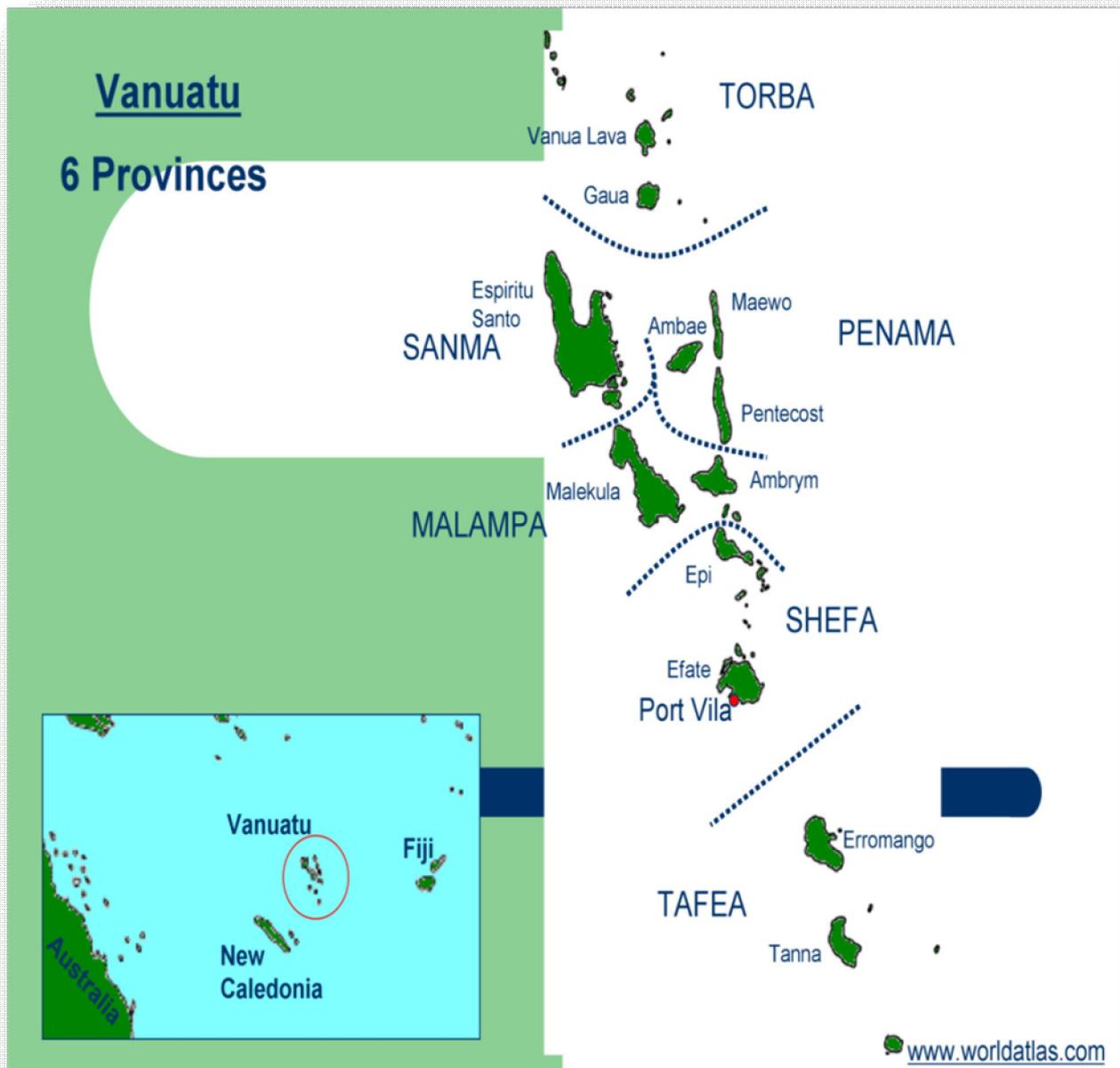
ADR	Annual Development Report
BDS	Business Development Services
DCNVB	Department of Cooperatives and ni-Vanuatu Business
DEPC	Department of Environmental Protection and Conservation
DI	Department of Industry
DSPPAC	Department of Strategic Policy Planning and Aid Coordination
EPA	Economic Partnership Agreement
EU	European Union
FAO	Food and Agriculture Organisation of the United Nations
FSA	Farmer Support Association
GDP	Gross Domestic Product
HACCP	Hazard Analysis Critical Control Point
HIES	Household Income and Expenditure Survey
IPPC	International Plant Protection Convention
IPR	Intellectual Property Rights
ISO	International Organisation for Standardization
IUU	Illegal, Unreported and Unregulated
M E	Monitoring and Evaluation
MALQFF	Ministry of Agriculture, Livestock, Quarantine, Fisheries and Forestry
MDG	Millennium Development Goal
MFEM	Ministry of Finance and Economic Management
MIPU	Ministry of Infrastructure and Utilities
MLNR	Ministry of Land and Natural Resources
MNVBD	Ministry of ni-Vanuatu Business Development
MOU	Memorandum of Understanding
MSME	Micro, Small and Medium Enterprises
MTEF	Medium Term Expenditure Framework
MTCIT	Ministry of Trade Commerce, Industry and Tourism
NCW	National Council of Women
NGO	Non-Governmental Organisation
OPSP	Overarching Productive Sector Policy
PA	Protected Area
PAA	Priorities and Action Agenda
PACER	Pacific Agreement on Closer Economic Relations
PLAS	Planning Long, Acting Short
PMO	Prime Minister's Office
POETCom	Pacific Organic and Ethical Trade Community
PSP	Productive Sector Policy
RSE	Recognised Seasonal Employment
SMDA	Small Business Development Agency
SPC	Secretariat of Pacific Community
SPS	Sanitary and Phytosanitary measures
TBT	Technical Barriers to Trade
VADB	Vanuatu Agriculture Development Bank
VANGO	Vanuatu Association of NGO
VANWODS	Vanuatu Women Development Scheme
VARTC	Vanuatu Agricultural Research and Technical Centre
VCA	Vanuatu Chamber of Agriculture
VCCI	Vanuatu Chamber of Commerce and Industry
VCMB	Vanuatu Commodities Marketing Board
VISIP	Vanuatu Infrastructure Strategic Investment Plan
VNSO	Vanuatu National Statistics Office
VOCGA	Vanuatu Organic Cocoa Grower's Association

# Overarching Productive Sector Policy

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VQIS	Vanuatu Quarantine and Inspection Service
VRB	Vanuatu Reserve Bank
WTO	World Trade Organisation

MAP OF VANUATU



# Overarching Productive Sector Policy

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## EXECUTIVE SUMMARY

Vanuatu is an agriculture-based society, but this productive sector has yet to realise its full potential to generate broad-based growth to increase employment, income and the overall wellbeing of the nation.

The national development goals and priorities expressed in the Priorities and Action Agenda (PAA) identifies the productive sector as an engine for investment, economic growth and employment. To enhance the sector's contribution to economic growth will require a long-term strategic commitment by Government to support and facilitate an enabling environment for private sector operators who are the ultimate generators of sector output.

All of the population, together with regional and international partners and investors, hold a stake in the Vanuatu productive sector. For a large proportion of our people this sector underwrites their very livelihoods and food security. Therefore, government has a crucial role to play in defining a policy and institutional framework which both enables and encourages good participation and high performance from all sector stakeholders.

This Overarching Productive Sector Policy (OPSP) establishes a coherent policy framework to guide strategic actions and investments over the next five to ten years. It will be the basis of appropriately sequenced and coordinated policy and institutional adjustments and investments over the longer-term aiming at improved efficiency and performance. Successful implementation of the policy should result in a significant broad-based growth outcome.

The policy proposes strategic thrusts in eight priority areas: sustained market access; improved product quality and safety; increased production and productivity; more processing and value adding; environmental services and resilience; infrastructure development; capacity building, training and entrepreneurship; and policy development, coordination and monitoring. The strategy implementation framework will be broken down into a number of mutually supporting priority programmes designed to deliver the development outcomes under the eight priority areas. Each programme will be translated into a fully costed operational plan for implementation during the period 2012-2017.

Broad-based growth will require that the majority of smallholder / rural population are better engaged and linked-in to markets. However, at this stage of Vanuatu's economic and private-sector development, supporting such engagement and market linkages remains in many areas a public good and will therefore be a priority focus under this policy.

Competitiveness of local produce will also be dependent on government's success in lowering the costs of doing business particularly in relation to utility costs and domestic transport costs. The high costs and generally poor quality of domestic (inter-island and intra-island) transport is clearly a major issue which limits the extent to which domestic markets can be integrated and growth can be based more broadly than on the economies of Efate and south-east Santo. The government recognises that improving transport infrastructure by reducing costs through the removal of policy and organisational inefficiencies will be necessary to realising the desired impacts of this policy.

## Overarching Productive Sector Policy

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Along with strengthening domestic market opportunities improving agricultural export trade will also be vital for sustained growth in the sector. Vanuatu still relies heavily on a narrow range of primary agriculture export commodities with limited diversification and value addition. Thus the country continues to be vulnerable to the sharp and unexpected changes in the terms of trade through volatility in the global commodity market prices, resulting in instability in export earnings.

Export strategies will focus on agricultural products for which Vanuatu has a comparative advantage; niche differentiated products such as organic virgin coconut oil, organic and Vanuatu origin cocoa and coffee, kava, premium quality vanilla, indigenous nuts, natural grass fed beef, aquarium exports and sashimi-grade fish are examples of Vanuatu products which appear to have good international market demand.

Meeting sanitary and phytosanitary (SPS) and food safety requirements for new export markets, and maintaining existing markets, will be challenging and will thus be an area for concerted capacity building support. Quality assurance and certification are important marketing tools and are becoming essential for market access of processed products. Meeting quality, consistency and more SPS and food safety standards is a major challenge and is placing an increasing financial burden on the private sector and is undermining competitiveness. Finding ways to ameliorate these costs and defining an appropriate SPS and Food Safety architecture clarifying roles and responsibilities are recognised as policy priorities.

Supply side constraints in all sub-sectors (agriculture, livestock, forestry & fisheries) limit opportunities for processing, product value adding and market development. The value of food imports is increasing with population, economic and tourism growth and now exceeds the value of agricultural exports. In this period of global economic uncertainty we should anticipate and prepare for a world where food and oil imports will cost far more than they have in the past; investing now in food production will pay future dividends.

Given the limited potential for large plantation development and the dearth of investment capital for the productive sector, achieving the necessary production volumes will be primarily dependent on increasing smallholder production and productivity. Increased investment in producer oriented adaptive agricultural research and extension will be a vital area for investment to support competitive smallholder agricultural enterprise in Vanuatu.

But improving the delivery of extension services to small farmers remains a significant challenge. Successful mechanisms for knowledge delivery are likely to involve a variety of arrangements of public and private players with varying combinations of financing (who pays) and provision (who does) and with information being made available from a variety of sources. Government will foster partnerships for demand driven client-based research and extension based on partnerships with a variety of stakeholder producer marketing associations, and NGO as required and appropriate.

Along with an increase in agricultural productivity and a much more dynamic trade sector, productive sector growth will require adequate incentives to add value to existing crops or to switch to higher value crops and products, to raise profitability and improve incomes of all those involved in the value chain. Organic, fair trade and Vanuatu origin certification can be an important component of value adding. However adding value to primary products doesn't necessarily guarantee additional profit as adding value incurs cost. Government will only promote development into new value added products where a careful market and cost benefit analysis has proven positive.

The natural environment is central to food security, livelihoods and the commodity export industries of Vanuatu. Therefore, sustained growth in the productive sector is critically dependent on the sustainable

## Overarching Productive Sector Policy

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management of the natural resource base. The competing demands on the environment and differentiated impacts of climate change will be assessed and taken into consideration when formulating strategies to address the development challenges the sector faces. Sustainable resource management will bring benefits to farmers and fishers (through improved incomes), and to consumers (through healthier food choices) and to ecosystems (by increasing resilience).

To achieve the productive sector policy goals government will focus on maintaining a sound and consistent policy and legal framework and ensuring the delivery of services to remove production constraints for the private sector, such as providing information on markets, increasing know-how, and providing effective business development support and essential infrastructure. The Public Sector main roles will be to invest in core public goods such as data and information, quarantine services, agriculture research, basic extension, infrastructure (e.g. rural roads) and enforcement of property rights, rules and contracts. Outsourcing in some of these areas and partnering with the private sector and civil society may form part of the implementing agenda.

Productive sector growth will depend on the capacity of a great many players interacting and cooperating together, but weak sector capacity has been identified as a critical constraint limiting sector performance. Therefore, a specific policy objective is building the capacity of all key stakeholders responsible for sector development. This will entail strengthening institutions responsible for coordinating, facilitating, delivering and monitoring services to the sector as well as strengthening the private sector operators as the engine of growth. Recognising the potential scale of the task, the first step will be relevant capacity assessments to identify needs for delivery of the priority strategic outputs and policy outcomes.

Successful implementation of the overarching productive sector policy will be critically dependent on effective cross-sector communication, cooperation and coordination between a broad group of actors. Because of the many policy areas that impact on outcomes in the Productive Sector effective policy alignment will also need to be pursued. Current policy and legislation in place may need to be reviewed and new policies tuned to ensure coherence and compliance with the overarching framework. Coordination will be focused around achieving the shared vision for the sector.

The important roles that traditional institutions and governance systems can play in achieving the sector outcomes are acknowledged and this policy therefore promotes consensus building approaches to achieve common goals rather than over stressing the role of formal institutions.

This overarching policy framework will be the means for coordination of investments from the national budget together with all other sources of public funds for the sector development (including development partner funds and technical assistance). The government will also use this framework to facilitate and guide private investments in the sector.

The Prime Minister's Office will provide the strong leadership for coordination and implementation of the policy and will ensure outputs and outcomes are regularly monitored. An effective monitoring and evaluation (ME) system will ensure that policy directions are achieving desired policy outcomes and that a clear evidence base is in place to justify sector priority expenditures.

# Overarching Productive Sector Policy

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## INTRODUCTION

The productive sectors – crops, livestock, forestry and fisheries, have been identified as priority areas for economic development, but have lacked a coherent policy, legal and regularity framework. This has inhibited strategic action and dissipated the already limited human and financial resources resulting in under performance in the sector.

This overarching policy, set at the macro level, seeks to rectify this situation by determining the scope of priorities for development in the productive sector. It identifies eight priority thrust areas and articulates policy objectives and strategies which set a clear policy direction at the national level that will help guide investment in the sector for the medium to long term.

To achieve low carbon and equitable broad-based sustainable growth in the productive sectors, this policy will promote a more coordinated and holistic approach. To this end, it provides a ‘road map’ to steer further policy deepening and development of programmes and operational plans in the sub-sectors –crops, livestock, forestry and fisheries. It also seeks alignment with trade, and industrial (manufacturing) policy. It is anticipated that this approach will lead to better coordination and implementation.

This policy, which is the conclusion of a participatory consultative process among a wide range of stakeholders across the country, provides the basis for action by both public and private actors to invigorate sustainable productive sector growth in the Republic of Vanuatu. It recognises the major role played by traditional farming systems in livelihoods and food security and the importance of social and gender equity, environmental sustainability and the need to build resilience in a rapidly changing world.

Successful implementation of this Policy should lead to the realisation of a shared vision for the productive sector across the nation.

### **PRODUCTIVE SECTOR VISION**

By 2022 we will have a well coordinated robust and resilient productive sector. There will be good access to arable land and rich marine and forest resources which will sustainably supply the healthy food and *kastom* needs of a growing population both in rural and urban areas by building on traditional practices and protecting our natural environment. Through a substantial increase in primary production, processing and value adding there will be good jobs and income for a very significant number of Ni-Vanuatu thus ensuring social and gender equity and wellbeing for all.

# Overarching Productive Sector Policy

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The OPSP is premised on seven fundamental principles which guide policy goals and strategy development and are considered essential to sustain the resource base, protect cultural values and promote equitable social and economic development. These principles are:

-  **ENVIRONMENTAL SUSTAINABILITY**
-  **SOCIAL AND GENDER EQUITY**
-  **CULTURAL SENSITIVITY AND INTEGRITY**
-  **PRIVATE SECTOR LED GROWTH**
-  **SUBSIDIARITY<sup>1</sup>**
-  **GOOD GOVERNANCE AND TRANSPARENCY**
-  **OBSERVANCE OF INTERNATIONAL TREATIES**

The Vision, which incorporates stakeholder values, together with these principles, underlies and determines the policies and strategies laid out in this document.

The PAA 2006-2015 identified seven Strategic Priorities which were reviewed in 2011 and slightly amended to the following:

1. Private Sector Development and Employment Creation
2. Macro-economic Stability and Equitable Growth
3. Good Governance and Public Sector Reform
4. Primary sector development, environment, climate change, and disaster risk management
5. Provision of Better Health Services, especially in rural areas
6. Education and human resource development
7. Economic Infrastructure and Support Services

The Overarching Productive Sector Policy framework focuses on achieving PAA Strategic Priorities 1 and 4. However, progressing objectives in all other five priority areas will also be necessary to achieving the productive sector vision.

The OPSP will strengthen linkages between PAA policies, the Planning Long, Acting Short (PLAS 2009-2012) policies and sub-sector strategies and corporate plans, and budget programmes and narratives. It should lead to better clarity on priority actions and outcomes for the line ministries: Agriculture, Livestock, Quarantine, Forestry and Fisheries (MALQFF), Trade, Commerce, Industry and Tourism (MTCIT).

The need for a productive sector policy that reflects the priorities of all stakeholders was identified in the PAA to provide a consistent and agreed vision, to clearly define

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<sup>1</sup> Subsidiarity is an organizing principle that matters ought to be handled by the smallest, lowest or least centralised competent authority. The Oxford English Dictionary defines subsidiarity as the idea that a central authority should have a subsidiary function, performing only those tasks which cannot be performed effectively at a more immediate or local level.

# Overarching Productive Sector Policy

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government's role in the sector and to strengthen the link between policy and investments (from budget allocation and partner support).

Unlike social sectors (e.g. education and health), the majority of outputs of the agriculture<sup>2</sup> 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 productive 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 SPS measures).

But reviving growth in agriculture based largely on smallholder production will involve considerably more than establishing a benign policy framework. Vitaly important areas of expenditure for supporting growth in the sector would be necessary in infrastructure (rural roads, bridges, wharfs, ports, market-house and postharvest/storage and quarantine treatment facilities), and in improved transport, communications and education. Finally, the close nexus between agriculture and the natural environment means that future sustainable development in Vanuatu will be dependent on ensuring an environmentally-friendly agriculture sector.

Clearly these important areas of influence for creating the “enabling environment” for private sector led sustainable productive sector development lie largely outside the remit of the government institutions directly responsible for agriculture, livestock, forestry and fisheries. Thus productive sector policy formation must ensure good communication between a diverse group of stakeholders to build consensus on policy actions and investments. This will require an increased policy focus on coordination between and within sectors and on enhanced links between institutions and actors at the local, provincial, national and international levels in order to ensure policy coherence. A lead role in this coordination will be taken by the Prime Minister's Office and a sector steering committee.

## THE PRODUCTIVE SECTOR CONTEXT

Vanuatu is fundamentally an agricultural society where the majority of the population is involved in farm and fishing activities either for subsistence, livelihood or cash income. But the services sector (dominated by tourism) now generates the largest share of monetary value to the economy. With tourism activities and employment opportunities focused primarily in urban areas this is contributing to the high rate of rural-urban migration and the resultant urbanisation, particularly in Shefa province.

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<sup>2</sup> The term “agriculture” is used interchangeably with “productive sector”, and employed in a broader sense to include crops, livestock, forestry, fisheries, related government machinery and the private sector involved.

## Overarching Productive Sector Policy

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Nevertheless, 76 percent of the population still resides in rural areas and food/cash production activities continue to employ the greatest percentage of the labour force, either in commercial efforts, or more commonly, in self-sufficiency endeavors. Furthermore, agriculture products still form the main component of merchandised exports.

Whilst subsistence agriculture continues to contribute significantly to both incomes and food security, in many cases calculating the value of subsistence production in the national income (gross domestic product) is not complete. Thus the official estimate of around 20% for agriculture's share in GDP undoubtedly underestimates the sectors' importance to living standards in Vanuatu.

Copra, kava, cocoa, cattle, traditional food crops, small livestock and marine resources continue to be integral to the livelihood of farmers and the growing rural and urban populations. But during the decade 1999 to 2009 the agriculture sector grew only by an average of 1.6 percent per annum whilst the overall economy grew by an average of 3.3 percent per annum and the population growth rate over the same period was 2.3 percent per annum. The underperformance of the agriculture sector is of considerable concern to Government in its urgent task to develop agriculture to meet the food needs of the rapidly growing population of Vanuatu and also in achieving the PAA strategy of higher sustainable broad-based economic growth to create employment and raise incomes while conserving resources for future generations.

It is also generally recognised amongst sector stakeholders that agriculture serves a central role in ensuring healthy lifestyles, providing social safety nets and preserving traditional knowledge, practices and skills. Indeed, food production on family farms together with subsistence and artisanal fishing continue to be a vital part of food security and provide resilience in the face of external shocks, either economic (price spikes, global recession) or natural (cyclones, floods, droughts etc.). But an increasing trend over recent years of reliance on food imports (largely comprised of rice, flour, frozen meat cuts and tin fish) to meet the population's dietary needs is a cause for growing concern. In 2010 the value of total food imports at VT5,241 million exceeded the value of total agricultural exports at VT3,390 million.

There are only two options for meeting the nation's growing food needs, either increase agricultural production or increase food imports. High international food and oil prices have brought a renewed emphasis on domestic food production and have shifted government's policy focus to national food security through increased food self-sufficiency along with the drive to increase export earnings.

Revitalisation of the agriculture sector (including a strengthened local food production and marketing system) is the best policy option for Vanuatu. In this period of global economic uncertainty, we should anticipate and prepare for a world where food and oil imports will cost far more than they have in the past; hence investing now in food production will pay future dividends.

# Overarching Productive Sector Policy

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In sum, a productive agriculture sector is important for the national economy, vital for food security and rural poverty alleviation, and also provides links to downstream industries such as agricultural processing.

The Productive Sector Policy therefore renews the Government's emphasis on domestic food production with a priority policy focus to national food security and nutritional health through increased food self-sufficiency. It also addresses the key challenge of developing pathways for commercialisation of smallholder farming systems building on traditional systems and practices, which allow increased employment and cash-generating opportunities for rural households and up-stream agro-processing, but without sacrificing family and community cohesion and ultimately food security.

## STAKEHOLDERS AND THEIR ROLES IN THE PRODUCTIVE SECTOR

All of the population, together with regional and international partners and investors, hold a stake in the Vanuatu productive sector. For a large proportion of our people this sector underwrites their very livelihoods and food security. Therefore, government has a crucial role to play in defining a policy and institutional framework which both enables and encourages good participation and high performance from all sector stakeholders.

Agricultural production, processing, storage and marketing are essentially private sector activities; the role of the private sector should be to take advantage of the improved enabling environment provided by the public sector for profitable agricultural investment.

The Public Sector main roles will be to invest in core public goods such as data and information, quarantine services, agriculture research, basic extension, infrastructure (e.g. rural roads) and enforcement of property rights, rules (regulations) and contracts. Although outsourcing in some of these areas and partnering with the private sector and civil society may form part of the implementing agenda. Where government does find it necessary to intervene because of market failure to provide adequate services, it will attempt to do this in the least distorting manner, with the aim of fostering equitable growth and with implementation through a constructive dialogue with the private sector. Any government support in the market will be for time-bound interventions that aim to stimulate an effective private sector response. Where government currently undertakes a role as an output generator this role will be reviewed with the aim to transition responsibility to the private sector.

This policy therefore promotes private sector-led agriculture growth which recognises that the private sector - including farmers and fishers (big and small), traders, food vendors, processors and exporters – are the major sector output generators. The private sector also provides important services to the sector and it

## Overarching Productive Sector Policy

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is envisaged that private sector operators, where appropriate, will increasingly be involved in service roles.

There is now a need for private sector organisations to strengthening their advocacy role to provide a stronger voice, particularly for the primary producers (farmers and fishers), in policy formulation to ensure equitable outcomes for their members. Government will promote and facilitate this process. It is also anticipated that consumer demand for higher product quality, safety and standards will also increasingly impact on sector policy.

In view of the many players with varied and vested interests in the productive sector Government will continue to strengthen its key roles in facilitation, communication, coordination and regulation to create an enabling environment for the private sector to operate.

# Overarching Productive Sector Policy

## POLICY GOALS, DEVELOPMENT OUTCOMES AND STRATEGIES

### POLICY GOALS:

- 1. REVITALISE THE PRODUCTIVE SECTOR, INCLUDING STRENGTHENING LOCAL FOOD PRODUCTION AND MARKETING SYSTEMS.**
- 2. IMPROVE FARM INCOMES AND LIVELIHOODS WITH PARTICULAR FOCUS ON GENDER EQUITY AND VULNERABLE GROUPS.**
- 3. SUPPORT LOW CARBON, EQUITABLE, BROAD-BASED SUSTAINABLE ECONOMIC GROWTH AND IMPROVE THE BALANCE OF TRADE.**

### DEVELOPMENT OUTCOMES

#### PRIORITY THRUST: SUSTAINED ACCESS TO MARKETS

**Strategy 1.1:** Improve market intelligence, linkages and promotion by commissioning both domestic and overseas market research.

**Strategy 1.2:** Vanuatu National Statistics office (VNSO) to institutionalise a regular (weekly) Domestic Market Survey and monthly report.

**Strategy 1.3:** Adopt a supply chain approach to facilitate and support the establishment of viable production and marketing chains from input supplies,

*DO1: Increased volumes of saleable agricultural products marketed by the private sector into domestic and export markets.*

An essential precondition for any successful productive enterprise is that there must be an identified and sustained market for the product that has potential to provide producers consistent and attractive financial benefits, and give the confidence to make the necessary investments and changes in practice to supply these markets.

A demonstrated market demand and facilitated access to markets is necessary to stimulate smallholder commercialisation. For this to be realised improvement in domestic and overseas market linkages are needed. In times of a strong and sustained market demand farmers will more actively seek and adopt productivity enhancing technology and management methods.

The barriers to market access vary across different product chains and this determines the types of mechanisms that might need to be put in place to facilitate participation in new markets. Producers and other stakeholders in product chains that are part of the traditional system and require simple value added processing (such as root crops, and local fresh fish) face lower barriers to entry than those in chains where more sophisticated processing is required (such as vanilla, virgin coconut oil, processed nuts and certified organic cocoa).

Improved market intelligence, linkages and promotion are key factors. In general, the relatively small agribusinesses in Vanuatu do not have the resources and capacity for undertaking market intelligence studies to identify market potential and

## Overarching Productive Sector Policy

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**Strategy 1.4:** Give higher priority to development of robust domestic supply chains.

**Strategy 1.5:** Improve market structures for transport and sale of livestock and fresh produce, and promote and encourage the introduction of rural market centres/outlets

**Strategy 1.6:** Strengthen organisations of rural women producers/market vendors to be fully empowered in the context of institutions such as the marketplace.

**Strategy 1.7:** Support and develop the capacity of agribusinesses (processors, exporters, and traders).-  
*Example: establish a competitive private sector support facility with award criteria linked to strength of backward linkage of enterprise to rural communities.*

**Strategy 1.8:** Promote and facilitate the strengthening and formation of producer organisations and umbrella farmer organisations such as the Syndicat Agricole.

**Strategy 1.9:** Improve agricultural export trade by focusing on products for which Vanuatu has a comparative advantage such as organically certifiable products and other niche differentiated products that improve market access and in some cases provide price premiums to growers.

specific market opportunities, or for the required level of promotion of their products. Information on end markets has the character of a common good that is shared among chain operators. Therefore there is room for government/ external development agencies to conduct facilitate or commission both domestic and overseas market research as an essential contribution to chain upgrading. In Vanuatu more attention needs to be devoted to facilitating capacity development of agribusinesses (processors, exporters, traders). These are the entities that pull farm products into the market place and open the pathways for commercialisation of smallholder farms. Their role is often not recognised or often undervalued.

Marketing of certified organic products such as cocoa or spices, due to the high cost of transactions involved in negotiations with single small farmers, requires an intermediary (producer) Organisation such as Vanuatu Organic Cocoa Growers Association (VOCGA) or an enterprise such as Venui Vanilla. These entities have been essential instruments for the end buyers, as they are able to organise an efficient marketing, internal control and auditing system. They purchase the product from farmers and deliver to buyers in a timely, convenient and economic manner.

A robust domestic market for a potential export product, which is the case for kava, root crops, nangai nuts (*Canarium indicum L*), coffee and beef products, can help reduce the vulnerability of farmers to fluctuations in the international market. Developing a robust domestic supply chain strengthens the capacity to successfully develop export markets in the future.

Along with strengthening domestic market opportunities improving agricultural export trade will also be vital for sustained growth in the agriculture sector. Vanuatu still relies heavily on a narrow range of primary agriculture export commodities with limited diversification and value addition. Thus the country continues to be vulnerable to the sharp and unexpected changes in the terms of trade through volatility in the global commodity market prices, resulting in instability in export earnings. The negative effects of adverse terms of trade and fluctuations in export earnings on the economy has been mitigated by foreign exchange from inward tourism and other services, resource rents (for example fishing), large official development assistance inflows and the largely subsistence nature of the economy.

Export strategies need to focus on agricultural products for which Vanuatu has a comparative advantage; these include products that can be readily grown as part of traditional production systems. In some cases it is feasible to certify these products as organic, fair trade or Vanuatu origin. This can improve market access and in some situations secure price premiums. Niche differentiated products such as organic virgin coconut oil, organic and Vanuatu origin cocoa and coffee, kava, premium quality vanilla, indigenous nuts, premium grade beef, aquarium exports and sashimi-grade fish are examples of Vanuatu products which appear to have good international market demand. However, meeting SPS and food safety requirements for new export markets, and maintaining existing markets, will be challenging. This will require concerted action by government. For example, export of fishery products to the European Union (EU) requires the establishment of an effective

## Overarching Productive Sector Policy

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**Strategy 1.10:** Deregulate commodity marketing and facilitate fair competition.

*Examples – Abolish and close the VCMB. Eliminate price fixing in domestic municipal fresh produce markets and foster development of livestock auctions.*

**Strategy 1.11:** Consider use of targeted subsidies to address market failures (examples could be for inputs, transport and information).

**Strategy 1.12:** Facilitate linkages and synergies with the growing tourist market.

**Strategy 1.13:** Ensure private sector organisations are made aware of marketing opportunities that may arise under the various trade agreements being negotiated.

system for traceability and a competent authority within government to implement a continuous process of inspection and testing.

At the present stage of Vanuatu's economic and private sector development, supporting market linkages for the majority of smallholders/rural population remains a public good. Also possible use of targeted subsidies to address market failures may need to be considered (examples could be for inputs, transport and information). When subsidies are considered these should be "market smart" with the aim not to distort markets for private sector activity. It is the private sector traders who ultimately are the most important and sustainable link for farmers' access to markets and for outputs, inputs and useful information.

Improving household welfare and food security in Vanuatu will require policies that promote both import substitution of agricultural products and viable exports. In an increasingly liberalised and deregulated global market, agriculture, livestock and fisheries industries will need to be internationally competitive. Competitiveness, and ultimately welfare and food security is not enhanced by import protection. Protectionism often leads to inefficient domestic production with products selling above world parity prices. Low income consumers, including rural households suffer most from such policy. Whilst Vanuatu's exports suffer from the 'tyranny of distance', domestic production should gain a competitive advantage in times of high international fuel and food prices. High transport costs that hold down export prices also push up import prices. However, it will be increasingly important to ensure that Vanuatu has the capacity to monitor imports that fall under preferential trade agreements to ensure they conform to the agreed 'Rules of Origin'. Competitiveness of local produce will also be dependent on government's success in lowering the costs of doing business particularly in relation to utility costs and domestic transport costs.

Urbanisation is providing bigger domestic markets to rural producers and traditional food staples are still generally preferred foods if they can be accessed at affordable prices. The growth in tourism also offers potential increased market opportunities. Supplying food to the tourist food market shares similarities with the export market, but without phytosanitary requirements.

Improved road and domestic shipping services along with better market houses and postharvest handling and storage facilities are essential requirements for boosting domestic trade in agriculture and fisheries products. Where national transport links are poor, food imports can continue to be more competitive than local products. When municipal marketplaces offer a good array and quality of produce they make a major contribution to small business development and food security. A policy priority therefore is to continue to improve domestic market infrastructure (including for livestock and fisheries products) as a means to stimulate local food production and improve rural incomes. Domestic marketing is largely the responsibility of women and they should be fully involved and leading initiatives in planning of market developments and market management.

# Overarching Productive Sector Policy

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## SUPPORTING POLICY STATEMENTS

- *Government will prioritise programming resources to ensuring the basic economic infrastructure is in place to facilitate trade on the domestic market. Specific attention will be directed towards improvement and maintenance of:*
  - *rural roads (including farm access roads) and bridges*
  - *domestic wharves and port facilities*
  - *domestic market houses and warehouse facilities.*
- *Government will seek to encourage increased private sector activity in provision of reliable and affordable inter-island shipping services as a stimulus to rural production and marketing.*
- *Government will seek to improve the efficiency of Vanuatu Ports to reduce transaction times and costs.*
- *Government will encourage competitive private sector provision of mobile telecommunication services to all rural areas recognising the high potential of these services to generate increased market information flows.*
- *Government will continue to seek ways to mitigate the rising costs of power and facilitate, where economically feasible, an increased use of coconut oil biofuel for power generation and vehicle fuel recognising that this should help stimulate a potential domestic market demand for coconut product.*
- *Along with strengthening domestic market opportunities improving agricultural export trade will also be vital for sustained growth in the productive sector and to improve the merchandised trade balance. Through the Department of External Trade, the government will continue to seek favorable trade agreements with key trading partners including exploring opportunity to increase market access (and lower tariff progression) for processed products by accession to the World Trade Organisation (WTO) and conclusion of a favorable Economic Partnership Agreement (EPA) with the European Union. The Government will continue to seek for improved market access for agricultural products into Australia and New Zealand as part of the PACER Plus negotiations.*
- *Government will strengthen the capacity of the Customs Department to monitor imports and compliance with trade agreements.*

# Overarching Productive Sector Policy

## PRIORITY THRUST: IMPROVED PRODUCT QUALITY AND SAFETY

*DO2: Improved quality and safety of agricultural (including processed) products.*

Quality assurance and certification are important marketing tools and are becoming essential for market access of processed products. Meeting quality, consistency and more demanding SPS and food safety standards is a major challenge and is an area where capacity building effort needs to focus. Meeting these standards is placing an increasing financial burden on the private sector and is undermining competitiveness. Finding ways to ameliorate these costs and defining an appropriate SPS and Food Safety architecture clarifying roles and responsibilities are policy priorities.

Policy focus should be on: plant and animal health protection, food safety, quality assurance and standards.

The main objective of most industry standards and requirements is to manage risks relating to product safety and quality. During the last several years, there has been a strong upsurge of interest in process based standards as well. Process based standards have focused on environmental sustainability, social and economic sustainability, fair trade, guarantees of origin, or a combination of traits.

For successful agribusiness development, there can now be no compromise on quality, safety and consistency of supply. Vanuatu processors/exporters have recognised that appellations of origin, based on strict standards, quality criteria and production methods are a useful promotional tool for their products. Whilst there are niche market possibilities for single origin and organic commodities from Vanuatu, adhering to high quality standards is fundamental to accessing these market options. Such certifications are not an alternative to quality – they are a complementary addition to quality. Obtaining certification requires internal production controls and the description of production plots and processing facilities. Establishment and maintenance of credible, product specific, data bases is posing a major challenge.

Good traceability is not only essential for certified organic production but is also becoming increasingly important for other markets as well. To participate in the more demanding markets, investments in product and process upgrading and certification will be a prerequisite.

Currently the legal and regulatory environment for food is fragmented: i.e. meat, fish and food being handled under separate legislation and enforcement structures, which have evolved driven by the needs and requirements of each industry. This can lead to duplication of efforts, inconsistencies or gaps and a dilution of scarce resources. Given this situation, efficiency gains could be derived by clearly defining roles and ensuring coordination among stakeholders.

**Strategy 2.1:** Define an appropriate SPS and Food Safety architecture which clarifies roles and responsibilities.

**Strategy 2.2:** Review legal and regulatory framework for food. Legislation should be harmonised and strengthened to influence a clear policy framework and determine the principal enforcement agency.

**Strategy 2.3:** Strengthen the capacity to monitor the Food Control Act and Food Regulations (provide appropriate human resources and equipment to monitor implementation of regulations.)

**Strategy 2.4:** Recognise the importance of food safety and support the private sector to obtain HACCP and International Organisation of Standardisation (ISO) certification.

**Strategy 2.5:** Establish the feasibility of a central accredited food testing facility.

# Overarching Productive Sector Policy

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**Strategy 2.6:** Give private sector industry the prime responsibility to set standards and monitor compliance; government will facilitate legislation and regulations where appropriate.

**Strategy 2.7:** Improve the capacity of producers to access niche market opportunities through improved quality control, product traceability and management skills.

**Strategy 2.8:** Facilitate and encourage investments in product and process upgrading (*example: product drying facilities*) and appropriate training for operators.

**Strategy 2.9:** Restructure and strengthen Quarantine Services to maintain SPS standards to facilitate export growth

In regards to quality assurance/certification for food and agriculture commodities, there are also a number of government departments, statutory boards, exporting purchasers and smallholder organisations involved in the development and application of the few existing commodity standards.

If the productive sector development is to be driven by high value products/ exports, the development, promotion, monitoring and certification of a range of agricultural produce standards will be required. The development of specific commodity standards should be private sector industry-driven based on market demands and international rules such as Hazard Analysis Critical Control Points (HACCP). Again, clarity over the role of different agencies needs to be defined. The national codex committee has an important role to play in the standards development process in addition to coordinating concerns related to food regulation. With an increasing trend in food imports over recent years it will be important to monitor compliance with the 1993 Food Control Act no 21 and the 2007 Food Control Regulation no 37 pertaining to food safety and labelling in order to maintain appropriate health and safety standards. This will require strengthening government's capacity to monitor compliance.

Where possible, standards will be based on WTO compliant international standards and guidelines such as those developed by Codex and International Plant Protection Convention (IPPC), SPS and Technical Barriers to Trade (TBT) related measures. Compliance will become increasingly important as Vanuatu proceeds with WTO accession.

Experience has demonstrated that private sector industries should have the primary responsibility for setting standards and monitoring compliance whereas government will facilitate legislation and regulations where appropriate. The public sector also has an important role to assist the private sector gain technical capacity to achieve standards. Investment in training to meet standards (such as HACCP) will reap significant rewards. Financial and technical assistance to the private sector will also be required.

## SUPPORTING POLICY STATEMENTS

- *Government will facilitate development of national standards that are compliant with industry needs and the multilateral trade agreements such as WTO.*

# Overarching Productive Sector Policy

## PRIORITY THRUST: IMPROVED PRODUCTION AND PRODUCTIVITY

**Strategy 3.1:** Improve agricultural production and productivity by focusing on products for which Vanuatu has a comparative advantage.

**Strategy 3.2:** Increase investment in adaptive research and development to support competitive smallholder agricultural enterprises.

**Strategy 3.3:** Improve the delivery of extension services to small farmers. Such services are likely to involve a variety of arrangements of public and private players including the Farmers Support Organisation (FSA), Syndicat Agricole and other producer marketing organisations.

**Strategy 3.4:** Foster partnerships for demand driven client-based extension and research based on partnerships with a variety of stakeholder producer marketing associations, NGO etc.

**Strategy 3.5:** Investigate means to capitalise on the enhanced farming skills of returned RSE workers through skill sharing and mentoring in farming communities.

**Strategy 3.6:** Ensure that all intervention programs are gender focused and gender responsive. Although extension services will be directed to all producers special attention will be given to women in recognition of their critical role in family household management and food production.

*DO3: Increased sustainable production (and productivity) of farm, forest and fisheries products to provide household nutrition, traditional needs, improved cash incomes and to ensure a stable and sustainable supply that caters to the demands of the industry and trade sectors.*

The value of food imports is increasing with population, economic and tourism growth and now exceeds the value of agricultural exports (in 2010 the value of food imports reached VT5,241 million whereas agriculture exports were VT3,390 million). In this period of global economic uncertainty Vanuatu should anticipate and prepare for a world where food and oil imports will cost far more than they have in the past; investing now in food production will pay future dividends. The main food products imported are those not suited to production under Vanuatu conditions or scale, namely milled rice, tinned fish, wheat flour, potatoes, barley for brewing, onions and milk/milk products. Revitalisation of the agriculture sector (including strengthened local food production and marketing systems) by focusing on products for which Vanuatu has a comparative advantage remains the best policy option to ensure food security and livelihoods.

Supply side constraints in all sub-sectors (agriculture, livestock, forestry & fisheries) limit opportunities for processing, product value adding and market development. Given the limited potential for large plantation development and the scarcity of investment capital for the productive sector, achieving the necessary production volumes will be primarily dependent on increasing smallholder production and productivity.

Increased investment in producer oriented adaptive agricultural research and extension is vital to support competitive smallholder agricultural enterprise in Vanuatu. With so many people relying on the productive sector for food security and livelihoods, agricultural research and extension is a public good that will receive priority focus in government policy and budget allocation.

Production strategies need to focus on (i) agricultural products for which Vanuatu has a comparative advantage or proven niche market opportunity and (ii) improving production and productivity within the smallholder sub-sector. Subsistence food production in traditional farming systems together with subsistence and artisanal fishing continues to be the basis of food security in Vanuatu and provides resilience against external shocks, either economic (price spikes, global recession) or natural (climate change, cyclones, floods, droughts, pests and diseases etc.). Ensuring a well-functioning biosecurity service will also be essential to protect from incursions of exotic animal and plant pests and diseases.

Urbanisation and high population growth rates (2.3%) occurring in Vanuatu will severely challenge existing farming systems to produce enough food to meet the needs of the growing population. Food production for a rapidly increasing population

## Overarching Productive Sector Policy

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**Strategy 3.7:** Ensure a well functioning biosecurity service to ensure adequate protection of Vanuatu's plant and animal health status from introduced exotic pests and diseases.

**Strategy 3.8:** In the crop sector, focus on greater productivity of existing staple foods and proven specialty products, better management of land resources including more attention on maintenance of soil nutrients, pest control, weed and disease management for long-term sustainable yields (especially in organic systems).

**Strategy 3.9:** In the livestock sector, focus on increased production and productivity of small animals (pigs and poultry) through provision of input supplies, veterinary support, credit and targeted husbandry extension activities to smallholders. For beef producers, genetic improvement and raising productivity through pasture improvement and weed management and grazing systems remain priorities.

**Strategy 3.10:** Establish and maintain farm access feeder roads.

**Strategy 3.11:** Promote sustainable forest management practices focussed on smallholder participation and community-based forestry for economic development of the wood and non-wood production sub-sector.

will therefore require greater productivity of existing staple foods and better management of land and other natural resources.

In the livestock sector, there is considerable potential to raise production and productivity of small animals (pigs and poultry) to supply domestic markets and raise household incomes in rural areas, that is, to increase commercialisation of small scale enterprises within the smallholder sub-sector. This requires provision of greater input supplies (distribution of improved breeding stock and improved locally available feed) increased veterinary support and targeted husbandry extension activities. In both smallholder and large estate beef enterprises raising beef production and productivity remains a high priority through continued genetic improvement and raising the management and productivity of the pastures/grazing systems. In the smallholder sector, this should be supported through targeted extension and improved infrastructure (time bound subsidised shipping, local cattle markets); in the estate sector, measures to ensure long term sustainability relating to ownership and investment issues need to be institutionalised.

In the forestry sector, the Vanuatu Forestry Policy 2011-2020 proposes prioritised strategies to overcome the main constraints to sustainable forest development, forest conservation and improvement in livelihoods derived from the forests. The main strategies include: to sustainably manage the forest resource through active participation of smallholder farmers and community based forestry, and economic development of the relatively small wood and non-wood production sub sector. An initial concentration in the policy is on three priority actions to allow more detailed strategies to be determined: (i) undertake a comprehensive forest resources assessment; (ii) undertake economic analyses of wood and non-wood forest production and services; and (iii) revise and strengthen the legal and institutional framework for the forestry sector.

Inshore fisheries, whilst important for food security in rural areas, have little potential for increased production due mainly to the limited within reef areas. With some export commodities already overfished increasing fish supplies, particularly to urban areas, is likely to rely on increased landings of tuna and the development of aquaculture.

In the drive for greater productivity, the benefits of the traditional farming (and fishing) systems should not be underestimated or taken for granted. Among those benefits has been a level of subsistence security that is becoming increasingly uncommon in the developing world. Therefore a key challenge for Vanuatu is developing pathways for commercialisation of traditional farming systems, which allow increased cash-generating opportunities for rural households, without sacrificing family and community cohesion and ultimately food security.

Small farmers face a significant challenge to increase productivity (land and labor), particularly under certified organic cultivation regimes. More attention needs to be focused on crop agronomic management, maintenance of soil nutrients, pest and weed control and disease management for long-term sustainable yields. Practices

## Overarching Productive Sector Policy

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**Strategy 3.12:** Promote and support the development of sustainable aquaculture to help develop local production capacity to meet local demand for fish.

**Strategy 3.13:** Increase the amount of Tuna landed and processed on shore in Vanuatu enforced through a stronger link between attribution of a fishing licence and the positive impact on the national economy

**Strategy 3.14:** Balance foreign licensing benefits against domestic industry development, basing decisions on appropriate analytical frameworks

**Strategy 3.15:** Explore innovative grant/loan financing schemes targeting small commercial farmers and merchant financing arrangements. Promote the further provision of appropriate group based micro-credit for smallholders to acquire the necessary inputs needed to boost production and productivity.

must also seriously consider labour productivity, recognising that return-to-effort is a key motivational factor for small farmers in Vanuatu. Whilst international best practice is established in regions of the world, more attention needs to be focused on adaptive research and appropriate technology development and transfer in Vanuatu.

Improving the delivery of extension services to small farmers also remains a key challenge. Successful mechanisms for knowledge delivery are likely to involve a variety of arrangements of public and private players with varying combinations of financing (who pays) and provision (who does) and with information being made available from a variety of sources.

Traditional farming systems are labour intensive and few labour saving technologies are used. Mechanisation is not widespread in Vanuatu and is mostly restricted to medium-to-larger scale commercial agriculture. The smallholder food and cash crop production which predominates is done almost exclusively with family labour and relies on fallow periods to regenerate soil fertility. The amount of labour available within a household is a key limitation for food production and for developing other cash enterprises. Migration from rural areas both to urban centers and overseas has become an increasing trend in recent years. In some provinces local food and cash crop production may now be constrained by lack of able bodied labour and declining soil fertility. Availability of productive land for food crop gardening is also becoming an important issue, as in most islands there is limited scope for increasing the area under cultivation. Access to arable land is constrained due to number factors, population density in some locations, land tenure, accessibility and alienation of land for coconut and cattle farming; with many large lease holdings now being neglected and unproductive.

To encourage more stable and productive farming communities will require a broad rural development approach including decentralising non-farm economic activities (such as tourism) to rural areas and thus encompassing more than just an agriculture development focus. Whilst there is an increasing number of unemployed youth in urban areas, attracting this labor pool back to farming in the rural areas will not be easy. Migration from rural areas is motivated by many factors; including improving income earning opportunities, to find better education, health, water and other services, and in some cases simply for a change of lifestyle.

Increasing numbers (currently in excess of 2000 annually) of ni-Vanuatu are participating in the Recognised Seasonal Employer (RSE) schemes in New Zealand and more recently Australia. Whilst these schemes have been successful in bringing substantial economic benefits to families and communities they may, with workers being away for between 4 to 8 months a year, result in loss of labour for local food and cash crop production. But finding ways to capitalise on the acquired farming skills of returned RSE workers by sharing and mentoring within communities could bring additional benefits to local agricultural production.

# Overarching Productive Sector Policy

## SUPPORTING POLICY STATEMENTS

- *Government recognises that increased production and productivity is dependent on private sector activity and will thus strive to create an enabling macroeconomic and policy environment conducive to private sector led growth in the productive sectors. Particular attention will continue to be given to maintaining a stable but competitive exchange rate.*
- *Government recognises the importance of predictability and certainty being attached to land holdings, land leases, and land investment. Government will continue to promote the Land Sector Framework 2009-2018 to develop policies that allow landowners to benefit while facilitating access to land for productive (as opposed to real estate) development purposes. In this context Government will review terms of conditionality on agricultural leases to ensure appropriate productive use is made of agriculturally leased land.*

## PRIORITY THRUST: MORE PROCESSING AND VALUE ADDING

*DO4: More onshore processing and value adding of economically viable agricultural products.*

**Strategy 4.1:** Develop domestic market and export opportunities based on value added products principally from traditional crops to help ensure strong backward linkages to the rural communities who have the experience and the resources to produce them.

**Strategy 4.2:** Support with appropriate economic incentives and capacity building an adequate degree of processing of primary products (including Tuna fish) to increase in-country value addition prior to exporting.

**Strategy 4.3:** Provide targeted support towards good performing market chain enterprises (e.g. agro-processors) at or near the upper end of the value chain that can “pull” products through the value chain.

Agricultural growth in Vanuatu requires an increase in agricultural productivity, a much more dynamic trade sector, and adequate incentives to add value to existing crops or to switch to higher value crops and products, to raise profitability and improve incomes of those involved – both directly as land owners and agricultural workers, and indirectly as input suppliers, marketers, processors, retailers and exporters.

Traditional food production systems have provided the resilience to withstand natural disasters and external economic shocks. Building on these traditional systems (including agroforestry) and developing value added marketable products from them would help to ensure that subsistence security is not sacrificed in the drive for greater productivity and economic growth. The aim is to process primary products (to alleviate quarantine issues and extend shelf life), to add value (to offset transport costs) to offset volume with value (to lower freight costs) and to brand (to differentiate and make distinctive). Developing domestic market and export opportunities based on traditional crops will ensure strong backward linkages to the rural communities who have the experience and the resources to produce them. It should involve significantly less risk than ventures into new exotic crops and would protect the subsistence base thus strengthening food security.

Recognising that robust market demand for outputs is crucial to productive sector development in Vanuatu specific targeted support will be directed towards market chain enterprises (e.g. agro-processors and marketing enterprises) at or near the upper end of the value chain. These enterprises are able to “pull” products through the value chain much more than the same products can be “pushed” through the

# Overarching Productive Sector Policy

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**Strategy 4.4:** Encourage and build capacity for basic village level processing (fermenting, drying, curing etc.)

**Strategy 4.5:** Promote the expansion of domestic coconut oil production and facilitate village-level value adding of coconut products.

**Strategy 4.6:** Facilitate technical support for market and cost benefit analysis prior to advocating development of new value added products.

**Strategy 4.7:** Promote the development and implementation of the Pacific Organic Standard and support where appropriate legislation development.

**Strategy 4.8:** Provide support for institutional growth in organic and fair trade certification capability. This will include providing support for the Vanuatu chapter of the SPC POETCom initiative and developing capacity for domestic internal control and regional inspectors.

**Strategy 4.9:** Develop the institutional implementation framework for IPR.

chain by suppliers from isolated rural areas which are the ultimate target beneficiaries.

However adding value to a primary product doesn't necessarily guarantee additional profit as adding value incurs cost. A careful market and cost benefit analysis should precede any development into new value added products.

Organic, fair trade and Vanuatu origin certification can be an important component of value adding. Vanuatu's experience for more than decade has shown that for some products (cocoa, virgin coconut oil and processed nangai nuts) certification can offer significant export price premiums, while for others (spices and beef) these premiums have been minimal or nonexistent. For spices organic certification has proven a useful tool in achieving market access and market recognition. There are significant costs involved in securing and maintaining certification – the main cost involved are in establishing and maintaining internal control systems and in the third party auditing of the system. Thorough cost benefit analysis is required on a case by case basis. Care must be taken not raise the expectations of growers to unrealistically high levels. Support needs to be given to the adoption and acceptance of a more appropriate and cost effective standards that have been developed by the Secretariat of the Pacific Community (SPC) under its Pacific Organic and Ethical Trade Community (POETCom) initiative. It is recognised by government that development of product certification should remain driven by the private sector. Government will support as necessary appropriate legislation.

The formulation and effective implementation of Intellectual Property Rights (IPR) legislation and processes (e.g. patenting) will also be crucial for creating the enabling environment for business to innovate and develop niche products. Currently, there are six IPR legislations that have been gazetted, but the institutional framework to roll out the implementation still needs to be developed. The Vanuatu Government commits to full implementation of the IPR legislation by the date of accession to WTO.

## SUPPORTING POLICY STATEMENTS

- *Government will foster the development of smoothly functioning and sustainable systems of finance which provide for:*
  - *Credit and savings facilities to smallholders*
  - *Credit for working capital for traders and exporters*
  - *Finance for capital investments for agro-processors and agri-business*

# Overarching Productive Sector Policy

## PRIORITY THRUST: ENVIRONMENTAL SERVICES AND RESILIENCE

*DO 5: Enhanced environmental services and sector resilience to natural disasters and climate change.*

The natural environment is central to food security, livelihoods and the commodity export industries of Vanuatu. Therefore, sustained growth in the Productive Sector is critically dependent on the sustainable management of the natural resource base.

Overall, the country is extremely vulnerable to natural disasters and the impact of climate change. According to the Commonwealth Vulnerability Index—based on (a) the impact of external shocks over which an affected country has little or no control and (b) the resilience of a country to withstand and recover from such shocks—Vanuatu ranks as the world's most vulnerable country out of 111 developing countries assessed.

Resilience and adaptive capacity will be the ultimate measure by which Vanuatu farming/fishing and food security will be judged. Not just resilience to short-term shocks, but a more enduring resilience in the face of the new fundamentals associated with globalised trade, high energy costs, labor migration and climate change.

The competing demands on the environment and differentiated impacts of climate change must be assessed and taken into consideration when formulating strategies to address the development challenges the productive sector faces. The vulnerability of food and farming systems to the new fundamentals of climate change and scarcer, costlier oil needs to be well considered in current policy. There should be sufficient consideration placed on resilience within food and farming systems especially in terms of biodiversity, sufficient skilled labor and supporting infrastructure that a low-carbon, more resource constrained future' necessitates. Potential for renewable energy, including biofuel and biomass, must be fully evaluated and utilised where appropriate.

Forests and trees have a significant role in mitigating the impacts of climate change. Forests contribute significantly to biodiversity, protection and maintenance of ecosystem services. Unfortunately, despite their essential role in sustainable development for present and future generations of Ni-Vanuatu, these valuable resources are under continuous threat from destructive human activities associated principally with agricultural clearing. Forests are converted to agricultural land due to the need for small-scale subsistence farming, or for cattle grazing. Infrastructure and tourism development as well as extensive coconut plantations along the coastlines force people to move inland and convert more forests for their livelihoods. The establishment of coconut plantations and permanent pastures, either as pure stands or under coconut groves, represent the most important cause of deforestation. The land area currently occupied by coconut plantations (74,145ha) and pastures (15,311ha) is much greater than the total area under food crops

**Strategy 5.1:** Shift policy focus from “crisis management or response” to “risk reduction and resilience-building”

**Strategy 5.2:** Government will advocate and facilitate the formulation of disaster preparedness plans, resource management plans and environmental action plans for the productive sectors.

**Strategy 5.3:** Promote environmentally friendly production systems, including integrated crop management, integrated pest management, agroforestry and organic farming.

**Strategy 5.4:** Strengthen regulatory frameworks and enforcement to encourage sustainable farming and fishing, protect natural resources and prevent pollution adopting a “polluter- pays” principle.

**Strategy 5.5:** Support community based management of inshore marine resources, both empowering and assisting communities to develop and enforce appropriate conservation measures.

## Overarching Productive Sector Policy

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**Strategy 5.6:** Utilise further the already established options to recognise land and marine Protected Areas (PAs).

**Strategy 5.7:** Promote the importance of quantifying production (crops, livestock, fisheries, forests) its changes, and the impacts of management and development interventions.

**Strategy 5.8:** Strengthen capacity to collect appropriate natural resources data (land, freshwater and marine) to improve land use planning and fisheries management, and to monitor impacts and sustainability of activities in the productive sector.

**Strategy 5.9:** Review legislation and regulations with a view to strengthen provisions specifically designed to prevent, deter and eliminate IUU fishing activities.

**Strategy 5.10:** Strengthen capacity for management of fisheries resources to include monitoring, compliance and surveillance of IUU fishing.

(7,511ha). There is a gross imbalance between forest utilisation and reforestation/afforestation. A reforestation programme has been initiated; however it requires further work and subsequent implementation.

Biodiversity promotes ecosystem services important amongst which are: food production, provision of raw materials, recreational opportunities and cultural values. Vanuatu has globally significant biodiversity, but biodiversity conservation - whether in formally protected areas (PA) or the wider production landscape - is weak. Very few PAs have been identified, formally recognised and managed. However, there is a strong system of traditional taboos and customary closures for resource management.

However, in the production landscapes around PA, agriculture and natural resource extraction activities pay little attention to biodiversity conservation or long-term sustainability, due to a lack of education and appropriate technologies and limited income to invest in more sustainable practices.

The establishment of PAs and other conservation measures are complicated by customary land ownership arrangements, which require that local communities are consulted and agree to any such changes. Furthermore, because agriculture and natural resource extraction is a crucial part of local livelihoods, communities need incentives to agree to restrictions on their activities in PAs and to change their forest, land and marine management practices to ones that enhance biodiversity protection and are generally more resilient and sustainable. Progress in this respect also requires training and capacity building within communities and broader programmes of awareness raising and environmental education. Improvements in biodiversity conservation will require the development and implementation of community-based management techniques and the use of traditional mechanisms (such as tabu) and modern ones that are locally accepted and appropriate. There is also a need for a policy and legal framework that allows innovative, community-based management of PAs and empowers local people to participate and benefit from PA management. Currently the provision of long term funding for management and leasing of protected areas is still uncertain.

Illegal, Unreported and Unregulated (IUU) fishing is a serious global problem and one of the main impediments to the achievement of sustainable world fisheries. It thrives where governance is weak and where countries fail to meet their international responsibilities. It puts unsustainable pressure on fish stocks, marine and wildlife and habitats, subverts labour standards and distorts markets. The root cause of IUU fishing is a lack of effective flag State control.

IUU fishing undermines national and regional efforts to conserve and manage fish stocks and, as a consequence, inhibits progress towards achieving the goals of long-term sustainability and responsibility as set forth in, inter alia, Chapter 17 of Agenda 21 and the 1995 Food and Agriculture Organisation (FAO) Code of Conduct for Responsible Fisheries. Moreover, IUU fishing greatly disadvantages and discriminates against those fishers that act responsibly, honestly and in accordance

## Overarching Productive Sector Policy

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with the terms of their fishing authorisations. This is a compelling reason why IUU fishing must be dealt with expeditiously and in a transparent manner. If IUU fishing is not curbed, and if IUU fishers target vulnerable stocks that are subject to strict management controls or moratoria, efforts to rebuild those stocks to healthy levels will not be achieved.

Vanuatu government recognises that IUU fishing must be addressed effectively if long-term, sustainable and responsible conservation and management arrangements are to be put in place.

### **SUPPORTING POLICY STATEMENTS**

- *Enhancing capacities' to use natural resources in a sustainable manner is a government priority in support of the productive sector.*
- *The competing demands on the environment and differentiated impacts of climate change will be assessed and taken into consideration when formulating strategies to address the development challenges the productive sector faces.*

# Overarching Productive Sector Policy

## PRIORITY THRUST: INFRASTRUCTURE DEVELOPMENT

*DO6: Investment in rural infrastructure to increase production, improve market access, reduce costs/improve competitiveness and support rural processing enterprises*

**Strategy 6.1:** Support infrastructure development to overcome weaknesses that constrain the supply chain and reduce the competitiveness of Vanuatu agricultural products.

**Strategy 6.2:** Conduct a study to identify priority infrastructure projects or programmes to boost agriculture production, improve market access, reduce transport costs and support rural processing.

**Strategy 6.3:** Prepare an infrastructure investment plan for the productive sector to feed into an updated Vanuatu Infrastructure Strategic Investment Plan (VISIP) for funding and implementation.

Vanuatu's geography of many scattered remote islands and undeveloped infrastructure poses a major constraint to the productive sector and its competitiveness and to further efficient development. The cost of freight of agricultural goods is high due to high inter-island shipping costs, access to markets is a major limiting factor throughout Vanuatu, including lack of feeder roads and insufficient market facilities for small producers to market their produce, the lack of feeder roads also constrains access to more land to increase production and the lack/high cost of power and water constrains agro-processing enterprises in rural areas, as well as affecting where rural people live and work the land.

Government recognises this and has instituted a systematic, rational and strategic approach to the prioritisation, planning, implementation and management of infrastructure to develop the whole country covering all sectors. This is contained in The Vanuatu Infrastructure Strategic Investment Plan (VISIP) prepared in 2012, which identifies and prioritises a package of infrastructure investments which best meets Vanuatu's needs in coming years, and plans for the funding and implementation of these investments through substantial assistance from development partners.

Over 60 proposed projects have been identified at this stage, some only tentative, covering strategic investments in Transport (roads and bridges, wharves and jetties, airports/airstrips), Utilities and Telecommunications, with a total investment over the period 2012 to 2021 of US\$556 million. The VISIP report is only the first step in considering infrastructure priorities, as to-date it has not been able to take into account the policy and strategies of the productive sector because no investment plan for the productive sector was available at the time of preparation of VISIP.

There is therefore a strong need to identify the priority infrastructure development needs of the sector that could be integrated into the VISIP in coordination with MIPU. These would include new feeder roads, rural road rehabilitation, provision of market facilities, improved shipping and wharves and provision of water and power supplies to rural areas to improve the viability of rural processing enterprises, all in specific islands/locations. This would be achieved through mounting a study to identify priority needs and conduct a cost-benefit analysis of each proposal in order to develop an infrastructure plan comprising priority programmes or projects to support the sector and which could be fed into an updated VISIP and its investment plan. The study would also review the need and cost of possible time bound subsidisation of transport and utility costs to boost the sector.

# Overarching Productive Sector Policy

## PRIORITY THRUST: CAPACITY BUILDING AND TRAINING

**Strategy 7.1:** Strengthen the capacity of government agriculture, forestry and fisheries institutions to fulfill a more active role in facilitation, coordination across sectors and partnering with private sectors and civil society.

**Strategy 7.2:** Undertake a labour market survey and develop a workforce plan to identify the range of skills needed to support the sector and a human resource development plan.

**Strategy 7.3:** Increase access to technical and vocational training opportunities in agriculture, livestock, forestry, fisheries and agro-processing.

**Strategy 7.4:** Review current agricultural training approaches and facilities with a view to strengthening provision of demand driven and skills-based training for an effective workforce

**Strategy 7.5:** Ensure that capacity building and strengthening partnerships are components in all government (and development partner) supported sector programmes.

**Strategy 7.6:** Strengthen small business enterprise support services to increase business knowledge, business skills and competencies.

**Strategy 7.7:** Ensure gender balance in recruitment of training staff and enrolment of students on all training courses.

*DO7: Enhanced capacity of both public and private productive sector stakeholders with a particular focus on women and youth.*

Productive sector growth will depend on the capacity of a great many players interacting and cooperating together, but weak sector capacity has been identified as a critical constraint limiting sector performance. Therefore, a specific policy objective must be building the capacity of all key stakeholders responsible for sector development. This will entail strengthening institutions responsible for coordinating, facilitating, delivering and monitoring services to the sector as well as strengthening the private sector operators as the engine of growth. Recognising the potential scale of the task, the first step should be relevant capacity assessments to identify needs for delivery of priority strategic outputs and policy outcomes.

Successful agricultural enterprise is generally private sector driven with profit as the foremost objective. A culture of entrepreneurship with associated skills in business practice is not widespread in Vanuatu, particularly in rural village societies. Gaining a full appreciation of the significance of cultural norms in agribusiness development warrants further investigation. If cultural norms are critical, ignoring them will lead to incomplete explanation, and worse still, may result in misguided policy recommendations.

Because of the relatively small agri-business entrepreneurial community in Vanuatu, key person dependency threatens the sustainability of agribusiness operations and there is a vital need to institute timely succession plans with integral training components. Enterprise to enterprise training (as practiced by the Vanui Vanilla operation) could provide one appropriate model.

Capacity building for entrepreneurship and in business skills requires a priority policy focus and may entail revisions in formal education curriculum as well as grass roots approaches which encourage innovation and enterprising behavior.

About 55 percent of the working population is engaged in subsistence or unpaid family work and over 65 percent of the total working population are working in agriculture, forestry and fisheries in unskilled or basic skill roles. Only approximately 10 percent of national jobs are in the high skills categories (requiring degree level qualifications).

Given that a large proportion of school leavers will not be able to obtain formal jobs, increased emphasis should be placed on basic education, life skills, technical and vocational training, and skills for rural development. This will help youth become more productive in the village economy (agriculture, livestock, fishing and forestry). The policy focus will therefore be on demand driven, competency based training and skills programmes – notably apprenticeships and skills accreditation schemes.

# Overarching Productive Sector Policy

## PRIORITY THRUST: POLICY DEVELOPMENT, COORDINATION AND MONITORING

**Strategy 8.1:** Constitute an inter-ministerial sector coordination committee composed of directors general of lead collaborating ministries and representatives of community-based organisations and private sector. The Committee will be responsible for coordinating policy, planning, implementation and monitoring to ensure the goals of the productive sector policy are being achieved.

**Strategy 8.2:** To ensure continued policy relevance and facilitate policy deepening attention will be focused on strengthening agriculture and socio-economic data and capacity to analyse rural policy issues. Adequate resources will be provided to national statistical services.

**Strategy 8.3:** Government budget including development funds will be allocated and aligned with the policy development outcomes.

**Strategy 8.4:** Government will utilise information gained through monitoring and evaluation and impact assessments for policy development, review and refinement.

*DO 8: A priority focused productive sector operating within a stable and coherent policy framework.*

Successful implementation of the overarching productive sector policy will be critically dependent on effective cross-sector communication and coordination between a broad group of actors. Furthermore, because of the many policy areas that impact on outcomes in the Productive Sector effective policy alignment will also need to be pursued. Current policy and legislation in place may need to be reviewed and new policies tuned to ensure coherence and compliance with the overarching framework. It will be necessary to identify the key policies relevant to the productive sector and to assess the extent to which these are aligned. Coordination should be focused around achieving a commonly shared vision for the sector. The overarching policy framework will also be the means for coordination of investments both from the national budget and from development partner funds. Coordination and implementation will thus require strong leadership from a central ministry such as the Prime Minister's and will need adequate resourcing.

A cross-sectoral steering committee with representation from non-state actors and the private sector will help ensure line ministries with relevant mandates for the productive sector orient their activities in line with the overarching policy framework.

Along with (horizontal) central coordination it will also be necessary to ensure adequate (vertical) coordination at provincial government level where support for local demand-driven development will be implemented.

An effective monitoring and evaluation (ME) system will ensure that policy directions are achieving desired policy outcomes and impact. This will require initially that there is sufficient baseline data in place, and subsequently, systematic data collection on relevant indicators. The monitoring system should aim to ensure that a clear evidence base is in place to justify sector priority expenditures. The ME system should be manageable and not too over-ambitious, but rather build on an iterative learning process. The importance of monitoring cannot be overstated as it allows for ongoing adjustments to the policy framework as its implementation unfolds. An effective monitoring program that can demonstrate quality and impact of resources should result in increased Government commitments to the sector and more predictable flow of development partner funds.

### SUPPORTING POLICY STATEMENTS

- *Government will shift resources from the management of standalone productive sector projects to support of strategic programmes and adequate policies. It will strive for better coordination and coherence between its policies and programmes.*

## INSTITUTIONAL SETTING FOR POLICY IMPLEMENTATION

Policy implementation will require bringing together multiple agencies and groups that are intended to work in concert; effective coordination will therefore be fundamental to success. There will also need to be an assessment and possible redefinition of roles of government institutions supporting the sector to ensure appropriate support and regulatory services are provided in the most efficient, streamlined and cost-effective manner to achieve the anticipated policy outcomes.

The institutional structure of support services for the productive sectors is fragmented with a range of government departments, corporate bodies, private sector and Non Governmental Organisations ( NGO) all having important roles to play. There is a need to consolidate, focus and coordinate functions across the agencies; a role that now ostensibly rests with the Prime Minister's Office (PMO). The three main government ministries (and departments) directly serving the sector are:

1. The Ministry of Agriculture, Livestock, Quarantine, Forestry, and Fisheries (MALQFF)
  - Department of Agriculture and Rural Development
  - Department of Livestock and Quarantine
  - Department of Forestry
  - Department of Fisheries
2. The Ministry of Trade, Commerce, Industry and Tourism (MTCIT)
  - Department of External Trade
  - Department of Industry
  - Food Technology Development Centre

The Ministry of Ni-Vanuatu Business Development's (MNVBD) Department of Cooperatives and Ni-Vanuatu Business (DCNVB) has the role of supporting the empowerment of Ni-Vanuatu in business development. DCNVB works closely with MTCIT.

3. The Ministry of Lands and Natural Resources (MLNR)
  - Department of Lands
  - Department of Environmental Protection and Conservation
  - Department Energy, Geology, and Mines
  - Water Department

### **LEAD GOVERNMENT ROLES**

The MALQFF will take the lead role in supporting the priority strategic thrust to increase production and productivity. The Vanuatu Quarantine and Inspection Services (VQIS) will have the lead role in maintaining SPS to ensure the continued protection of plant and animal health status and to facilitate exports. In this respect, the VQIS will play an important role in achieving DO1 in sustaining access to

## Overarching Productive Sector Policy

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markets, DO2 - improved quality and safety, DO3 – increased production and productivity, and DO5 – enhanced environmental services and resilience. The MALQFF departments (particularly Forestry and Fisheries), through their support for preparation and monitoring of sustainable resource management plans and associated regulatory functions, will play a critical role in achieving DO5.

The MTCIT together with DCNVB will have significant roles in the priority thrusts to increase access to markets, improve quality and safety and to ensure more onshore processing and value adding. The Department of External Trade will take the lead to achieve DO1 (sustained access to markets), The Department of Industry (DI) and DCNVB will lead the thrust for DO4 - more onshore processing and value adding. The DI, in close association with the Vanuatu Chamber of Commerce and Industry (VCCI), will also lead in developing the institutional architecture for support to quality standards (including HACCP and food safety) and will be supported by a strengthened Food Technology Development Centre. The Ministry of Health is currently responsible for monitoring and enforcement of the Food Safety Act.

The MLNR departments of Environmental Protection and Conservation (DEPC) and Lands will have leading roles in environmental monitoring to support the priority thrust area - environmental services and resilience. The Meteorology Office, where the Disaster Management and Climate Change Office reside, will also have a key supporting role to achieve DO5.

The MLNR department's lands, water, and energy will also play critical supporting roles in land access through leadership in the implementation of the Land Sector Framework 2009-2018, ensuring the sustainable use and development of Vanuatu's Water Resources and access to affordable energy in rural areas, with increased focus being on indigenous energy resources with an emphasis on biofuel.

The Ministry of Infrastructure and Public Utilities (MIPU) will play a most crucial supporting role to the productive sector through its continued efforts to strengthen economic infrastructure and support services (DO6).

The Department of Strategic Policy, Planning and Aid Coordination (DSPPAC) within the PMO will be the lead agency for policy development, sector coordination and monitoring leading to a priority focused productive sector operating within a stable and coherent policy framework (DO8).

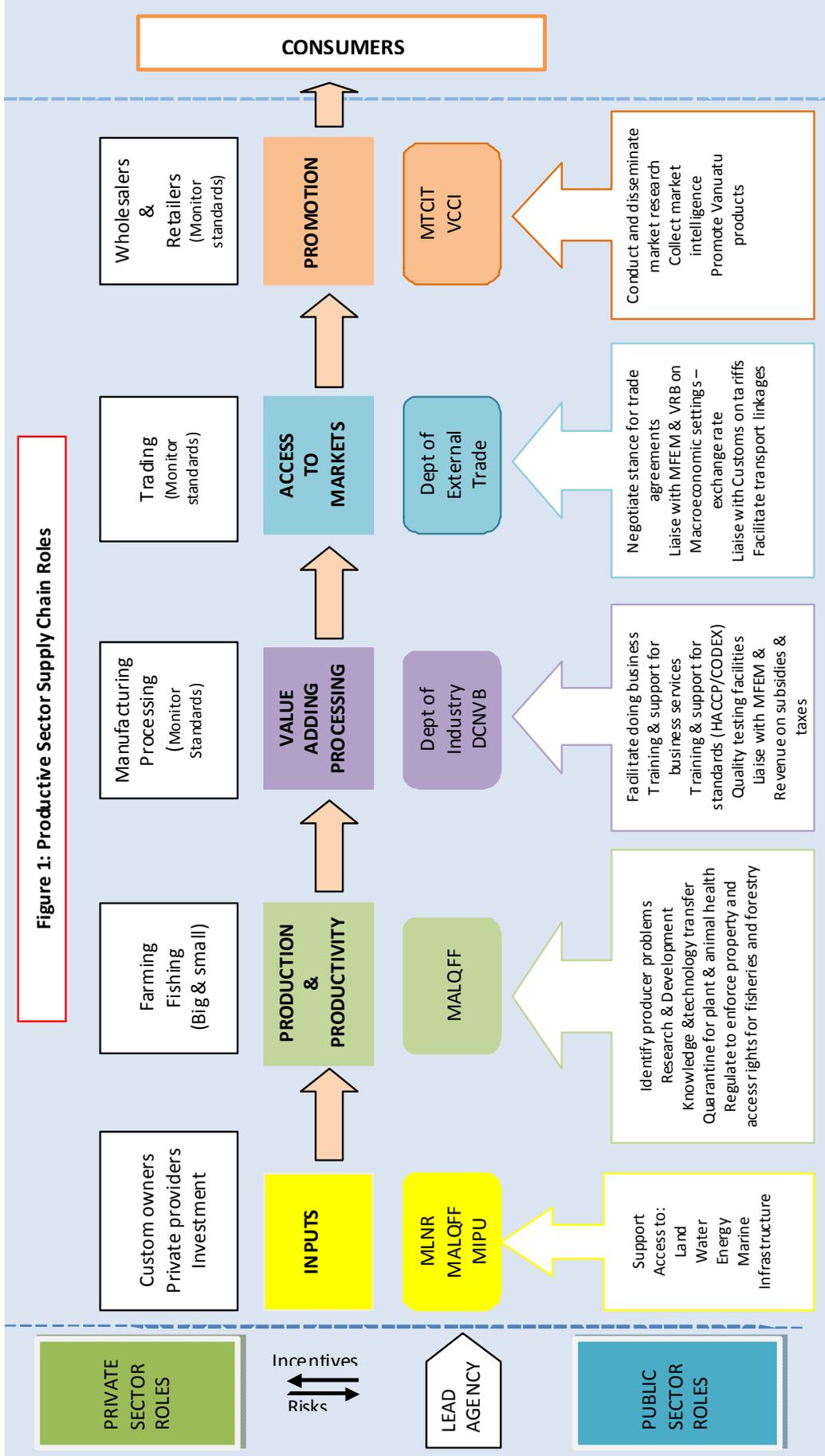
Other significant productive sector support institutions are the Vanuatu Agricultural Research and Technical Centre (VARTC), the Agricultural College, the Vanuatu Agriculture Development Bank (VADB), the National Bank, and Vanuatu Chamber of Commerce and Industry and the Vanuatu National Statistics Office (VNSO).

The lead agency roles for delivering the outcomes in this policy are depicted in Figure 1. This schematic does not intend to be exhaustive or exclusive. It is recognised that close working relationships and partnership between the public agencies, private sector and civil society organisations will be essential to achieving the desired development outcomes. The ultimate role of all these support bodies is

## Overarching Productive Sector Policy

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to help create the best incentive environment for private sector operators (including small farmers) and reduce investment risk. In this sense, they should provide 'oil' to the supply chain 'machinery' and thus increase overall efficiency and performance.



**Key:** MALQFF – Ministry of Agriculture, Livestock, Quarantine, Forestry & Fisheries; MNRL- Ministry of Lands and Natural Resources; MIPU – Ministry of Infrastructure & Public Utilities; DCNVB – Department of Cooperatives and Ni-Vanuatu Business; MFEM – Ministry of Finance and Economic Management; VRB – Vanuatu Reserve Bank; MTIC- Ministry of Trade, Commerce, Industry and Tourism; VCCI – Vanuatu Chamber of Commerce and Industry.

### ***REVIVING GOVERNMENT AGRICULTURE INSTITUTIONS***

A priority will be for the government agencies to review and prepare clear mission statements and long-term corporate plans that indicate how they will contribute to achieving the development outcomes that have been identified in the Overarching Productive Sector Policy. This process should involve an analysis that examines/reviews the core functions that must be performed by the agency to meet its mandate and mission to effectively contribute to implementation of the OPSP. It should also consider the organisational structure, and the human and financial resource needs to effectively perform agreed functions and how these resources will be obtained. It should aim at ensuring that there is no unnecessary duplication of efforts with other organisations, there are no conflicts of interest, and that transactions costs in delivering the productive sector policy are reduced. Pragmatism will be essential in the approach to undertake these reviews and any resulting structural reforms. A rationalisation of government ministries and departments can help improve policy coordination and implementation as well as providing savings for policy priorities.

Limited staff, budgets and human resource capacity severely constrains the level of support services provided by government agencies. Government expenditures for agriculture sector support services currently focus mainly on salaries, whilst expenditures for nonwage operational costs and new investments are limited. Many activities are funded under *ad hoc* project budgets which may have priorities that are not fully aligned to national goals and productive sector outcomes and limits the long-term financial sustainability after project funding has ended. The absence of an agreed productive sector policy framework has exacerbated the situation. Therefore, this Overarching Productive Sector Policy should help improve resource mobilisation and targeting of spending.

### ***VANUATU NATIONAL COUNCIL OF WOMEN:***

The National Council of Women (NCW) is the key institution supporting women's development. As the vital role of women in food production, marketing and rural enterprise the NCW will continue to have a pivotal role in supporting gender focussed development in the productive sector. The NCW village representatives will be important focal points for capacity building, promotion and awareness activities.

### ***NGO AND COMMUNITY INVOLVEMENT***

NGO have been and will continue to be vital players in the delivery of productive sector development outcomes. These organisations help ensure grassroots involvement in needs assessment and planning. Bringing rural communities into the decision making process encourages greater self-reliance, responsibility and local level initiative for the development of the sector. Government will seek to strengthen partnerships with NGOs and community organisations working in the sector and where possible and appropriate encourage and support service provision by them. Government has signed a Memorandum of Understanding (MOU) with the national umbrella NGO organisation, Vanuatu Association of Non Government Organisations (VANGO) to re-enforce its partnership cooperation in delivering

# Overarching Productive Sector Policy

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services. However, this is very general and therefore the government is currently working with VANGO to review the MOU.

## ***PRIVATE SECTOR ORGANISATIONS***

An effective “farmers’ voice” should be the real basis for agricultural development. Farmers’ organisations, which are run by farmers for farmers, are recognised as essential for giving farmers a voice. The Syndicat Agricole together with the FSA is one such organisation which is currently active in all provinces and needs to be supported in their work. Other producer organisations and cooperatives are also playing important roles particularly in the cash crop sectors.

The Vanuatu Chamber of Agriculture (VCA) was established by a 2010 Act which was gazetted in February 2011. The Act provides for the establishment of the VCA as a body corporate to carry out functions, which are summarised as follows: to represent farmers in dealings with the public and private sector; to promote agriculture and agro-industry and investment, collect and disseminate relevant information and strategically advise Government on all agricultural matters in Vanuatu; to facilitate the provision of goods and services to farmers and Producers Organisations. VCA is to be financed from (i) membership fees and payments for services and (ii) grants or donations, including from the Government. However to date, lack of sustainable financing has prevented formation, start-up and activities of the VCA.

This policy promotes the formation of effective farmer associations that can help facilitate farmer access to inputs, credit, output markets, market research, and technical training and which improve coordination within the smallholder sector. Government will support efforts to build their capacity in organisational and financial management and democratic processes that fully includes and enhances the role of women in the decision making process. Government will aim to interact with farmers organisations in a way that recognises that they represent the private sector and that they are not development agents.

## ***SMALL BUSINESS ENTERPRISE SUPPORT***

Rural communities need training that will enable them to start and run businesses. Therefore, there is a need to strengthen the provision of small business enterprise support services to develop micro, small and medium enterprises (MSME) in rural areas and the outer islands. The present situation is that a number of agencies including VCCI, NGO such as FSA and VANWODS, and private agents provide various business training, advisory and credit services, but they are often uncoordinated, sometimes incomplete or unavailable and generally inadequate to provide an effective business development service (BDS) to rural areas, especially in value adding/processing, on a wider scale. This policy endorses the Policy and Strategy for MSMEs drawn up in 2011 by DCNVB in which a number of initiatives to facilitate development of services to rural MSMEs and those on outlying islands were proposed. These, under a rural focus, include: to improve collaboration between the present agencies, to give priority to development and delivery of training

# Overarching Productive Sector Policy

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programmes for new enterprises and to promote and support existing micro-credit programmes. In addition it is proposed to establish a new Small Business Development Agency (SMDA) in collaboration with DCNVB, with outreach BDS centres in rural areas.

## ***LEGAL AND REGULATORY FRAMEWORK***

Improving the performance of the productive sector will also require strengthening of the legal and regulatory framework to encourage business investment and to promote sustainable resource management practices and protection of biodiversity and the natural resource base. Harmonisation will be sought in the legal and regulatory frameworks across relevant ministries.

## ***CULTURE AND SOCIAL CAPITAL<sup>3</sup>***

Vanuatu has strong cultural identities and dynamic traditions in which agricultural production and agricultural products play an integral role. Traditional obligations and service will often take precedence over individual material gains. Therefore culture and tradition needs to be at the centre of productive sector development policy.

Social capital which is gained through traditional community networks and trusted relationships should be marshaled and used positively and proactively to promote cooperative actions and sustainable practices. The important roles that traditional institutions and governance systems can play in achieving the sector outcomes are acknowledged. The strength of the Vanuatu chief system (Council of Chiefs) and its apex organisation, the Malvatumauri, is recognised as a powerful force in future economic development and in maintenance of social stability.

This policy will promote consensus building approaches to achieve common goals rather than over stressing the role of formal institutions.

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<sup>3</sup>The term 'social capital' captures the idea that social bonds and social norms are an important part of the basis for sustainable livelihoods (together with natural, human, physical and financial capital). Other benefits generated through social capital may include enhanced spiritual well-being, a sense of identity and belonging, honor, social status and prestige. Social capital is manifested in associations such as community and extended family groups, religious organisations, trade/consumer associations, resource user groups, political parties, and financial services groups.

## IMPLEMENTATION AND FINANCING OF THE PRODUCTIVE SECTOR POLICY

The strategy implementation framework can be broken down into a number of mutually supporting priority programmes designed to deliver the eight development outcomes. Each programme will need to be translated into a fully costed operational plan for implementation during the period 2012-2017. Both recurrent costs (operational and personnel), and development or capital costs (existing and proposed pipeline capital investments and technical assistance) should be included in the plans. Together these plans will form the basis of a Medium Term Expenditure Framework (MTEF) for the sector. In turn, the MTEF will be used as the point of reference in preparation of annual budget estimates submitted to the Ministry of Finance and Economic Management (MFEM) by the key implementing line ministries.

The implementation of each medium-term plan shall be underpinned by an integrated and holistic approach carried out through the priority thrusts with associated interventions for addressing the priority agricultural sector challenges and constraints (e.g. improve export market access, establish appropriate SPS architecture, improve quality and consistency of supply, more processing and value adding of primary products). Implementation of the plans will incorporate joint planning and participation (facilitated by the DSPPAC) to ensure that multiple views, needs and concerns in resolving priority productive sector issues at different levels are taken into account and negotiated.

The planned thrust areas will be addressed through nationally coordinated programmes and with projects implemented at national, provincial, and municipal and community levels. Networking and sharing lessons learned will be used to improve programmes and project outcomes. Better working relationships and partnerships among public, private and development partners will be established and maintained.

To ensure proper alignment of results down the planning levels, the development of the implementation plan shall pick up the planning process from the intervention strategy level under each of the 8 development outcome result areas, and unpack each intervention strategy into its necessary broad-based activities. Activity delivery timeframe, responsibility for carrying out each activity, the intended users of the activity results, and the expected outcomes following the attainment of the activity will follow. This information shall be summarised into an appropriate format. The cost of implementing each medium-term plan of the strategy shall be contained in the MTEF.

The cost of implementing the strategy will be shared among national and provincial governments and development partners and the private sector (including Foreign Direct Investment).

# Overarching Productive Sector Policy

## MONITORING AND EVALUATION

*When choosing indicators, the starting point should be the question*

*“Is this proposed indicator measurable?”*

Currently there are severe data limitations for monitoring sector outcomes and a first priority will therefore be to establish a minimum set of core indicators that need to be measured. It will then be important to ensure the relevant data is collected in any future agriculture surveys, HIES, Demographic Health Surveys, nutritional surveys, and Population Census.

At the policy goal and development outcome level the ME Matrix below identifies broad indicators that should be tracked. At the strategy output and activity output levels indicators, data and targets will need to be established at a more disaggregated level to reflect individual sub-sector and provincial priorities.

The DSPPAC in close cooperation with VNSO will be responsible for establishing the ME framework and preparing regular policy implementation reports. The line ministries implementing the policy strategies will have a crucial role to play feeding into this process by improving collection and timely reporting of appropriate data. Annual reports should be prepared to feed into the budget preparation process. The policy will be subject to a mid-term evaluation no later than three years after its endorsement by the Council of Ministers.

Good reporting on results will provide policy managers and sector stakeholders the opportunity to reflect on what has and what has not worked and feed these lessons into future planning. The Policy will be updated after the completion of the evaluation or sooner if necessary.

**ME Matrix of Productive Sector Policy Goals and Indicators (long-term outcomes)**

Policy Goals	Indicators	Baseline
1. Revitalise the productive sector, including strengthening food production and marketing	Food Production Index	Base 40,000mt in 2007=100
	Ratio of food imports/agriculture exports	1.15 (2011)
	Ratio food imports/total imports	0.2(2011)
2. Improve farm incomes and livelihoods with particular focus on gender equity and vulnerable groups	Rural Household Incomes from Agriculture	VT1,120.4m (2007)
	Employment in agriculture disaggregated by gender	M32,000 F25,000
3. Support low carbon, equitable, broad-based sustainable economic growth and improve the balance of trade	10 year GDP Growth average	2.94 % (2001-2010)
	GDP per capita	VT242,000 (2010)
	GINI Coefficient ( measure of income inequality)	0.42(2006)
	Subsistence contribution to family income	38% (2007)
	Consumer Price Index annual % change	2.8 % (2010)
	Agriculture contribution to GDP and rate of growth (10yr average)	19.2%; 1.3%
	Ratio of Exports to Imports	0.87 (2011)
	Area of Land Forested	900,000 ha (1993)
	Proportion of energy supply from bio-renewable sources (e.g. biofuel, biomass)	To be collected (Tbc)
	Land and water areas designated as Protected	Terrestrial 535.31 km2 in 2010 –

# Overarching Productive Sector Policy

Areas.

4.26% of terrestrial area  
Marine 59.02 km<sup>2</sup> in 2010 – 0.05%  
of marine area

## ME Matrix of Productive Sector Policy Outcomes and Indicators

Development Outcome	Indicators
1. <i>Increased volumes of saleable agricultural products marketed by private sector into domestic and export markets.</i>	<ul style="list-style-type: none"> <li>➤ Domestic market volumes and prices for locally produced agriculture, forestry and fisheries products</li> <li>➤ Export volumes and value of locally produced agriculture, forestry and fisheries products</li> <li>➤ Annual output growth rates in the primary sector</li> </ul>
2. <i>Improved quality and safety of agricultural (including processed) products.</i>	<ul style="list-style-type: none"> <li>➤ Number of high value agricultural products meeting internationally recognised standards.</li> <li>➤ Volumes and value of certified products traded.</li> <li>➤ Number of agriculture processing firms with HACCP and ISO standards in place</li> </ul>
3. <i>Increased sustainable production (and productivity) of farm, forest and fisheries products to provide household nutrition, traditional needs, improved cash incomes and to ensure stable and sustainable supply that caters to the demands of the industry and trade sectors.</i>	<ul style="list-style-type: none"> <li>➤ Yields and areas planted and production of selected crops</li> <li>➤ Numbers of livestock</li> <li>➤ Income growth for rural areas as a result of primary sector earnings</li> <li>➤ Prevalence of underweight children under-five years of age</li> <li>➤ Proportion of population below minimum level of dietary energy</li> </ul>
4. <i>More onshore processing and value adding of agricultural products.</i>	<ul style="list-style-type: none"> <li>➤ Range, value and volume of locally processed/value added agriculture products traded on domestic and overseas markets</li> <li>➤ Number of agricultural processing businesses operating and sales/turnover</li> <li>➤ Percentage of agricultural export products receiving above world parity prices</li> <li>➤ Contribution to GDP of value added agriculture</li> </ul>
5. <i>Enhanced environmental services and sector resilience to natural disasters and climate change</i>	<ul style="list-style-type: none"> <li>➤ Land area forested</li> <li>➤ Fisheries management plans in place</li> <li>➤ Recorded incidents of IUU fishing</li> <li>➤ Incidence of foreign pest, disease and invasive species incursions</li> <li>➤ Number and area PAs</li> <li>➤ EIAs carried out in all agricultural development projects</li> <li>➤ Disaster Management Plans in Place</li> </ul>
6. <i>Investment in rural infrastructure to increase production, improve market access, reduce costs/improve competitiveness and support rural processing enterprises</i>	<ul style="list-style-type: none"> <li>➤ Level of government investment prioritized for productive sector infrastructure</li> </ul>
7. <i>Enhanced capacity of both public and private productive sector stakeholders with particular focus on women and youth.</i>	<ul style="list-style-type: none"> <li>➤ Number of agriculture college graduates working in support services to the sector</li> <li>➤ Number of farmers who have received vocational training</li> <li>➤ Number of farm/agri-business participants that have received small business enterprise training</li> <li>➤ (all data disaggregated by gender and age)</li> </ul>
8. <i>A priority focused productive sector operating within a stable and coherent policy framework.</i>	<ul style="list-style-type: none"> <li>➤ The Productive Sector Policy endorsed by Council of Ministers</li> <li>➤ Sub-sector programmes, action plans and projects developed and costed</li> <li>➤ Public spending on productive sector (including development partner funds) as a percentage of GDP</li> </ul>

# Overarching Productive Sector Policy

➤ Regular policy implementation monitoring reports prepared

## Indicators and Baseline Statistics

Outcome	Indicator	Baseline Latest Year	Source	Frequency
DO1	➤ Domestic market volumes and prices for locally produced agriculture, forestry and fisheries products.	2011 for all crops, beef, fish timber	VNSO survey	Quarterly
	➤ Export volumes and value of locally produced agriculture, forestry and fisheries products.		VNSO	Annual
	➤ Annual output growth rates in the primary sector.	2.2% (2010)	ADR	Annual
DO2	➤ Number of high value agricultural products meeting internationally recognised quality standards.	6 (2011)	Survey	2 years
	➤ Volumes and value of certified products traded.	2011- 88 t Cocoa; 600 kg Vanilla	survey	annual
	➤ Number of agriculture processing firms with HACCP and ISO standards in place.	2 (2011)	Survey	2 years
DO3	➤ Yields and areas planted and production of selected crops	for all crops	Ag Census	10 years
	➤ Numbers of livestock	all livestock	Ag Census	
	➤ Income growth for rural areas as a result of primary sector earnings	2006 to be extracted	HIES	5 years
	➤ Prevalence of underweight children under-five years of age	15.9% (2007)	MDG Report	5 years
	➤ Proportion of population below minimum level of dietary energy	7.4% (2008)	MDG Report	5 years
DO4	➤ Range, value and volume of locally processed/value added agriculture products traded on domestic and overseas markets.	Tbc		2 years
	➤ Number of agricultural processing businesses operating and sales/turnover.	Tbc	D. of Industry Survey	5 years
	➤ Percentage of agricultural export products receiving above world parity prices			
	➤ Share of sector in GDP.	19.2% (2010)	ADR	Annual
DO5	➤ Land area forested.	74% (1993)	Forest inventory	10 years
	➤ Fisheries management plans in place			
	➤ Recorded incidents of IUU fishing.	Tbc	DoF	Annual
	➤ Incidence of foreign pest, disease and invasive species incursions.	Tbc	Quarantine	Annual
	➤ Number and area PAs.	See footnote*	DEPC	5 years
	➤ EIAs carried out in all agricultural development projects.	Tbc	DEPC	Annual
DO6	➤ Disaster Management Plans in place.	Tbc	MALQFF	5 years
	➤ Level of government investment prioritised for productive sector infrastructure	To be extracted	VISIP	5 years
DO7	➤ Number of agriculture college graduates working in support services to the sector.	Tbc		
	➤ Number of farmers who have received vocational training.	Tbc		
	➤ Number of farm/agri-business participants that have received small business enterprise training. (all data disaggregated by gender and age)	Tbc		
DO8	➤ The Productive Sector Policy endorsed by Council of Ministers.	0	ADR	One off
	➤ Sub-sector programmes, action plans and projects developed and costed.	0	MTEF	Annual
	➤ Public spending on productive sector (including development partner funds) as a percentage of GDP.	Tbc	ADR	Annual
	➤ Policy implementation monitoring reports prepared.	0	DSPPAC	Annual

\*9 Marine Protected Areas, 5 Marine Reserves, 7 recreation Parks, 3 Recreation Reserves, 1 reserve, 2 Conservation Areas, 19 Forest Conservation Areas, 1 Integrated Conservation and Development Area (ICAD) and 9 other Protected Areas. Total Areas - Terrestrial 535.31 km<sup>2</sup> in 2010 – 4.26% of terrestrial area; Marine 59.02 km<sup>2</sup> in 2010 – 0.05% of marine area. Source: IUCN & UNEP-WCMC (2011) *The World Database on Protected Areas WDPA January 2011* Cambridge UK UNEP-WCMC

**ANNEX 1: OVERARCHING POLICY FRAMEWORK**

## POLICY GOALS

1. Revitalise the productive sector, including strengthening food production and marketing
2. Improve farm incomes and livelihoods with particular focus on gender equity and vulnerable groups
3. Support low carbon, equitable, broad-based sustainable economic growth and improve the balance of trade

### DEVELOPMENT OUTCOMES

#### PRIORITY THRUST: MARKET ACCESS

1. Increased volumes of saleable agricultural products marketed by private sector into domestic and export markets.

### STRATEGIES

**Strategy 1.1:** Improve market intelligence, linkages and promotion by commissioning both domestic and overseas market research.

**Strategy 1.2:** VNISO to institutionalise a regular (weekly) Domestic Market Survey and monthly report.

**Strategy 1.3:** Adopt a supply chain approach to facilitate and support the establishment of viable production and marketing chains from input supplies, through farm production to end markets.

**Strategy 1.4:** Give higher priority to development of robust domestic supply chains.

**Strategy 1.5:** Improve market structures for transport and sale of livestock and fresh produce, and promote and encourage the introduction of rural market centres/outlets

**Strategy 1.6:** Strengthen organisations of rural women producers/market vendors to be fully empowered in the context of institutions such as the marketplace.

**Strategy 1.7:** Support and develop the capacity of agribusinesses (processors, exporters, and traders). -*Example: establish a competitive private sector support facility with award criteria linked to strength of backward linkage of enterprise to rural communities.*

**Strategy 1.8:** Promote and facilitate the strengthening and formation of producer organisations and umbrella farmer organisations such as the Syndicat Agricole.

**Strategy 1.9:** Improve agricultural export trade by focusing on products for which Vanuatu has a comparative advantage such as organically certifiable products and other niche differentiated products that improve market access and in some cases provide price premiums to growers.

**Strategy 1.10:** Deregulate commodity marketing and facilitate fair competition. *Examples – Abolish and close the VCMB. Eliminate price fixing in domestic municipal fresh produce markets and foster development of livestock auctions.*

**Strategy 1.11:** Consider use of targeted subsidies to address market failures (examples could be for inputs, transport and information).

**Strategy 1.12:** Facilitate linkages and synergies with the growing tourist market.

**Strategy 1.13:** Ensure private sector organisations are made aware of marketing opportunities that may arise under the various trade agreements being negotiated.

# Overarching Productive Sector Policy

DEVELOPMENT OUTCOME	STRATEGY
<p><b>PRIORITY THRUST: QUALITY &amp; SAFETY</b></p> <p><b>2. Improved quality and safety of agriculture (including processed) products.</b></p>	<p><b>Strategy 2.1:</b> Define an appropriate SPS and Food Safety architecture which clarifies roles and responsibilities.</p> <p><b>Strategy 2.2:</b> Review legal and regulatory framework for food. Legislation which should be harmonised and strengthened to influence a clear policy framework and determine the principal enforcement agency.</p> <p><b>Strategy 2.3:</b> Strengthen the capacity to monitor the Food Control Act and Food Regulations (provide appropriate human resources and equipment to monitor implementation of regulations.)</p> <p><b>Strategy 2.4:</b> Recognise the importance of food safety and support the private sector to obtain HACCP (and ISO) certification.</p> <p><b>Strategy 2.5:</b> Establish the feasibility of a central accredited food testing facility.</p> <p><b>Strategy 2.6:</b> Give private sector industry the prime responsibility to set standards and monitor compliance; government will facilitate legislation and regulations where appropriate.</p> <p><b>Strategy 2.7:</b> Improve the capacity of producers to access niche market opportunities through improved quality control, product traceability and management skills.</p> <p><b>Strategy 2.8:</b> Facilitate and encourage investments in product and process upgrading (<i>example: product drying facilities</i>) and appropriate training for operators.</p> <p><b>Strategy 2.9:</b> Restructure and strengthen Quarantine Services to maintain SPS standards to facilitate export growth</p>
<p><b>PRIORITY THRUST: PRODUCTION &amp; PRODUCTIVITY</b></p> <p><b>3. Increased sustainable production (and productivity) of farm, forest and fisheries products to provide household nutrition, traditional needs, improved cash incomes and to ensure stable and sustainable supply that caters to the demands of the industry and trade sectors.</b></p>	<p><b>Strategy 3.1:</b> Improve agricultural production and productivity by focusing on products for which Vanuatu has a comparative advantage.</p> <p><b>Strategy 3.2:</b> Increase investment in adaptive research and development to support competitive smallholder agricultural enterprises.</p> <p><b>Strategy 3.3:</b> Improve the delivery of extension services to small farmers. Such services are likely to involve a variety of arrangements of public and private players including the Farmers Support Organisation (FSA), Syndicat Agricole and other producer marketing organisations.</p> <p><b>Strategy 3.4:</b> Foster partnerships for demand driven client-based extension and research based on partnerships with a variety of stakeholder producer marketing associations, NGOs etc.</p> <p><b>Strategy 3.5:</b> Investigate means to capitalise on the enhanced farming skills of returned RSE workers through skill sharing and mentoring in farming communities.</p> <p><b>Strategy 3.6:</b> Ensure that all intervention programs are gender focused and gender responsive. Although extension services will be directed to all producers special attention will be given to women in recognition of their critical role in family household management and food production.</p> <p><b>Strategy 3.7:</b> Ensure a well-functioning biosecurity service to ensure adequate protection of Vanuatu's plant and animal health status from introduced exotic pests and diseases.</p> <p><b>Strategy 3.8:</b> In the crop sector, focus on greater productivity of existing staple foods and proven</p>

## Overarching Productive Sector Policy

	<p>specialty products, better management of land resources including more attention on maintenance of soil nutrients, pest control, weed and disease management for long-term sustainable yields (especially in organic systems).</p> <p><b>Strategy 3.9:</b> In the livestock sector, focus on increased production and productivity of small animals (pigs and poultry) through provision of input supplies, veterinary support, credit and targeted husbandry extension activities to smallholders. For beef producers, genetic improvement and raising productivity through pasture improvement and weed management and grazing systems remain priorities.</p> <p><b>Strategy 3.10:</b> Establish and maintain farm access feeder roads.</p> <p><b>Strategy 3.11:</b> Promote sustainable forest management practices focussed on smallholder participation and community-based forestry for economic development of the wood and non-wood production sub-sector.</p> <p><b>Strategy 3.12:</b> Promote and support the development of sustainable aquaculture to help develop local production capacity to meet local demand for fish.</p> <p><b>Strategy 3.13:</b> Increase the amount of Tuna landed and processed on shore in Vanuatu enforced through a stronger link between attribution of a fishing licence and the positive impact on the national economy</p> <p><b>Strategy 3.14:</b> Balance foreign licensing benefits against domestic industry development, basing decisions on appropriate analytical frameworks</p> <p><b>Strategy 3.15:</b> Explore innovative grant/loan financing schemes targeting small commercial farmers and merchant financing arrangements. Promote the further provision of appropriate group based micro-credit for smallholders to acquire the necessary inputs needed to boost production and productivity.</p>
<p><b>PRIORITY THRUST; PROCESSING &amp; VALUE ADDING</b></p> <p><b>4. More onshore processing and value adding of agricultural products.</b></p>	<p><b>Strategy 4.1:</b> Develop domestic market and export opportunities based on value added products principally from traditional crops to help ensure strong backward linkages to the rural communities who have the experience and the resources to produce them.</p> <p><b>Strategy 4.2:</b> Support with appropriate economic incentives and capacity building an adequate degree of processing of primary products (including Tuna fish) to increase in-country value addition prior to exporting.</p> <p><b>Strategy 4.3:</b> Provide targeted support towards good performing market chain enterprises (e.g. agro-processors) at or near the upper end of the value chain that can “pull” products through the value chain.</p> <p><b>Strategy 4.4:</b> Encourage and build capacity for basic village level processing (fermenting, drying, curing etc.)</p> <p><b>Strategy 4.5:</b> Promote the expansion of domestic coconut oil production and facilitate village-level value adding of coconut products.</p>

# Overarching Productive Sector Policy

	<p><b>Strategy 4.6:</b> Facilitate technical support for market and cost benefit analysis prior to advocating development of new value added products.</p> <p><b>Strategy 4.7:</b> Promote the development and implementation of the Pacific Organic Standard and support where appropriate legislation development.</p> <p><b>Strategy 4.8:</b> Provide support for institutional growth in organic and fair trade certification capability. This will include providing support for the Vanuatu chapter of the SPC POETCom initiative and developing capacity for domestic internal control and regional inspectors.</p> <p><b>Strategy 4.9:</b> Develop the institutional implementation framework for IPR.</p>
<p><b>PRIORITY THRUST: ENVIRONMENT &amp; RESILIENCE</b></p> <p><i>5. Enhanced environmental services and sector resilience to natural disasters and climate change</i></p>	<p><b>Strategy 5.1:</b> Shift policy focus from “crisis management or response” to “risk reduction and resilience-building”</p> <p><b>Strategy 5.2:</b> Government will advocate and facilitate the formulation of disaster preparedness plans, resource management plans and environmental action plans for the productive sectors.</p> <p><b>Strategy 5.3:</b> Promote environmentally friendly production systems, including integrated crop management, integrated pest management, agroforestry and organic farming.</p> <p><b>Strategy 5.4:</b> Strengthen regulatory frameworks and enforcement to encourage sustainable farming and fishing, protect natural resources and prevent pollution adopting a “polluter- pays” principle.</p> <p><b>Strategy 5.5:</b> Support community based management of inshore marine resources, both empowering and assisting communities to develop and enforce appropriate conservation measures.</p> <p><b>Strategy 5.6:</b> Utilise further the already established options to recognise land and marine Protected Areas (PAs).</p> <p><b>Strategy 5.7:</b> Promote the importance of quantifying production (crops, livestock, fisheries, forests) its changes, and the impacts of management and development interventions.</p> <p><b>Strategy 5.8:</b> Strengthen capacity to collect appropriate natural resources data (land, freshwater and marine) to improve land use planning and fisheries management, and to monitor impacts and sustainability of activities in the productive sector.</p> <p><b>Strategy 5.9:</b> Review legislation and regulations with a view to strengthen provisions specifically designed to prevent, deter and eliminate IUU fishing activities.</p> <p><b>Strategy 5.10:</b> Strengthen capacity for management of fisheries resources to include monitoring, compliance and surveillance of IUU fishing.</p>
<p><b>PRIORITY THRUST: INFRASTRUCTURE DEVELOPMENT</b></p>	<p><b>Strategy 6.1:</b> Support infrastructure development to overcome weaknesses that constrain the supply chain and reduce the competitiveness of Vanuatu agricultural products.</p> <p><b>Strategy 6.2:</b> Conduct a study to identify priority infrastructure projects or programmes to boost</p>

## Overarching Productive Sector Policy

<p><b>6. Investment in rural infrastructure to increase production, improve market access, reduce costs/improve competitiveness and support rural processing enterprises</b></p>	<p>agriculture production, improve market access, reduce transport costs and support rural processing.</p> <p><b>Strategy 6.3:</b> Prepare an infrastructure investment plan for the productive sector to feed into an updated Vanuatu Infrastructure Strategic Investment Programme (VISIP) for funding and implementation.</p>
<p><b>PRIORITY THRUST: CAPACITY BUILDING &amp; TRAINING</b></p> <p><b>7. Enhanced capacity of both public and private productive sector stakeholders with particular focus on women and youth.</b></p>	<p><b>Strategy 7.1:</b> Strengthen the capacity of government agriculture, forestry and fisheries institutions to fulfill a more active role in facilitation, coordination across sectors and partnering with private sectors and civil society.</p> <p><b>Strategy 7.2:</b> Undertake a labour market survey and develop a workforce plan to identify the range of skills needed to support the sector and a human resource development plan.</p> <p><b>Strategy 7.3:</b> Increase access to technical and vocational training opportunities in agriculture, livestock, forestry, fisheries and agro-processing.</p> <p><b>Strategy 7.4:</b> Review current agricultural training approaches and facilities with a view to strengthening provision of demand driven and skills-based training for an effective workforce.</p> <p><b>Strategy 7.5:</b> Ensure that capacity building and strengthening partnerships are components in all government (and development partner) supported sector programmes.</p> <p><b>Strategy 7.6:</b> Strengthen small business enterprise support services to increase business knowledge, business skills and competencies.</p> <p><b>Strategy 7.7:</b> Ensure gender balance in recruitment of training staff and enrolment of students on all training courses.</p>
<p><b>PRIORITY THRUST: POLICY DEVELOPMENT, COORDINATION &amp; MONITORING</b></p> <p><b>8. A priority focused productive sector operating within a stable and coherent policy framework.</b></p>	<p><b>Strategy 8.1:</b> Constitute an inter-ministerial sector coordination committee composed of directors general of lead collaborating ministries and representatives of community-based organisations and private sector. The Committee will be responsible for coordinating policy, planning, implementation and monitoring to ensure the goals of the productive sector policy are being achieved.</p> <p><b>Strategy 8.2:</b> To ensure continued policy relevance and facilitate policy deepening attention will be focused on strengthening agriculture and socio-economic data and capacity to analyse rural policy issues. Adequate resources will be provided to national statistical services.</p> <p><b>Strategy 8.3:</b> Government budget including development funds will be allocated and aligned with the policy development outcomes.</p> <p><b>Strategy 8.4:</b> Government will utilise information gained through monitoring and evaluation and impact assessments for policy development, review and refinement</p>

