

Scaling Public and Private Investments for the Transformation of Agrifood Systems in the Pacific SIDS

Pacific SIDS Investment Programme (2025-2040)
Key investments under the Pacific SIDS Hand-in-Hand Initiative (2025-2030)



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Pacific SIDS Overview

- 14 countries in Melanesia, Micronesia, and Polynesia
- Smallest country Nauru, 21 km²
- Largest: Papua New Guinea, 462,000 km²



EEZ Size

Average EEZ
1,36 million km²

Smallest EEZ: Samoa, 0,13 mkr²
Largest EEZ: Kiribati, 3,44 mkr²



Population
13,4 M

- Papua New Guinea accounts for 80%
- Over half the population under age 25



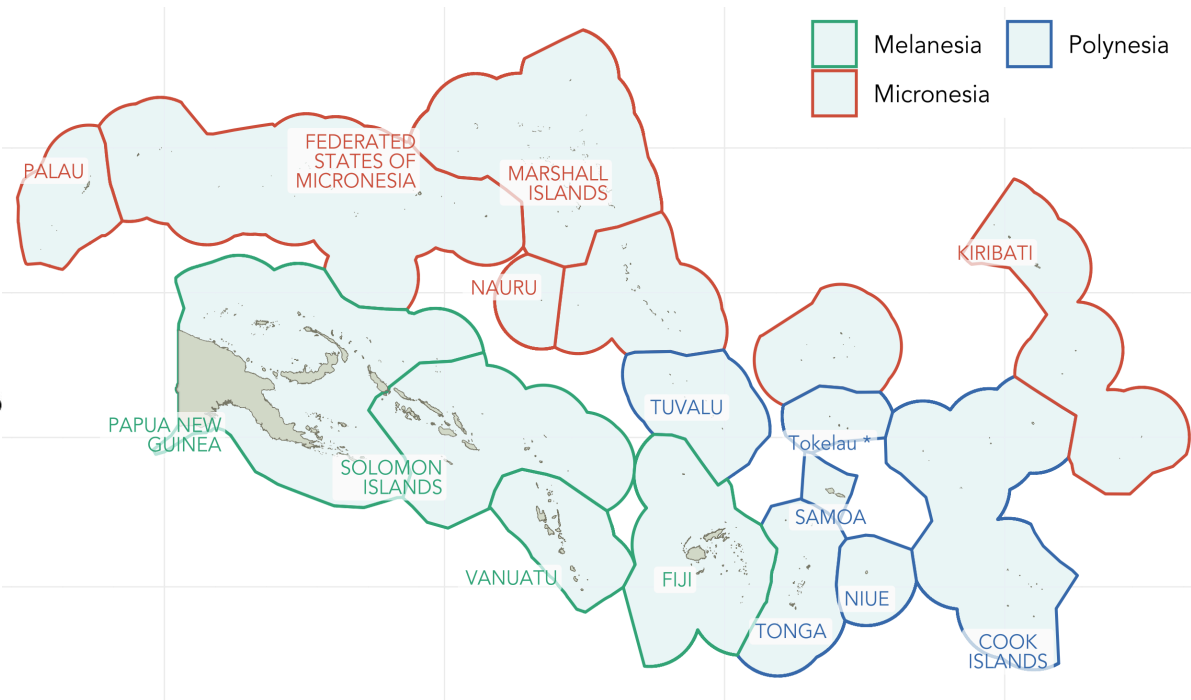
Regional GDP
\$31 billion



Agriculture
≈ 10–12% of GDP



Real GDP growth
2,8%



An ocean of diversity and opportunities

A unique mix of agrifood systems representing a diverse mosaic of biodiversity, cultures and economies

“Agrifood systems as pillar of pride, identity and inspiration for generations to come”

Pacific Heads of Agriculture and Forestry Services (PHOAFS 2024)



Pacific SIDS Investment Programme

- Following commitment by the FAO Director-General at the 37th Regional Conference for Asia and the Pacific
- Aligned with national strategies/plans and the SDGs
- Strong regional focus, a long-term vision and a flexible phased approach
- Complements country level work under the FAO flagship Hand-in-Hand initiative (HIH)
- Provides evidence, analysis and guidance for better policy and investment decision-making in food and agriculture
- Catalytic, bringing together various initiatives from countries, regional bodies and development partners

Principles of Engagement

- Inclusivity and Country Ownership
- National and Regional Leadership
- Alignment and Harmonization
- Relevance and Results-Driven



Pacific SIDS Investment Programme

Completed Consultations with Regional Stakeholders

Since July 2024

14 identification and scoping missions fielded to 12 countries

4 Regional organizations involved

140+ stakeholders engaged

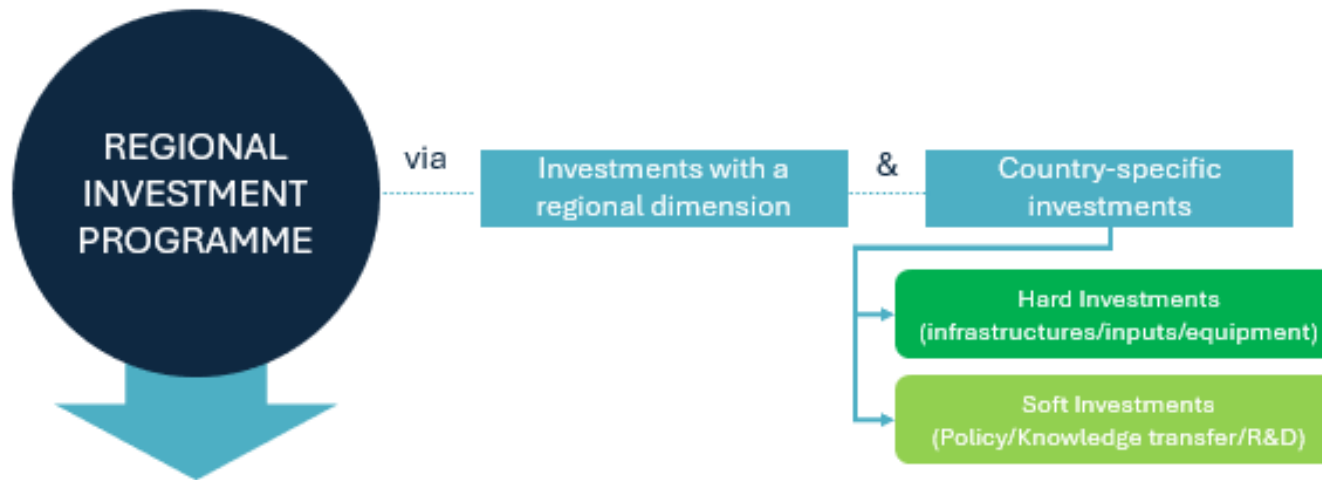
180+ national and regional strategic documents

5 Regional workshops

The FAO Investment Centre led a **multidisciplinary team of over 30 national and international experts** to engage with national stakeholders, assess challenges and opportunities, and identify country priorities for transformative investments in food and agriculture.

Pacific SIDS Investment Programme

Regional initiatives along the agrifood system aligned with countries' context and goals



Cost
~ USD 4.6 billion

Financial Mechanisms

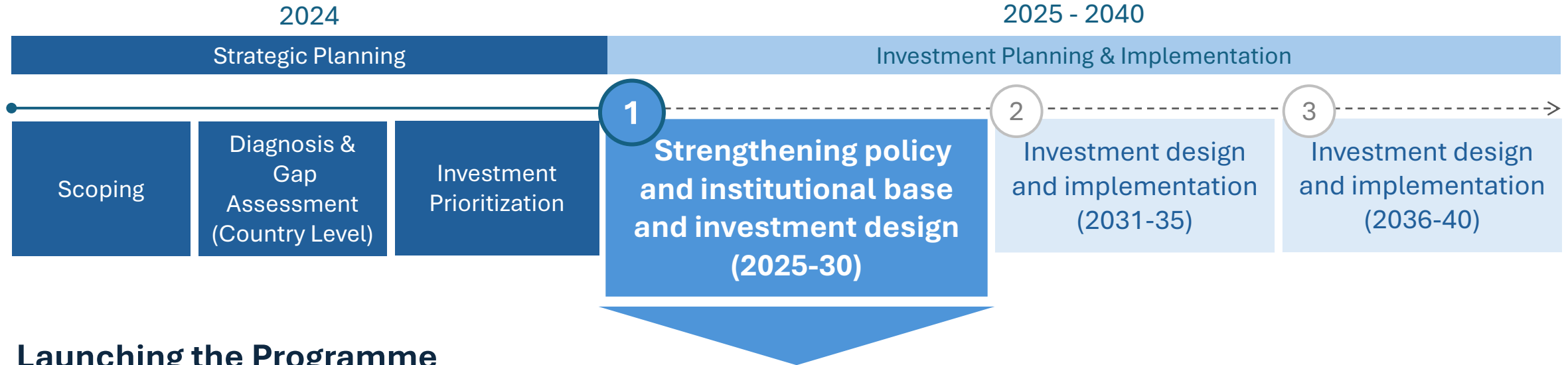
- Public and private
- Blended finance and funding from development partners

Strong Private Sector Leverage

- | | | |
|---|---|-----------|
| 1 | Strengthening enabling policies, regulations and institutions | USD 68 M |
| 2 | Enhancing agri services & promoting market linkages of key value chains | USD 513 M |
| 3 | Mainstreaming nutrition and healthy diets | USD 100 M |
| 4 | Fostering innovation and scaling up | USD 89 M |
| 5 | Promoting sustainable solutions in coastal areas | USD 330 M |
| 6 | Expanding agrifood infrastructure to increase market opportunities | USD 3.5 B |

Jointly addressing common challenges will allow countries to enhance intraregional cooperation and best practices, reduce cost of interventions, increase scale and expand benefits

Pacific SIDS Investment Programme



Launching the Programme

Next steps :

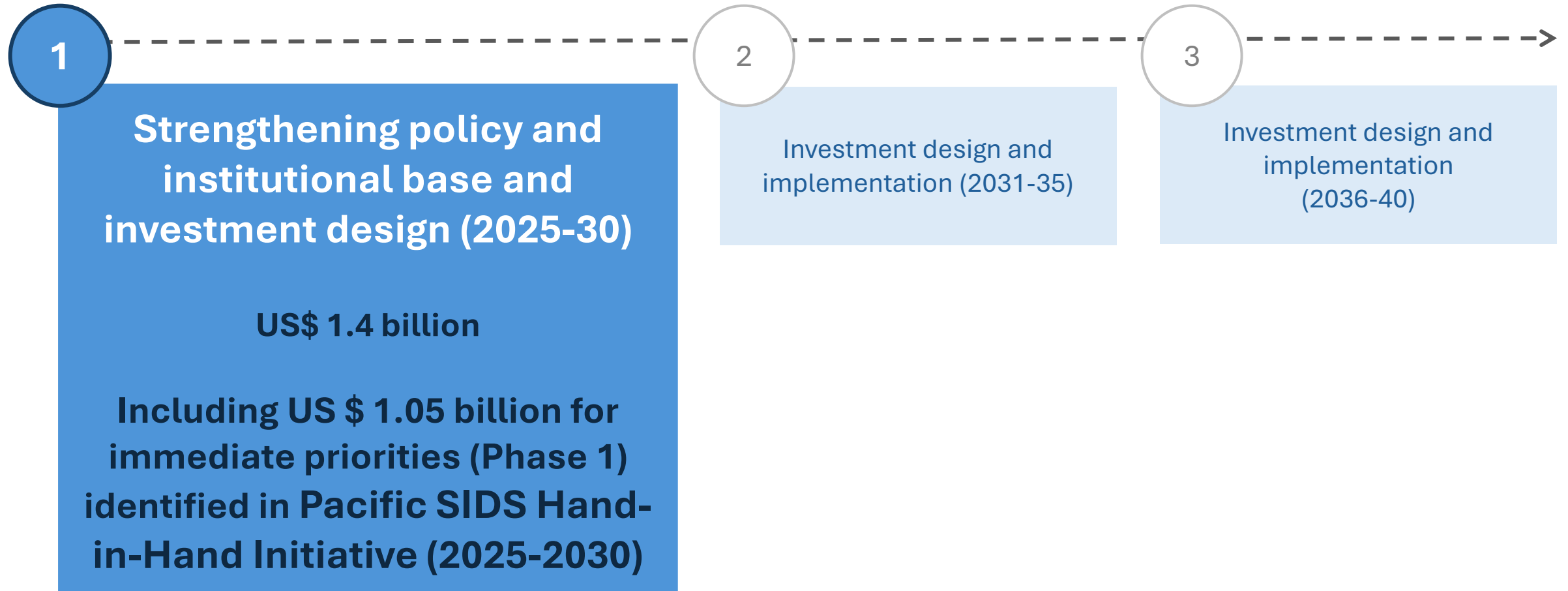
- 1** **PIPELINE DEVELOPMENT:** design a pipeline of investment projects working with investors (countries, IFIs, national/regional financial institutions, private sector, producers) – Target: develop USD 1B (including climate finance and innovative financing mechanisms, and a leverage of private investment).
- 2** **SETTING UP AN AGRIFOOD INVESTMENT PLATFORM** (regional and country) with main stakeholders to foster dialogue, coordination and collective actions.
- 3** **ESTABLISHMENT OF A TECHNICAL ASSISTANCE FACILITY** to enable support to design, quality enhancement, implementation support, promotion of innovation and derisking.

Pacific SIDS Investment Programme

Links with the HH Initiative



Investment Planning & Implementation (2025 – 2040): US\$ 4.6 billion

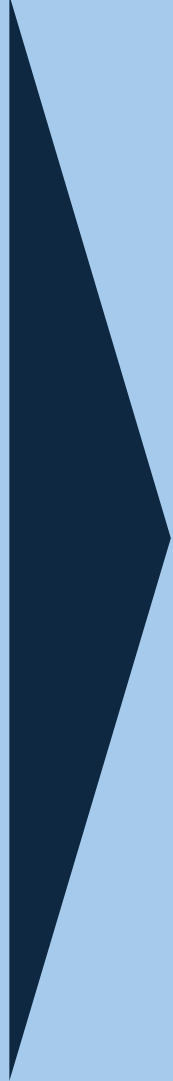


Pacific SIDS HIH Initiative

Regional challenges

CHALLENGES HINDER AGRIFOOD SYSTEMS AND ECONOMIC PERFORMANCE

- **Isolated and remote** - PSIDS are among the most isolated countries in the world with vast distances between them and to other regions.
- **Limited land availability** - regional average arable land per capita (0.016 ha/person) well below the global average (0.18 ha/person).
- **Climate change vulnerability** - one of four global multi-risk hotspots in the world.
- **Limited transport connectivity** - PSIDS have lower maritime connectivity than the Caribbean SIDS.
- **Narrow economic bases** - dominated by the public sector that accounts (regional average) for over 40% of GDP.

- 
- High production cost
 - Limited productivity and production
 - Increasing import dependency
 - High vulnerability to external shocks

Pacific SIDS HIH Initiative

Enabling environment



Unique resources

- Well-preserved natural assets ideal for niche markets in most countries



Ongoing projects

- Several ongoing donor projects that provide technical assistance
- Digital infrastructure has increased significantly recently, to provide faster, cheaper and more reliable internet through fiber-optic cables
- Increased climate-based funding in the region



Reasonable market access for trade growth

- Preferential market access through Trade Agreements (PACER PLUS, PICTA, MSG, SPARTECA) to markets like Australia and New Zealand, and trade ties with countries like the United States.



Strong post-covid economic recovery

- GDP outpaced global growth (2022–2024); forecast to lead again in 2025 (IMF, 2025)
- Room for private sector expansion
- Strong demand from tourism sector and scope to fill that demand: 70 percent of food for the tourism industry in the Pacific is imported (Gibson 2013)



Financial incentives

- Tax & investment incentives –some countries offer, or have proposed, Special Economic Zones (SEZs) (including PNG), Tax-Free Region (TFRs) (including Fiji), or other investment incentives including duty exemptions for agriculture (Samoa, Tonga, Cook Islands, Kiribati, Tuvalu, Nauru, Palau)



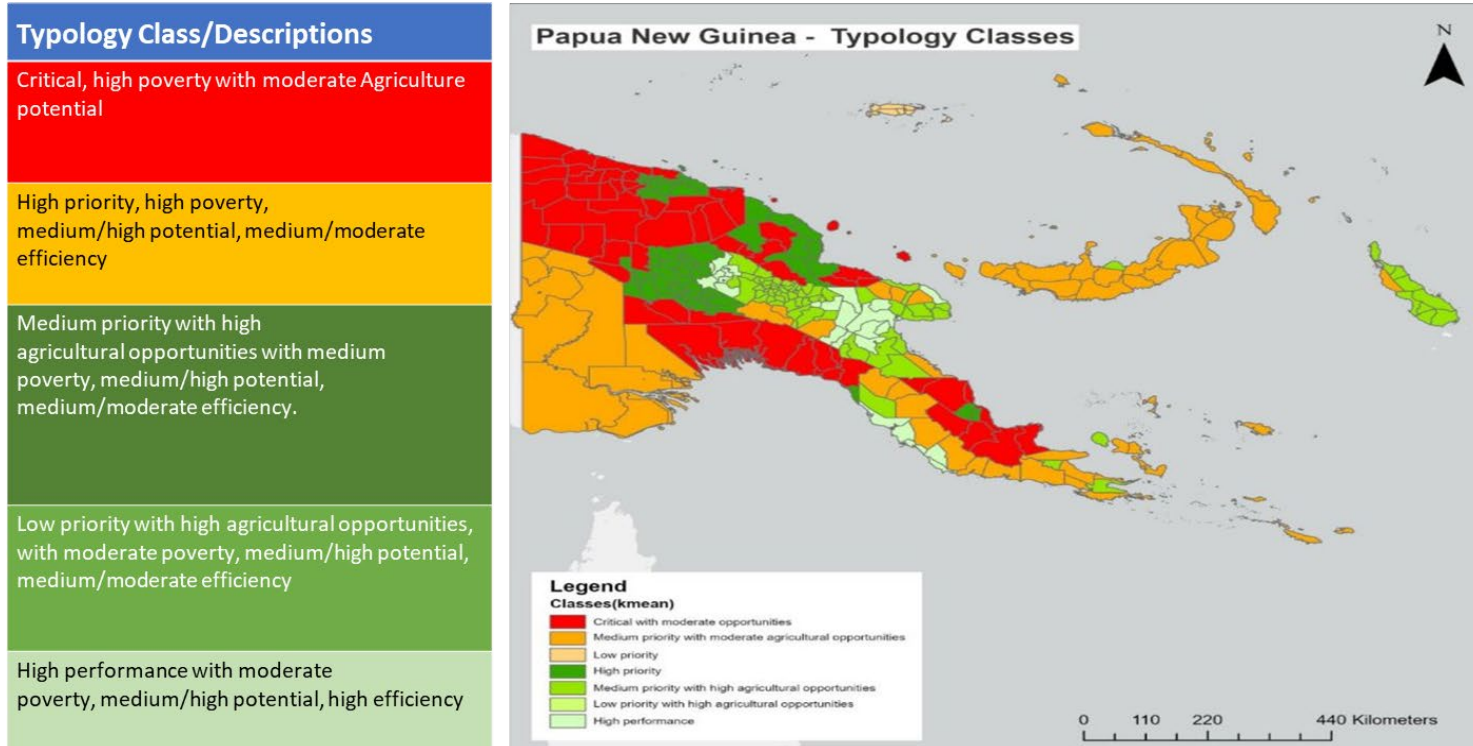
Safe & cohesive social and political environment

- Regional cooperation via PIFS & SPC – providing policy advice & capacity-building
- General political stability

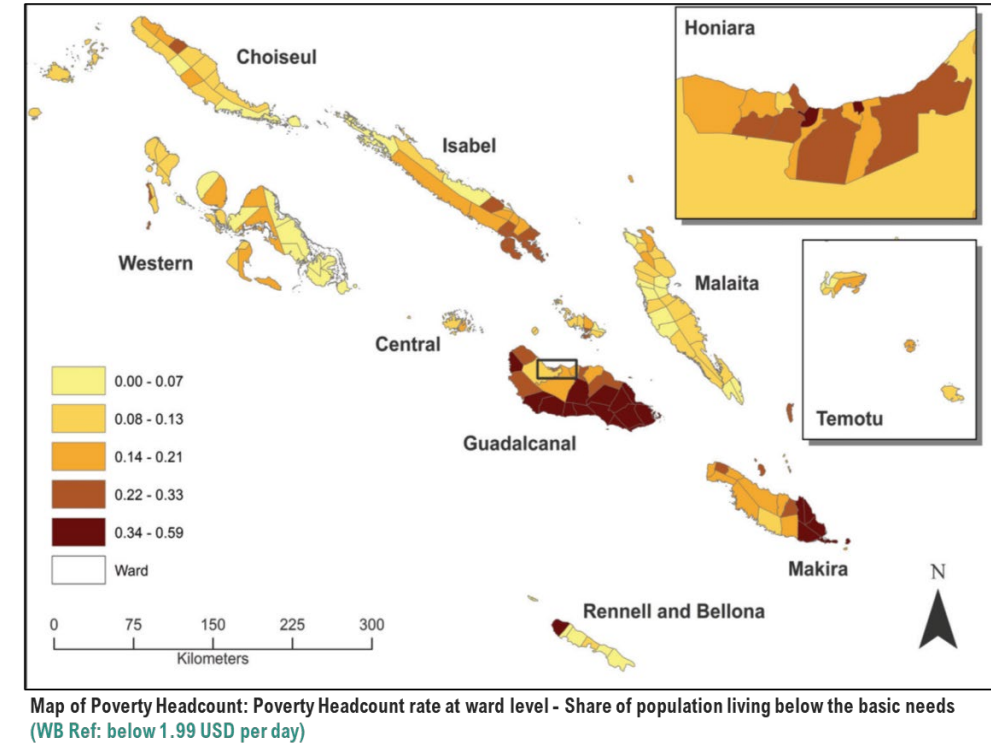
Pacific SIDS HIH Initiative

Data-driven territorial targeting

Papua New Guinea typologies of regions



Solomon Islands poverty rate



The Pacific SIDS HIH Initiative uses sub-national data to build typologies of regions and poverty (for example as seen here for PNG and Solomon Islands), to identify and tailor priorities for transformative investments in food and agriculture.

Pacific SIDS HIH Initiative Investments

Key Regional Investment Priorities



Key investment areas include Production Enhancement and Market Access across all value chains, and Value Addition focusing on four of the regions most economically and nutritionally significant commodities.



Production Enhancement

Addresses critical gaps in agricultural and coastal fishery resource management.

Protects and strengthens the productive base of land and coastal resources that all downstream investment depends on — ensuring farms and coastal ecosystems remain viable, resilient, and capable of supplying domestic and higher-value markets.



Market Access

Addresses the compliance, certification, and digital infrastructure gaps that prevent Pacific producers from accessing markets and commanding higher prices.

Builds the shared digital and institutional infrastructure that unlocks market access for all value chains simultaneously.



Value Addition

Focuses on scaling up midstream infrastructure to capture value that currently escapes the Pacific at the point of primary production.

Builds the processing, cold chain, and logistics infrastructure needed to transform raw commodities into higher-value products for domestic, regional, and export markets.



Coastal Fish



Coconut



Taro



Tuna

Each investment stream is designed as a standalone investment with shared regional components — together covering all Pacific SIDS based on country-specific fishery and agricultural profiles.

Pacific SIDS HIH Initiative: Production Enhancement

Biosecurity and pest management



Current situation and challenges

- Pest outbreaks (including the coconut rhino beetle) are a major impediment to crop production in PSIDS
- Lack of high-yielding, disease-free planting material
- Lack of country specific IPM procedures and disease management protocols

Opportunities

- Increase production significantly
- Reduce costs required to treat pest outbreaks
- Reduce production uncertainty

Proposed Investments

- Nurseries for high yielding and disease resistant varieties,
- Tissue culture labs
- Capacity development of extension staff and farmers and development of digital tools for extension

Total Investment: US\$ 22.2 million

Coconut Rhinoceros Beetle



Pacific SIDS HIH Initiative: Production Enhancement

Rebuilding Coastal Fisheries



Current situation and challenges

- Per capita coastal fish supply declined substantially across Pacific SIDS between 2007–2021
- Weak community governance and declining effectiveness of locally managed marine areas
- Near-total absence of fisher registries, catch reporting, and safety-at-sea systems
- Reef and mangrove degradation reducing fish habitat and productivity

Opportunities

- Stabilize and rebuild coastal fish stocks through community co-management
- Restore reef, mangrove and sea grass habitats to increase fish carrying capacity and support coastal livelihoods
- Establish interoperable regional systems for fisher registration, catch reporting and fisheries intelligence
- Connect small-scale fishers to markets, improving incomes & reducing waste



Proposed Investments

Target countries: Vanuatu, Samoa, Tonga, Cook Islands, Niue, Fiji, Solomon Islands, PNG, RMI & FSM

- Community co-management training & strengthen legal frameworks
- Coral reef rehabilitation & mangrove restoration at priority sites
- Regional digital fisheries infrastructure (integration with SPC/FFA TAILS data infrastructure)
- Mobile market information & aggregation platforms for small-scale fishers
- Safety-at-sea: vessel tracking, weather alerts & emergency comms systems

Total Investment: US\$ 34.0 million

Pacific SIDS HIH Initiative: Market Access

Digitalization, certification, & standards compliance

Current situation and challenges

- Digital infrastructure, certification and traceability systems are limited across PSIDS and value-chains
- Systems (where present) are buyer driven, limited to a few large farms
- Lack of national/regional compliance frameworks, standards and regulations - requirements from major retailers are rapidly outpacing PIC institutional capacity

Opportunities

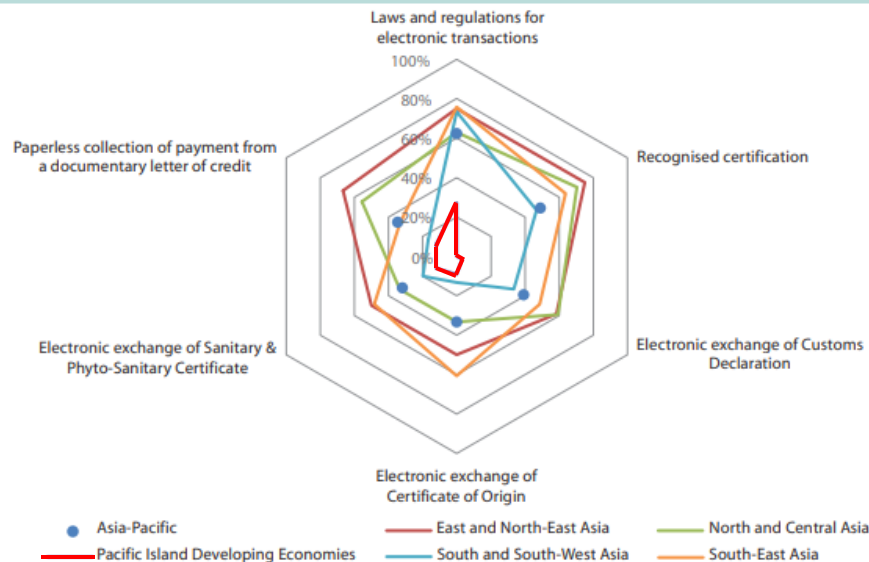
- Digital trade is a driver of more inclusive value-chains and can help PSIDS overcome their remoteness; UNESCAP estimates that implementing WTO digital trade facilitation measures could reduce trade costs by 2.5% - 17.9% in the PSIDS
- Certification and GI add value and enable access to new and premium markets
- Compliance deadlines reward early movers across value chains; EU deforestation regulation (2025), EU CATCH (2026), and Walmart ESG mandates are rapidly shifting market access from voluntary to mandatory,

Proposed Investments

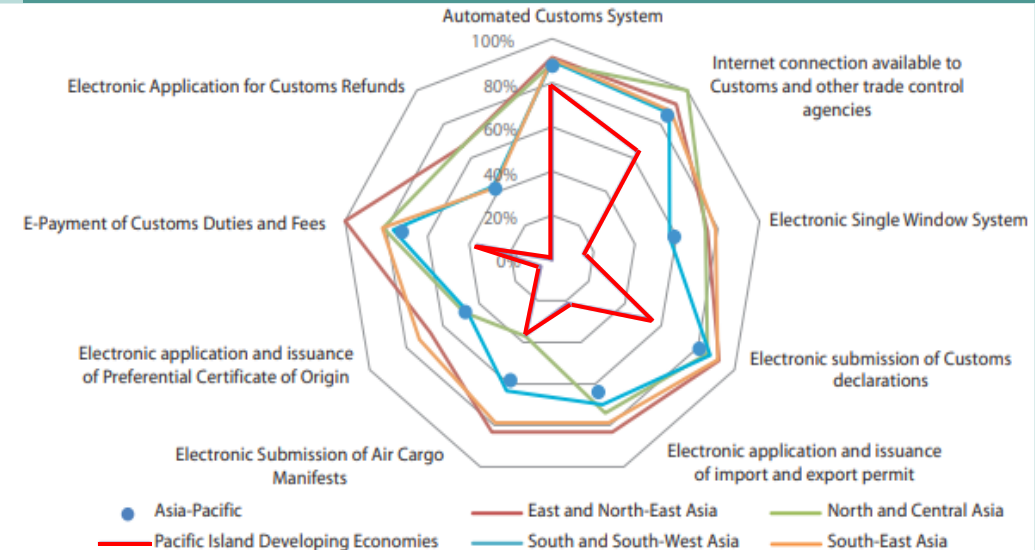
- Develop IT platforms, hardware, and shared regional digital infrastructure across fishery and agricultural value chains
- Producer and fisher/farmer registries with digital catch and crop reporting systems
- Certification, traceability and compliance infrastructure
- E-monitoring and market information platforms across priority value chains
- Capacity development of extension staff, processors, farmers and fishers

Total Investment: US\$ 137.4 million

PSIDS have lowest implementation of digital trade measures of all Asia-Pacific subregions



Source: The UN Global Survey on Digital and Sustainable Trade Facilitation, 2023. Available at untfsurvey.org



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Pacific SIDS HIH Initiative: Value Addition

Coconut value chain *overview*



Current situation and challenges

Production

Mostly produce copra & crude coconut oil (CNO)

Limitations:

- Outbreak of pests (rhinoceros beetle)
- Lack of dwarf & high-yielding, disease-resistant varieties
- More than 50% of coconut trees are senile with low yields
- Frequent cyclones

Processing

Many countries with good coconut production, but limited coconut oil production (ie- FSM, Tonga, Samoa)

Limitations:

- Crude & basic facilities significantly reduce quality of downstream products

Exports

PSIDS = >50% of global copra exports, but only 3–6% of coconut oil exports

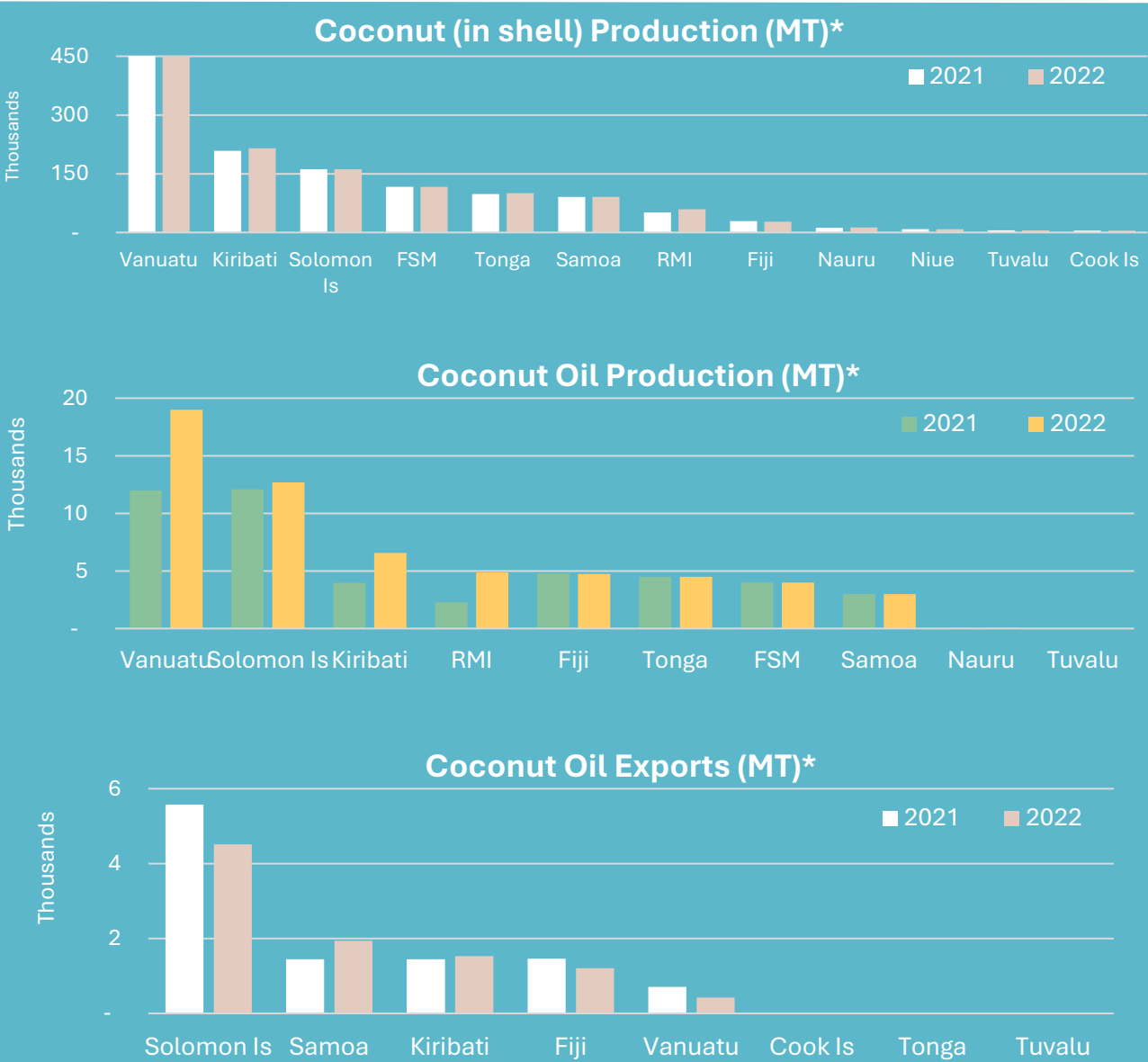
VCO exporters: Fiji, Samoa, Solomon Islands – mostly to AUS, NZ, USA

Limitations:

- Lack of certification limits access to many markets

Opportunities

- Surging global demand for coconut products, especially VCO (global market growth expected at 13.6% in 2026).
- Small-scale investments in VCO and RBD oil processing can help realize higher prices and access premium export markets



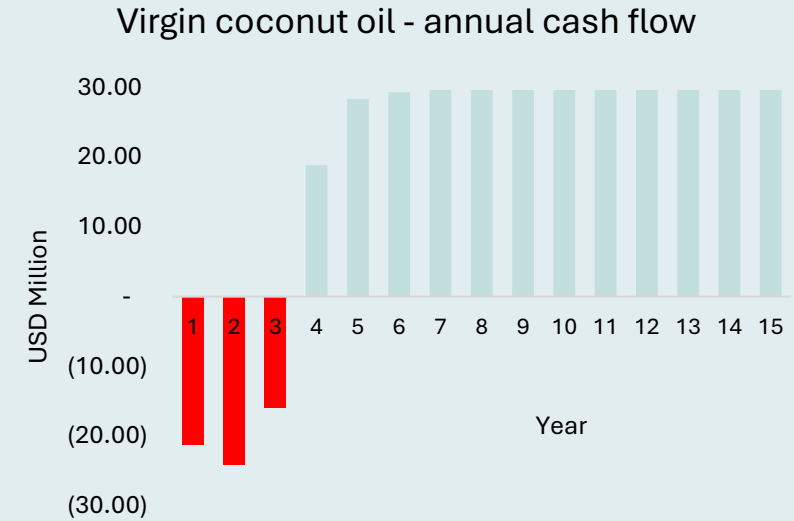
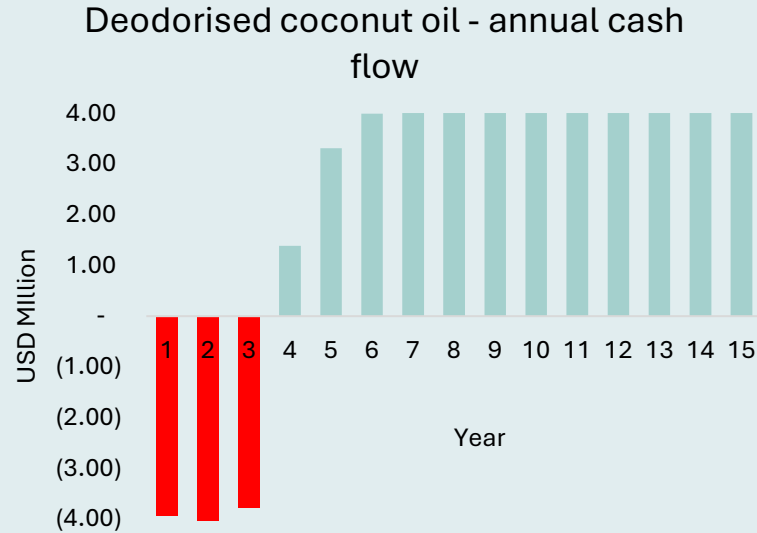
*PNG not included on graphs for scale reasons

Pacific SIDS HIH Initiative: Value Addition

Coconut value chain *investments*

Proposed Investments

- Solar powered improved copra drying units,
- Improved oil mills with food-grade equipment
- Certified storage facilities
- Last mile connectivity to farms and improved all weather road connectivity to processing plants



*Does not include infrastructure investments

Impact Indicators

- **60,000 ton** of coconut processed per year
- Increased exports to **20,000 tones per year** (increase by 100% - assuming a mix of 60% RBD and 40% VCO)
- Market access to **~30,000 famers** in the region
- **1,100 full time jobs equivalents** created
- Average income per farmer per year **US\$ 2,460**
- 0.6 million tons CO2 eq. emissions avoided

Key Financials*

Deodorized oil

Investment: US\$8.9 m
 IRR: 20.6%
 NPV: US\$ 6.1 m
 B/C: 1.10
 Payback: 7 years

Virgin oil

Investment: US\$30.2 m
 IRR: 30.6 %
 NPV: US\$ 73.4 m
 B/C: 1.3
 Payback: 6 years

Pacific SIDS HIH Initiative: Value Addition

Taro value chain *overview*

Current situation and challenges

Production

- Widely produced & consumed across PSIDS but limited data

Limitations:

- Frequent outbreak of taro leaf blight (TLB)
- Limited investments in farmland improvement (soil and land management)

Processing

- Limited facilities - many require upgrades

Limitations:

- Value chain infrastructure generally limited in most PSIDS

Exports

- Fiji = region's top taro exporter, 3rd largest globally
- Main export destinations: AUZ & NZ

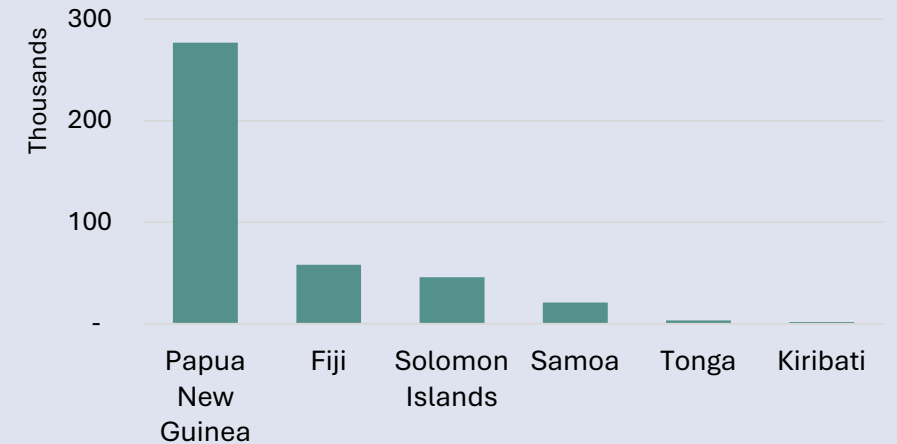
Limitations:

- high quality & quarantine export requirements; mainly only Fiji & Samoa have infrastructure to meet them

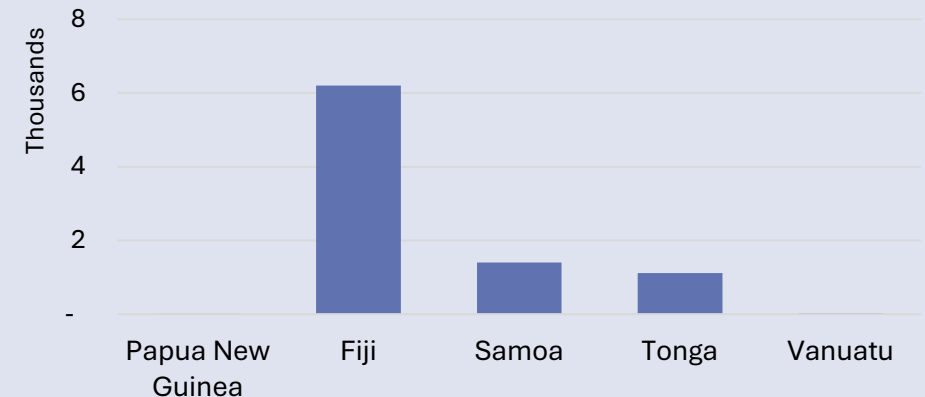
Opportunities

- Exports - potential to double volumes from current ~7,500 tons per year due to increasing demand from diaspora
- Strong domestic demand from tourism sector for local traditional foods
- Need for healthy food options available for domestic consumption

Taro Production (MT), 2020-22 average



Taro Exports (MT), 2020-22 average



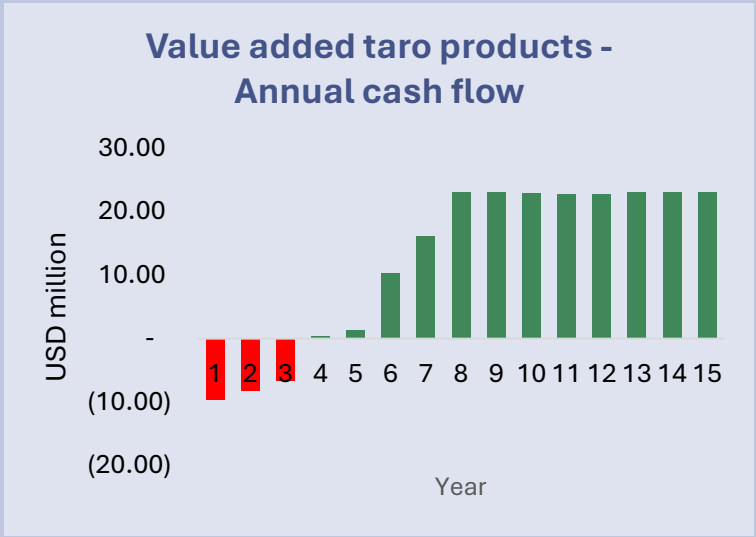
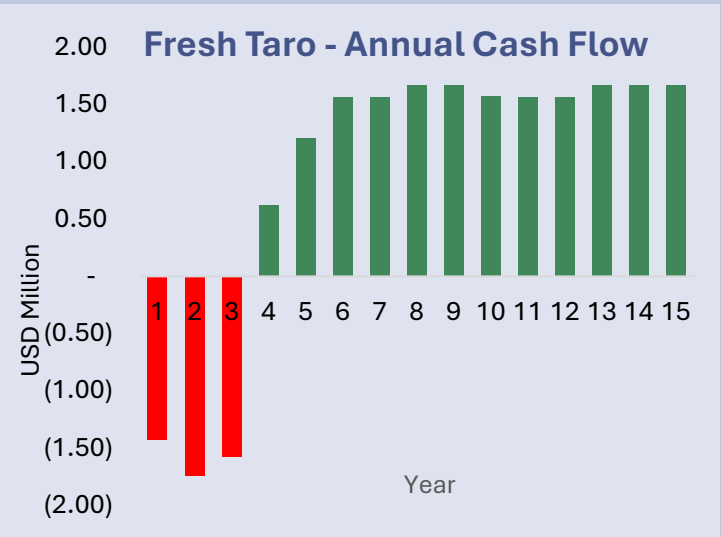
Pacific SIDS HIH Initiative: Value Addition

Taro value chain *investments*



Proposed Investments

- Certified storage and cleaning facilities,
- solar powered HACCP certified processing units,
- last mile connectivity to farms and improved all weather road connectivity to processing plants



Impact Indicators

- Increased exports to 20,000 tones per year (increase by 250 percent, frozen taro and value-added products)
- Market access for ~15,000 farmers
- 700 full time job equivalents created
- Average income per farmer per year US\$ 3,230
- 0.4 million tons CO2 eq. emissions avoided

Key Financials

Raw taro
Investment: US\$ 2.6 m
IRR: 21.0%
NPV: US\$ 2.4 m
B/C: 1.05
Payback: 7 years

Value added products
Investment: US\$ 11.8 m
IRR: 31 %
NPV: US\$ 45.2 m
B/C: 1.31
Payback: 7 years

Pacific SIDS HIH Initiative: Value Addition

Fishery Value Chain *Overview*



Tuna— PNG, Solomon Islands, RMI, FSM

Current situation and challenges

- Processing plants are predominantly foreign-owned and underutilized
- Fish transshipped at sea and processed in the Philippines or Thailand, bypassing PIC ports and capturing zero local value-added
- Cold chain infrastructure is inadequate and most ports cannot meet US (Walmart's 2027) dockside offloading or EU (CATCH) traceability requirement

Opportunities

- Loin and prepared/preserved tuna export values grew 2015–2022 — redirecting processing in-region captures this growing value within PIC economies
- Dockside offloading and cold chain investment unlocks EU and US premium market access
- Regional cold chain cluster across PNG, SI, RMI and FSM reduces unit costs and strengthens joint buyer relationships across EU and US markets
- PNG and Solomon Islands anchored by EU IEPA duty-free preference; RMI and FSM oriented to US market via PIT/Walmart — together covering both major export markets



Coastal Fishery— Palau, Fiji, Vanuatu, Samoa, Tonga, Cook Islands, Niue

Current situation and challenges

- Coastal landings are dispersed, while ice, hygienic handling and cold-storage capacity remain limited or unreliable, contributing to quality deterioration and high losses and wastages
- Hotels, restaurants and urban markets rely on imported seafood as local supply is seasonal, fragmented and inconsistent in volume and quality — Palau imports US\$1.25M of seafood annually despite abundant local waters
- Small-scale fishers lack price information, forward contracts or reliable offtake
- Pressure on reef and lagoon fisheries is increasing, while coastal aquaculture and alternative nearshore fishing systems remain underdeveloped.

Opportunities

- Upgrade landing and cold storage facilities to reduce post-harvest losses
- Promote coastal aquaculture clusters and hatchery systems to reduce dependence on wild catch and reduce disturbance of coastal reefs
- Deploy community-managed nearshore FAD systems to improve access to pelagic fish and reduce pressure on reef fisheries
- Aggregation and grading infrastructure connecting fishers to hotels, schools, hospitals and urban markets creates reliable offtake, stabilizing fisher incomes

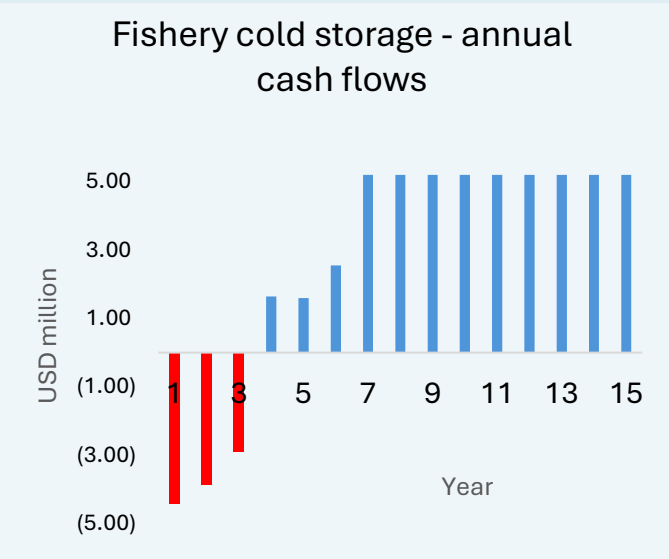
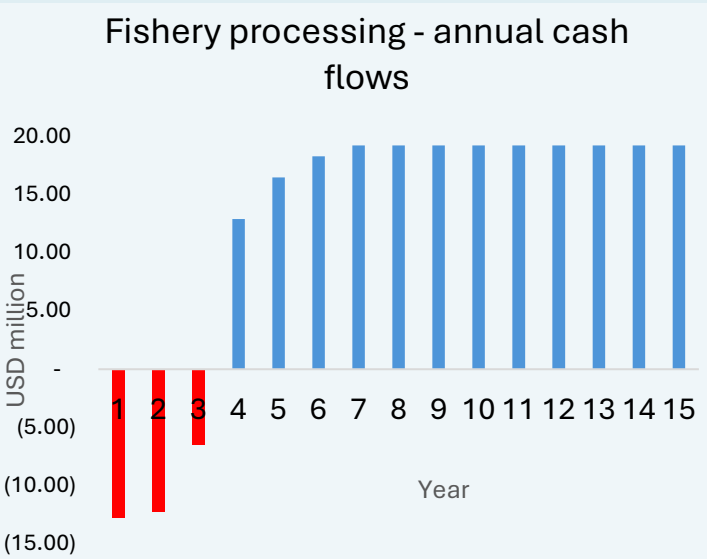
Pacific SIDS HIH Initiative: Value Addition

Fishery Value Chain *Tuna Investments*



Proposed Investments

- Tuna**
- Nationally-owned loin processing plants (sovereign VDS allocation)
 - ULT cold storage and cold chain logistics at processing sites
 - Dockside landing infrastructure meeting EU CATCH and Walmart standards



Impact Indicators

- Annual processing capacity of **30,000 tons** of tuna
- Cold storage and landing capacity of **40,000 tons** per year for domestic and export demand
- **8,000 full time job equivalents** created
- Market access for 9,000 fishers
- Average annual income/fisher per year **US\$ 2,605**
- 1.03 million tons CO2 eq. emissions avoided

Financials

Processing
Investment: US\$ 45.9 m
IRR: 35.3%
NPV: US\$ 52.8 m
B/C: 1.7
Payback: 6.0 years

Cold chain facilities
Investment: US\$ 16.7 m
IRR: 22.6 %
NPV: US\$ 8.2 m
B/C : 1.5
Payback: 8.0 years

Pacific SIDS HIH Initiative: Value Addition

Fishery Value Chain *Coastal Fishery Investments*



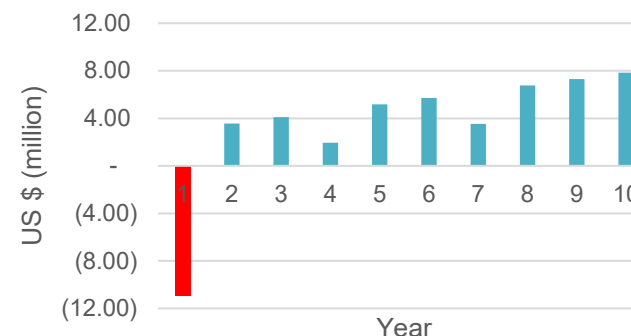
Proposed Investments

Coastal Fishery

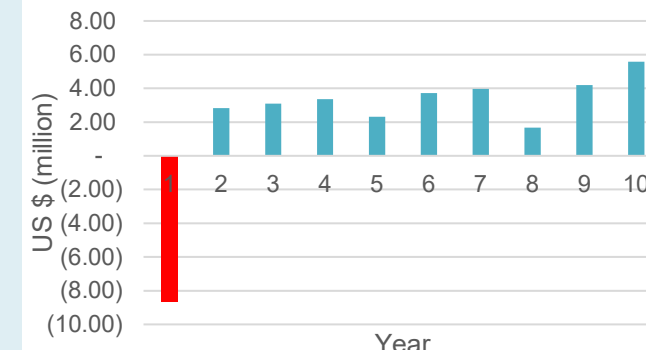
- Climate-resilient landing sites at priority coastal and inter-island hubs
- Solar ice, cold storage and hygienic fish handling facilities
- Nearshore anchored Fish Aggregating Devices (FADs) to shift pressure from reefs
- Community aquaculture clusters for seaweed, oysters, clams, crab fattening and suitable milkfish/tilapia systems
- Multipurpose hatchery and nursery facilities supplying healthy seedstock, spat, crablets and fingerlings to grow-out farmers



Near shore FADs - Net Annual Cash Flow



Community aquaculture - Net Annual Cash Flow



Impact Indicators

- Annual production capacity of **3,600 tons** of various species of coastal fishery
- Cold storage, landing and aggregation capacity of **500 tons** per day of coastal fishery for domestic markets
- **6,650 full time job equivalents** created
- Livelihood support for 6,500 fisher folks
- Average annual income/fisher per year **US\$ 2,270**
- 6,000 tons CO2 eq. emissions avoided

Financials

Near shore Fish Aggregating Devices (FAD)

Investment: US\$ 100 m

IRR: 35.6%

NPV: US\$ 14.9 m

B/C: 1.33

Payback: 6.0 years

Coastal aquaculture and hatcheries

Investment: US\$ 63.75 m

IRR: 33.3 %

NPV: US\$ 9.4 m

B/C : 1.29

Payback: 5.0 years

Pacific SIDS HIH Initiative investments

Summary



USD 1.05 billion total investment – Phase 1 (including infrastructure)	IRR: 26.1% overall NPV: US\$ 111.8 million	62,900 direct beneficiaries	314,500 indirect beneficiaries	GHG emission potential: 32.03 million tons annually
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1. Production Enhancement		2. Market Access	3. Value Addition			
Biosecurity & Pest Management Costs: USD 22.2 million IRR: 21.4% NPV: USD 8.8 million Income increase pc: USD 1,818 Beneficiaries: ~ 243,900 (direct and indirect)	Rebuilding Coastal Fisheries Costs: USD 44 million Benefits: Up to 2,000 ha of mangrove restoration and up to 100 ha of coral reefs restoration for coastal fishery rejuvenation Beneficiaries: 105,000 (direct and indirect)	Digitalization, Certification, Compliance Costs: USD 137.4 million Benefits: Export and niche market opportunities for coconut, taro and fishery value chains Beneficiaries: All beneficiaries covered under value chains	Coconut Costs: USD 39.1 million (including infrastructure) IRR: 26.6% NPV: US\$ 36.7 million Income increase pc: US\$ 2,460 Beneficiaries: 181,800 (direct and indirect)	Taro Costs: USD 14.4 million (including infrastructure) IRR: 28.8% NPV: US\$ 13.2 million Income increase pc: USD 3,230 Beneficiaries: 90,600 (direct and indirect)	Tuna Costs: USD 62.6 million (including infrastructure) IRR: 20.6% NPV: USD 28.8 million Income increase pc: USD 2,605 Beneficiaries: 105,000 (direct and indirect)	Coastal Fishery Costs: USD 108 million (including infrastructure) IRR: 34.6% NPV: USD 24.3 million Income increase pc: USD 2,270 Beneficiaries: 105,000 (direct and indirect)

Investments in critical infrastructure: USD 576.9 million
(~ 1,000 km of all weather and ~18,000 km last mile farm link roads)