

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



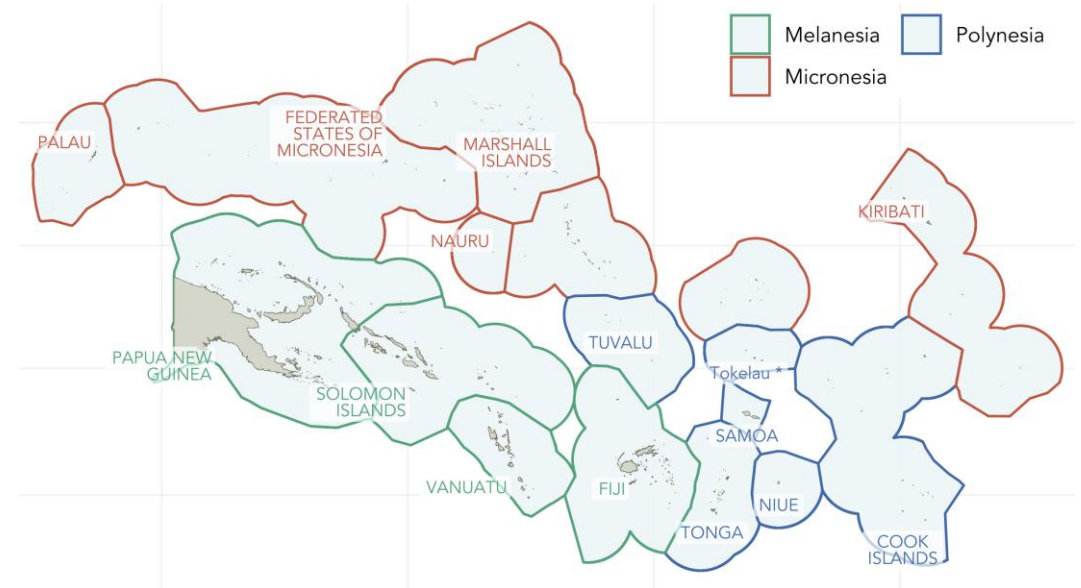
Regional GDP
\$31 billion



Agriculture
≈ 10–12% of GDP



Real GDP growth
2,8%



Key Regional Organizations and Partnerships



PACIFIC ISLANDS
FORUM SECRETARIAT



FFA
PACIFIC ISLANDS
FORUM FISHERIES
AGENCY



SPREP
Secretariat of the Pacific Regional
Environment Programme

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

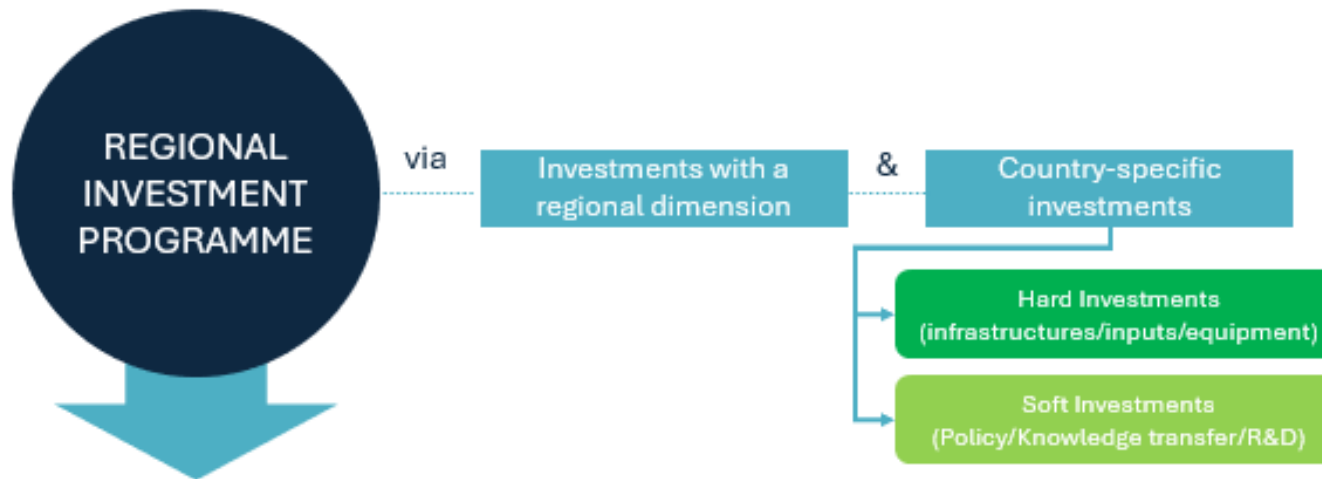
180+ national and regional strategic documents

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 :

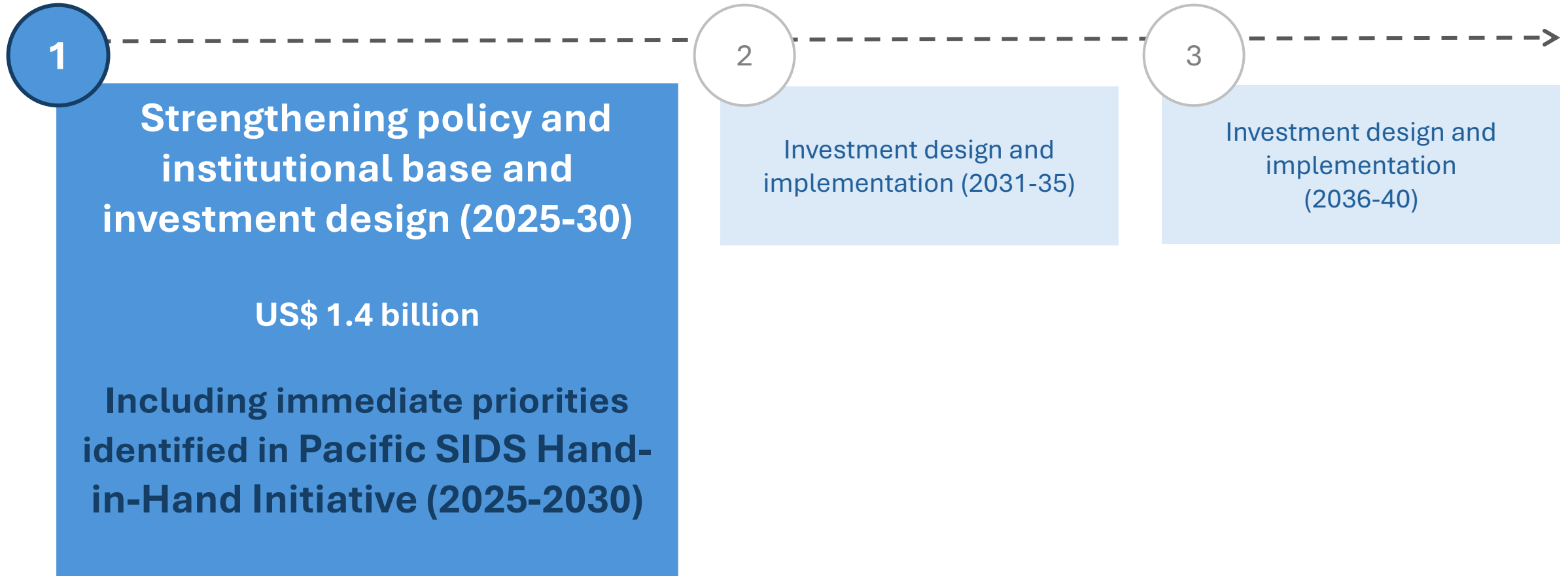
- 1** **PIPELINE DEVELOPMENT:** design a pipeline of investment projects working with investors (countries, IFIs, national/regional financial institutions, private sector, producers) – Target: develop USD 1B (including climate finance and innovative financing mechanisms, and a leverage of private investment).
- 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

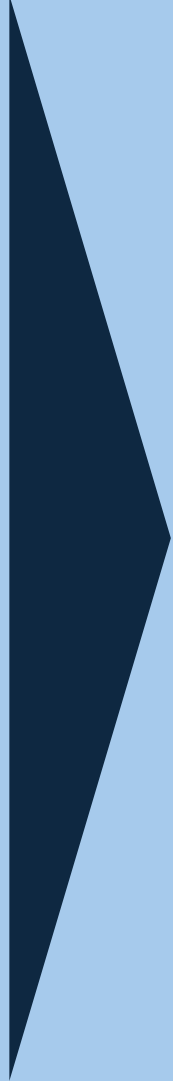


Pacific SIDS HIH Initiative

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

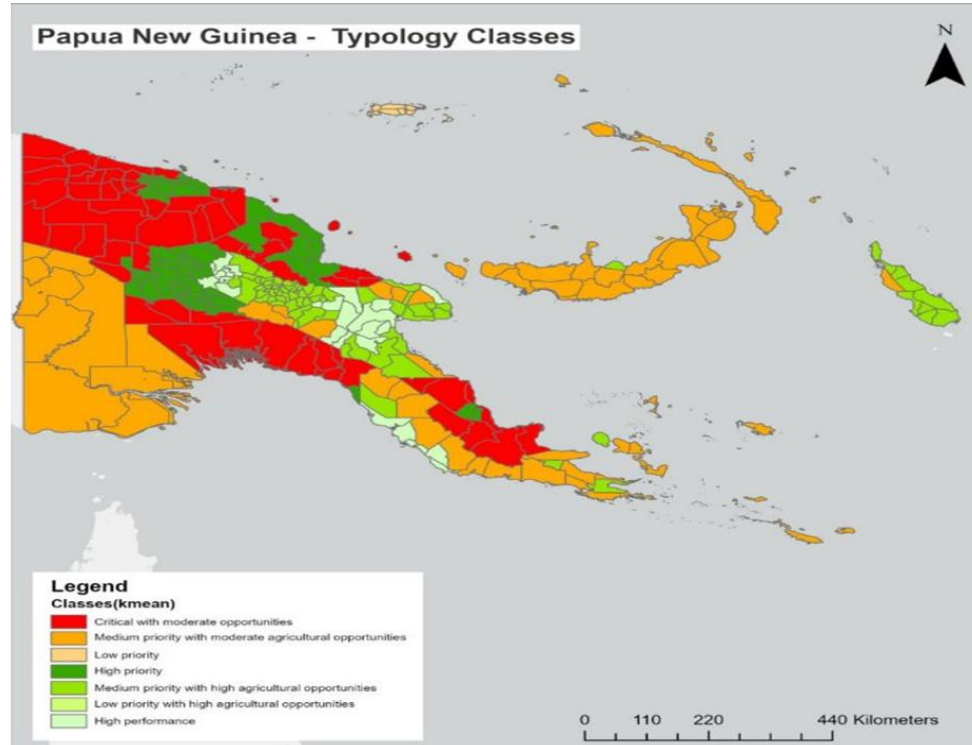
- Regional cooperation via PIFS & SPC – providing policy advice & capacity-building
- General political stability

Pacific SIDS HIH Initiative

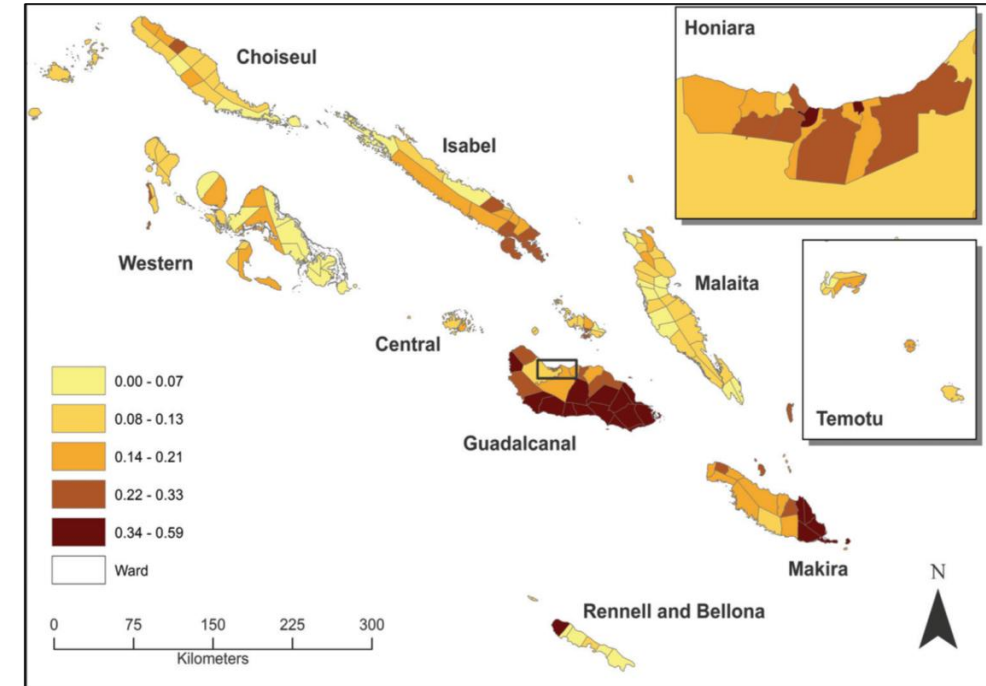
Data-driven territorial targeting

Papua New Guinea typologies of regions

Typology Class/Descriptions
Critical, high poverty with moderate Agriculture potential
High priority, high poverty, medium/high potential, medium/moderate efficiency
Medium priority with high agricultural opportunities with medium poverty, medium/high potential, medium/moderate efficiency.
Low priority with high agricultural opportunities, with moderate poverty, medium/high potential, medium/moderate efficiency
High performance with moderate poverty, medium/high potential, high efficiency



Solomon Islands poverty rate



Map of Poverty Headcount: Poverty Headcount rate at ward level - Share of population living below the basic needs (WB Ref: below 1.99 USD per day)

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 region-wide investments

Digitalization, certification, & traceability



Current situation and challenges

- 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 standards and regulations

Opportunities

- UNESCAP estimates that implementing WTO digital trade facilitation measures could reduce trade costs by 2.5% - 17.9% in the PSIDS
- Digital trade is a driver of more inclusive value-chains and trade and can help PSIDS overcome their remoteness to engage in international trade
- GI and Certification can add value, enable access to new markets, and reduce market access costs

Focus on

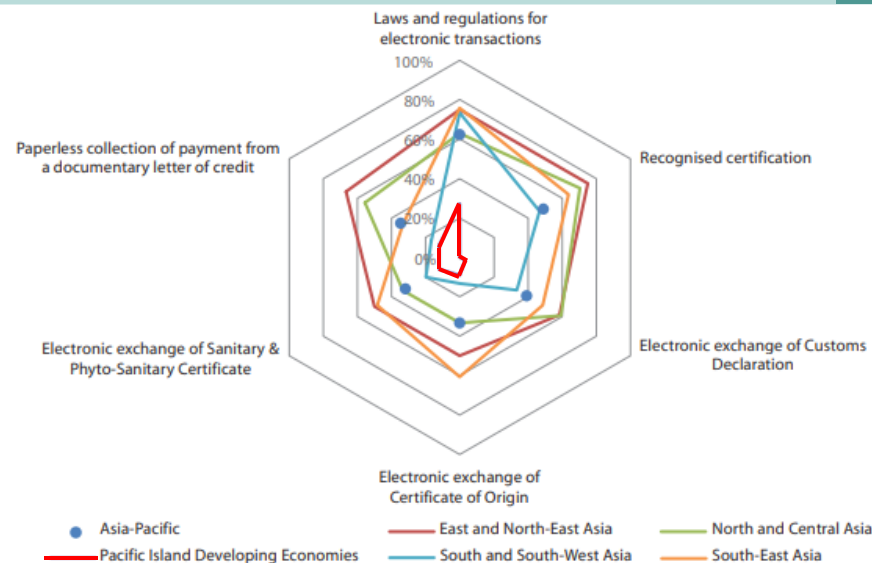
- Support development of a farmer registry and a digital platform
- Enable traceability
- Support implementation of certification (organic, SPS, HACCP) at processing facilities and of producers

Proposed Investments

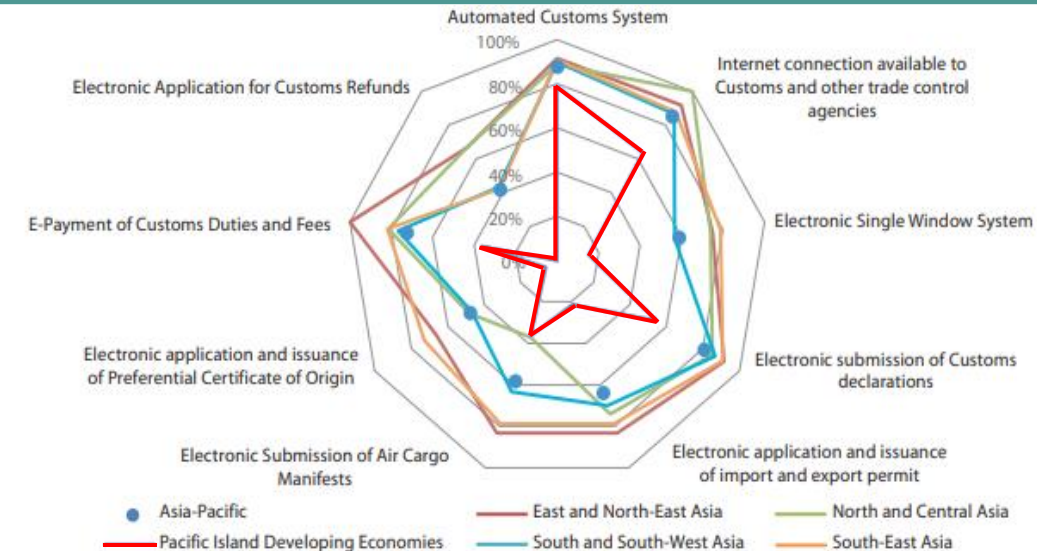
- Development of IT platforms and hardware
- Development of farmer registries with annual audits,
- Capacity development of extension staff, processors and farmers

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 untds.un.org



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Pacific SIDS HIH Initiative region-wide investments

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

Focus on

- Improve quality of planting material and preserve indigenous genetic resources
- Prevent spread of pests and diseases
- Improve knowledge on pests and disease management and prevention
- Improve capacity of personnel especially last mile extension services

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 value chain investments

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

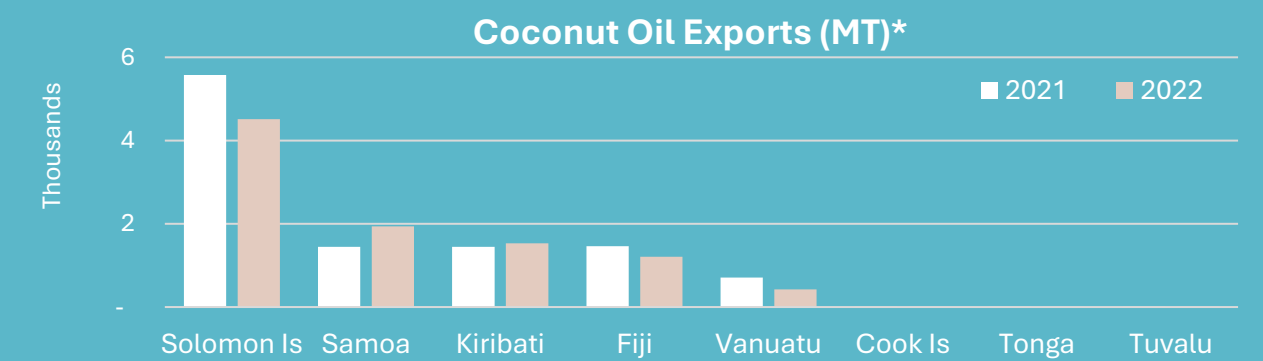
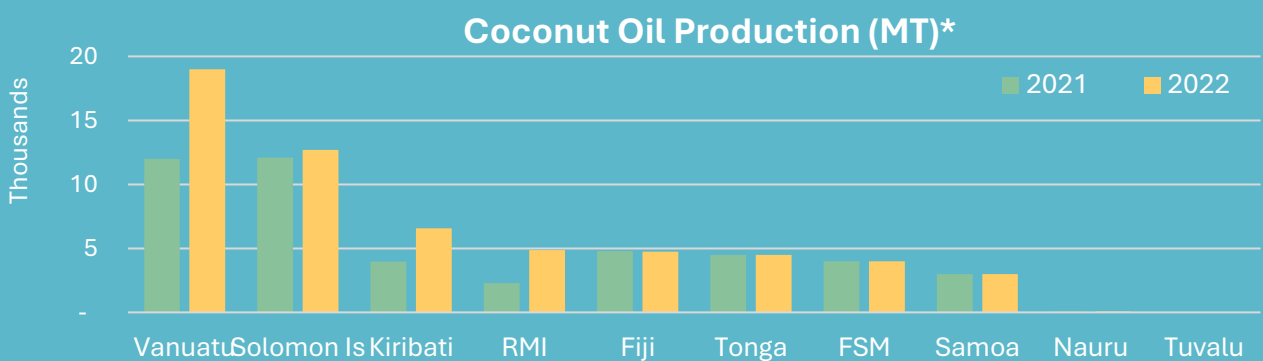
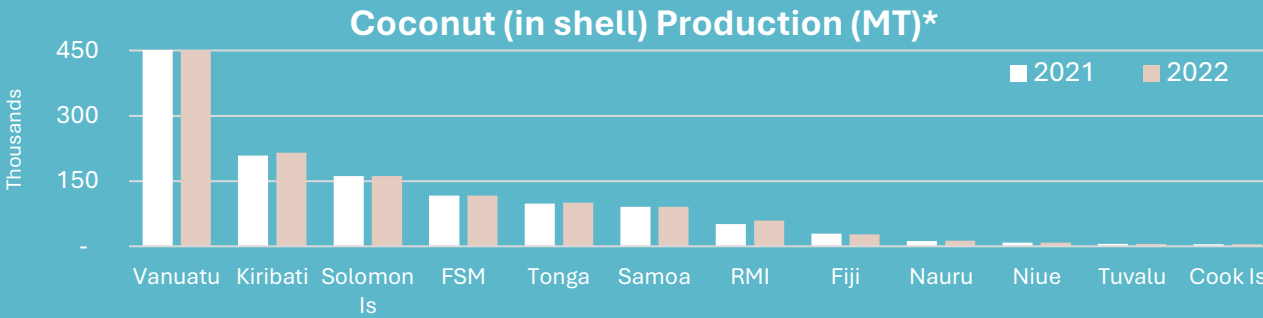
VCO exporters: Fiji, Samoa, Solomon Islands – mostly to AUS, NZ, USA

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 chain investments

Coconut value chain *investments*

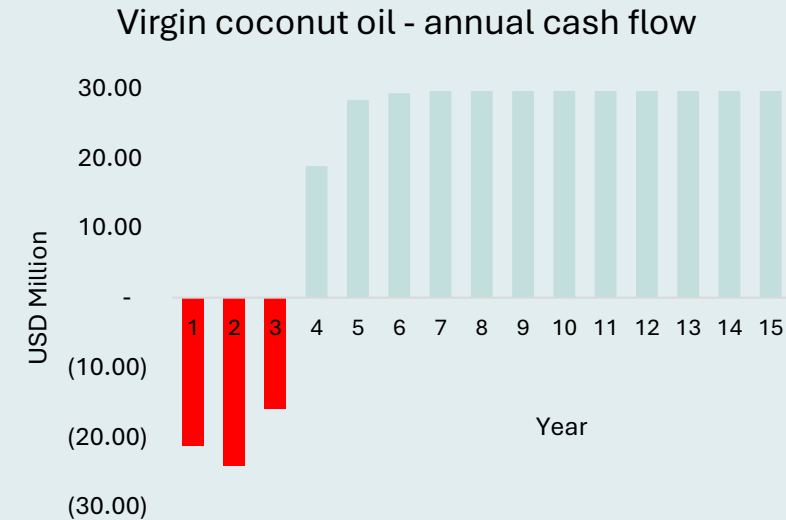
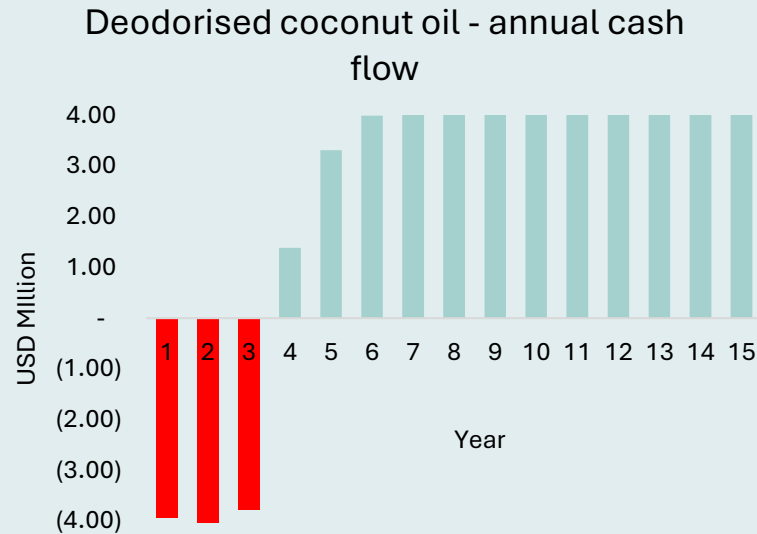


Focus on

- Increase coconut oil (virgin and deodorised) production for domestic consumption and export markets
- Enhance processing capacity and enabling value-chain development

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 chain investments

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

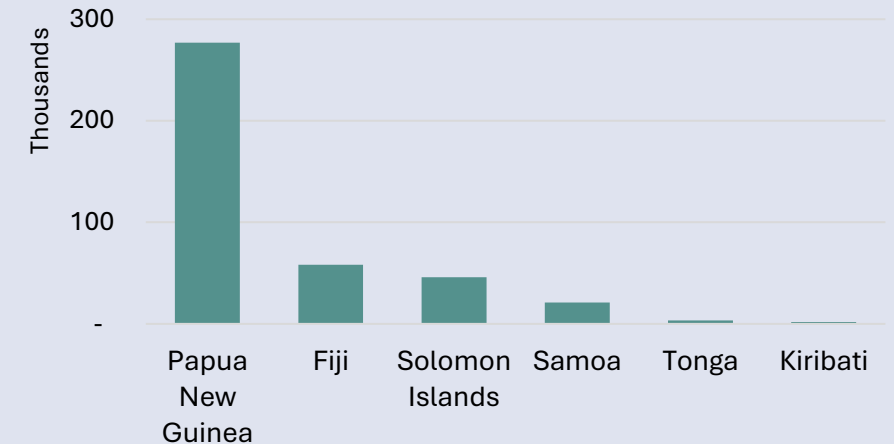
Limitations:

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

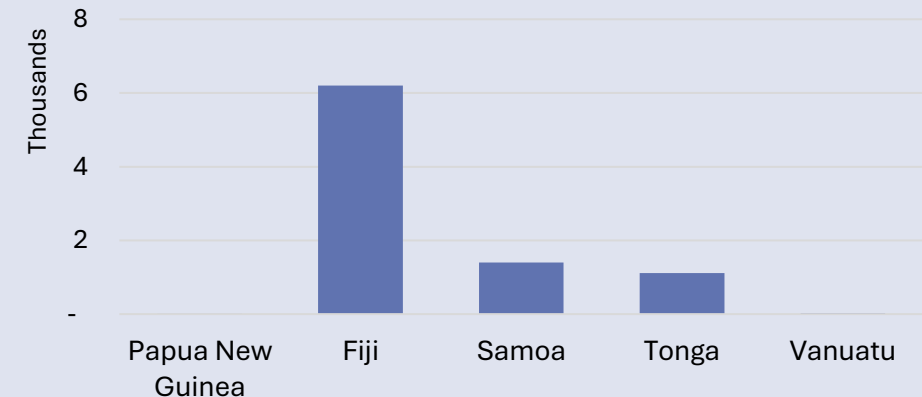
Opportunities

- 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 chain investments

Taro value chain *investments*

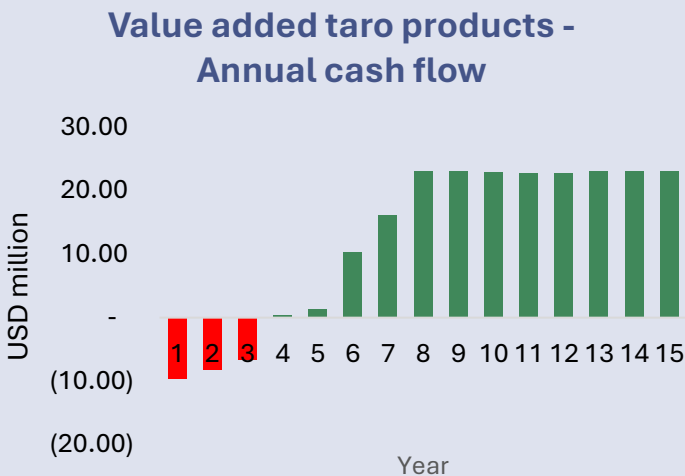
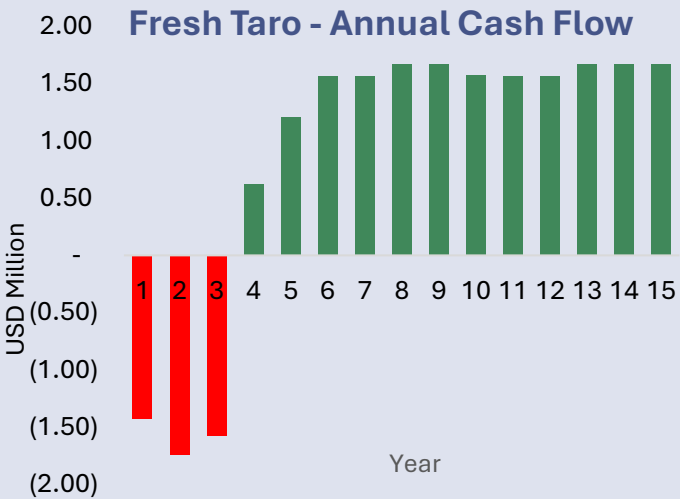


Focus on

- Increase production and productivity of fresh taro and value-added products for domestic and export markets
- Enhance processing capacity and enabling value-chain development

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\$ 2.3 m
IRR: 21.0%
NPV: US\$ 2.4 m
B/C: 1.05
Payback: 7 years

Value added products
Investment: US\$ 10.1 m
IRR: 31 %
NPV: US\$ 45.2 m
B/C: 1.31
Payback: 7 years

Pacific SIDS HIH Initiative value chain investments

Fishery Value Chain *Overview*

Current situation and challenges

Production

- Over 50% of world's tuna caught in PSIDS waters, mostly by foreign fleets

Limitations:

- Infrastructure gaps
- Limited access to finance for upgrading facilities
- Shortage of skilled manpower on sustainable fishing

Processing

- Only appx 15% of tuna caught in regional EEZs processed locally

Limitations:

- Limited cold storage & landing site infrastructure
- Mostly primary processing (frozen tuna & loins), secondary processing (canned tuna) occurs mostly outside the region

Exports

- Mostly export intermediate products for final processing
- PICs only capture ~50% of PIC EEZ tuna value, foreign fleets capture the rest

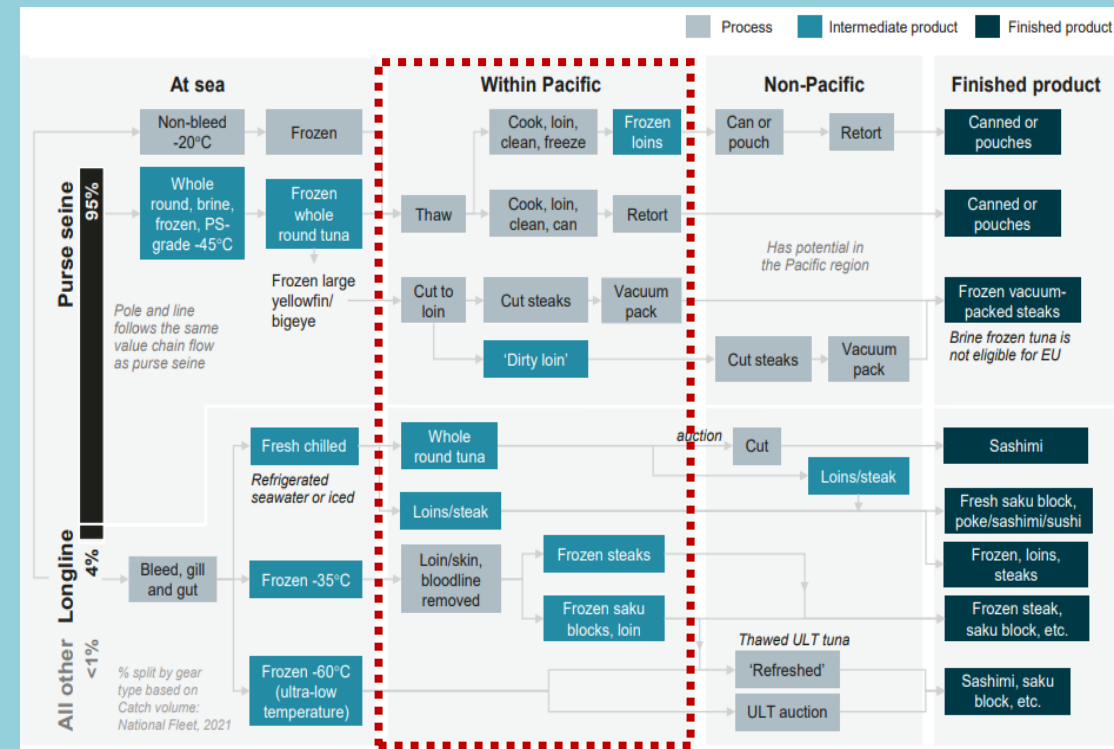
Limitations:

- Lack of final products for export
- Strict certification requirements are market access barriers (ie EU), especially for many countries & SME's

Opportunities

- Fish and fish products have the most untapped export potential in PSIDS (ITC Export Potential Map)
 - The value of **prepared and preserved export products and loin exports increased** between 2015 and 2022, while **fresh product exports decreased**.
 - **Canned tuna** has the highest ratio of final consumed end value compared to dock values and is expected to continue to lead in market value. Global demand for non-canned tuna declined in 2024 (FAO 2025).
- Strong tourism demand for locally sourced seafood

Pacific tuna value chain



Pacific SIDS HIH Initiative value chain investments

Fishery Value Chain *Investments*



Focus on

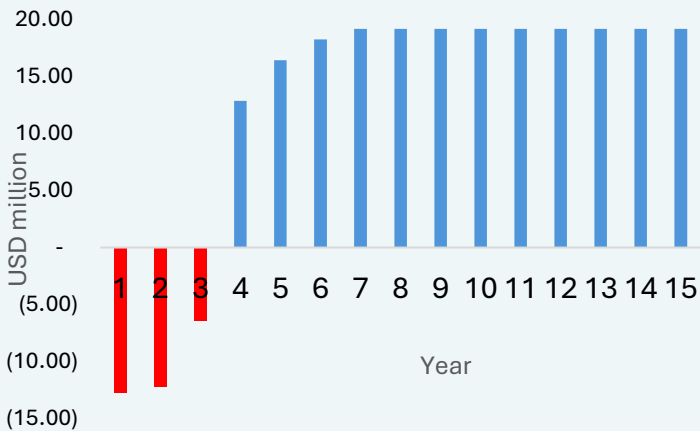
- Improve fishery supply chain and value chain infrastructure
- Increase in-country tuna processing capacity for canned tuna
- Support certification processes to enable greater market access

Proposed Investments

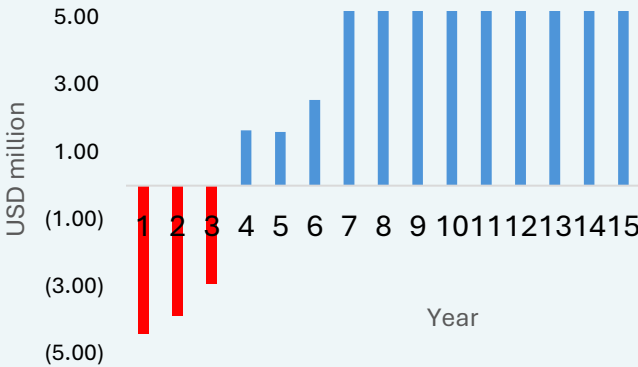
- Cleaning, filleting and packing facilities
- Certified cold storage
- Landing sites for fishing boats with storage facilities
- Renewable energy
- Improved road connectivity



Fishery processing - annual cash flows



Fishery cold storage - annual cash flows



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 investments

Summary



US\$ 940.9 million total investment
(including infrastructure)

21.8% overall
IRR

62,900 direct
beneficiaries

314,500 indirect
beneficiaries

Summary of key investments

1. Biosecurity and Pest Management	2. Digitalization, Certification and Traceability	3. Value Chain Infrastructure		
		Coconut	Taro	Fishery
Costs: US\$ 22.2 million IRR: 21.4% NPV: US\$ 8.8 million Per capita income increase: US\$ 1,818 Beneficiaries: ~ 243,900 (direct and indirect)	Costs: US\$137.4 million IRR: NA NPV: NA Per capita income increase: NA Beneficiaries: 243,900 (direct and indirect)	Costs: US\$ 39.1 million (including infrastructure) IRR: 26.6% NPV: US\$ 36.7 million Per capita income increase: US\$ 2,460 Beneficiaries: 151,480 (direct and indirect)	Costs: US\$ 14.4 million (including infrastructure) IRR: 28.8% NPV: US\$ 13.2 million Per capita income increase: US\$ 3,230 Beneficiaries: 90,700 (direct and indirect)	Costs: US\$ 62.6 million (including infrastructure) IRR: 20.6% NPV: US\$ 28.8 million Per capita income increase: US\$ 2,605 Beneficiaries: 105,000 (direct and indirect)

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