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# COUNCIL

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### Pacific SIDS Investment Programme

#### Executive summary

At the Thirty-Seventh Session of the Food and Agriculture Organization of the United Nations (FAO) Regional Conference for Asia and the Pacific, the Director-General committed to supporting the Pacific Small Island Developing States (SIDS) to develop a Regional Investment Programme to accelerate agrifood systems transformation. This document summarizes the conceptual and operational framework of the Programme, its components, initial cost estimates and indicative institutional and organizational arrangements. It also reports on the progress made and the key actions to further develop and implement the Programme.

Since July 2024, FAO has been engaging with the 14 Pacific SIDS countries and key regional organizations to define priority investment areas, seeking to develop a flexible and phased Programme with a long-term vision and commitment. The Programme follows development effectiveness principles, such as inclusivity and country ownership; national and regional leadership; alignment with country and regional priorities; harmonization with existing programmes and initiatives; and results-focus and mutual accountability. The Programme includes six components:

- a. strengthening enabling policies, regulations and institutions at country and regional levels;
- b. enhancing agriculture services and promoting market linkages of key value chains;
- c. mainstreaming nutrition and healthy diets;
- d. fostering innovation and scaling up;
- e. promoting sustainable solutions in coastal areas; and
- f. expanding agrifood infrastructure to increase market opportunities.

These priority investments areas contribute to the implementation of international, regional and national frameworks such as the Antigua and Barbuda Agenda for SIDS, the 2050 Strategy for the Blue Pacific Continent, and the Growing the Pacific 2050 Strategy for Pacific Agriculture and Forestry. Moreover, they align with investments identified by countries in their National Food System Pathways and national food and agriculture, forestry and fishery strategies.

The Programme follows a phased and flexible approach from 2025 to 2040, organized into three cycles. The first cycle (2025-2030) aims at strengthening the policy and institutional base for enhancing the capacity of the region to absorb more public and private investments and on designing and implementing key priority investments as identified by governments and investors. The subsequent two five-year cycles will be designed based on the results and lessons learned from

Documents can be consulted at [www.fao.org](http://www.fao.org)

the first cycle. The Programme operates at regional and country levels, where regional elements support policy alignment and cross-border initiatives, and country-specific activities address local priorities.

The Programme will be led by governments and regional organizations depending on the levels of subsidiarity of the activities. Implementation also involves producer organizations, private sector entities, research and academia, Civil Society Organizations and financial institutions. Detailed implementation arrangements will be defined as part of the pipeline investment projects.

Critical next steps for launching the Programme include: (i) establishing a Regional Agrifood Investment Platform (indicative date for its first meeting: April 2025); (ii) developing a project pipeline development with governments, country partners, financiers and investors; and (iii) establishing a time-bound dedicated Investment Technical Assistance Facility to provide expertise and technical guidance along the Programme development.

### **Suggested action by the Council**

The aforementioned topics are presented to the 176th Session of the Council for information only.

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## I. Background

1. While rich in cultural and biological diversity and marine resources, Pacific Small Island Developing States (SIDS) face complex, intertwined challenges, including limited economic diversification, vulnerability to climate change, natural disasters and external shocks, poor connectivity, high import costs and inadequate infrastructure.
2. Pacific SIDS' agrifood systems play a paramount role in terms of employment (up to 45 percent), food security and nutrition. While the prevalence of malnutrition is high with adults' overweight reaching 49 percent of the overall population, most countries have vast potential for agrifood development, stemming from their rich cultures, geographies, diverse natural endowments, favourable climates and rich biodiversity.
3. On the aggregate, Pacific SIDS are characterized by high migration, high birth rates and limited economic opportunities, especially for youth. In recent years, countries in the region have seen growing inner and outer migration trends, where men (aged 15 to 64 years) migrate to Australia and New Zealand for seasonal labour. Remittances represent some 45 percent of the regional gross domestic product (2022). Solomon Islands (2.38 percent) and Vanuatu (2.41 percent) have the highest population growth rates, while the populations of the Cook Islands (-3.20 percent) and Niue (-1.62 percent) are declining.
4. The Pacific SIDS region is experiencing significant urbanization, expected to increase from 45 percent to 60 percent by 2050. This will reshape agrifood systems to meet pressing urban dietary needs. Youth unemployment is a persistent challenge, especially in the Marshall Islands, where rates are as high as 52 percent for men and 58 percent for women. Labour force participation also varies widely, with a minimal gender gap in subsistence-focused nations like Papua New Guinea and Solomon Islands, while considerable disparities exist in Samoa and Fiji where women are less likely to hold paid positions. Limited infrastructure and services impact negatively on agrifood production, transportation and marketing. In addition to further isolating communities, this results in higher costs of local food and dependency on imports.
5. Environmental factors further compound these challenges, with Pacific SIDS highly exposed to climate change, including sea-level rise, changing precipitation patterns and extreme temperatures. The region's vulnerability is exacerbated by limited arable land, high transportation and energy costs, and low agricultural productivity. Weak research, agricultural data and infrastructure hinder productivity and resilience, leaving agrifood systems highly susceptible to external shocks. Nutritional challenges are also prevalent, with a rise in diet-related non-communicable diseases driven by urbanization, limited preservation options and changing food habits.

## II. Rationale, Objectives and Approach

6. While Pacific SIDS are endowed with a unique mix of agrifood systems representing a diverse mosaic of biodiversity, cultures and economies, they face structural and interconnected challenges (national, subregional and regional) that result in high production costs, limited productivity and production, increasing import dependency and exposure to external shocks, thus compromising livelihoods and jeopardizing food security and nutrition. This is further exacerbated by their high vulnerability to climate change.
7. In response to these challenges, Pacific SIDS have engaged in various national strategic and planning exercises to enhance the agrifood sector, including through the "pathways for agrifood systems transformation" (e.g. Kiribati, Papua New Guinea and Samoa).
8. These exercises have been performed through regional consultations but with a limited investment focus. While SIDS suffer from isolation and high transaction costs, the financial flows to support their development are also highly fragmented. Over the past 20 years, Official Development Assistance (ODA) has been delivered through more than 33 000 projects. Limited institutional and absorptive capacity (reflected in low ODA spending rates) further hampers the development efforts.

9. **Investing to realize the region’s shared long-term vision:** in response to this, this Programme aims at helping Pacific SIDS develop and realize their long-term development vision “...for a resilient Pacific Region of peace, harmony, security, social inclusion and prosperity, that ensures all Pacific peoples can lead free, healthy and productive lives”.<sup>1</sup> Under this overarching vision, the Programme will support the transformation of the countries’ agrifood systems to ensure “...a safe, resilient, innovative food system”<sup>2</sup>, “...sustainable food and nutritional security and affordable healthy diets”, while ensuring sustainable management of natural resources (land, water, forest, fisheries and biodiversity) and better resilience to climate change and to shocks “...making [agrifood systems] stronger – equitable – healthier”.
10. **Country and regional ownership:** the Programme is owned by governments, and country and regional stakeholders, including public and private actors and investors (international financial institutions (IFIs), local financial institutions, the private sector, including farmers and producer organizations), as well as development partners and Civil Society Organizations (CSOs). The Programme aligns with national policies and strategies, avoiding parallel structures, and promotes harmonization by converging the goals of various stakeholders to enhance mutual accountability.
11. **A flexible and phased approach:** the Programme will develop over the period 2025-2040 through a phased flexible approach covering three cycles. In the first six-year cycle (2025-2030), the Programme aims at: (i) strengthening the policy, and institutional and organizational base for enhancing the capacity of the region to absorb more public and private investments to effectively transform its agrifood systems; and (ii) designing and implementing key priority investments as identified by governments and investors. The subsequent two five-year cycles will be designed based on the results achieved and lessons learned from the previous cycles.
12. **A strong regional dimension:** the Programme will strengthen regional integration and policy coordination related to regional transboundary issues and common challenges, including investments that benefit the region. Regional organizations (public and private) need support to enhance collective action and develop unity of purpose through dialogue and learning, thus reducing fragmentation and enhancing delivery capacity. In this regard, the design team has engaged with key regional organizations such as the Pacific Islands Forum, the Pacific Community, the Pacific Islands Forum Fisheries Agency, the Secretariat of the Pacific Regional Environment Programme and the University of the South Pacific, and the engagement must continue to ensure a successful implementation.
13. **Complementarity and alignment with existing efforts and initiatives:** the Programme aims at adding value to existing development efforts. Programme investment priorities have been identified by country stakeholders based on a mapping exercise of existing efforts. It also seeks to implement key recent high-level commitments such as the Food and Agriculture Organization of the United Nations (FAO)’s High-Level Ministerial event for SIDS, Least Developed Countries and Landlocked Developing Countries (2023), the 37th Session of the Regional Conference for Asia and the Pacific (2024) and the declaration of the Pacific Heads of Agriculture and Forestry Services (2024). The Programme complements FAO’s corporate initiatives such as the Hand-in-Hand and One Country One Priority Product (OCOP). The Programme was presented and discussed with high-level decision makers at the Pacific SIDS Solutions Forum (November 2024).
14. **Multidisciplinary expertise, dialogue and consultations:** this effort is guided by the global road map for Sustainable Development Goal 2, and is based on the best existing data, evidence and multidisciplinary expertise from FAO and beyond. The design of the Programme is led by the FAO Investment Centre, which mobilized a team of over 30 international and national experts who engaged with national stakeholders to assess the challenges and opportunities and identify country priorities for transformative investments in food and agriculture. Nearly 80 strategic and planning documents have been analysed, and more than 140 stakeholders consulted through 12 country missions and a regional workshop where government delegates and experts from 12 out of the 14 Pacific SIDS participated.

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<sup>1</sup> 2050 Strategy for the Blue Pacific Continent

<sup>2</sup> Fiji Horizon 2030

### III. Programme Development Progress

15. Following the Director-General's commitment to supporting Pacific SIDS in the development of the Regional Pacific SIDS Investment Programme, FAO through its Investment Centre engaged with country and regional stakeholders to design the Programme, along the following steps (July-December 2024):

- a. conceptualization and Programme scoping;
- b. diagnosis and gap analysis through country missions to jointly identify investment priorities;
- c. regional workshop to discuss findings, conceptual and institutional structure of the Programme and its regional elements;
- d. presentation and discussion of the Programme at the Pacific SIDS Solutions Forum; and
- e. quality review and finalization of the Programme design, including a synthesis and country diagnostics papers for the 14 Pacific SIDS (in preparation).

### IV. Programme Architecture and Components

16. **Programme architecture:** the Programme follows a phased and flexible approach from 2025 to 2040, organized into three cycles. The first cycle (2025-2030) aims at: (i) strengthening the policy, and institutional and organizational base for enhancing the capacity of the region to absorb more public and private investments; and (ii) designing and implementing key priority investments as identified by governments and investors. The subsequent two five-year cycles will be designed based on the results and lessons learned from the first cycle.

17. The Programme operates at regional and country levels, where regional elements support policy alignment and cross-border initiatives, and country-specific activities address local priority investments including those with a regional scope. In the first year, a key element will be the establishment of a **Regional Agrifood Investment Platform**, composed by SIDS governments, regional organizations, financiers, development partners and CSOs, to foster dialogue and coordination and attract and streamline investments in sustainable agrifood systems across the Pacific SIDS. The Platform will focus on:

- a. streamlining the flow of information and resources, fostering regional synergies and enhancing regional coordination to minimize duplication and fragmentation;
- b. supporting the identification and development of high-quality agrifood investments; and
- c. leveraging resources for investment quality and derisking.

18. The platform considers a time-bound dedicated **Technical Assistance Facility** through a multidonor trust fund to provide the Pacific SIDS, national and regional institutions, financiers and investors with expertise and technical guidance for investment design, quality assurance and implementation support.

19. Programme institutional arrangements emphasize the ownership of governments and regional organizations, and collaboration among public and private stakeholders.

20. **Programme components:** the Programme includes six components resulting from the investment prioritization exercises conducted with country and regional stakeholders. Each component has both regional and country elements:

- a. **Strengthening enabling policies, regulations and institutions at country and regional levels (USD 68 million).** This component promotes national and regional policies and institutional arrangements to mitigate risks associated with geographic isolation and policy fragmentation, and leveraging opportunities to expand promising and established global (e.g. vanilla, cocoa and coffee) and Pacific unique (e.g. kava and taro) value chains. Indicative activities include:
  - i. establishing a regional framework for biosecurity, food safety, and trade policies and standards;

- ii. developing innovative public-private partnerships in trade and post-harvest logistics, food import, and food quality and safety enhancement, taking into consideration nutrition aspects and derisking of investments (e.g. via tailored financial and insurance mechanisms);
  - iii. promoting Geographical Indications for local products and supporting regional value chains enhancement; and
  - iv. developing export promotion arrangements and institutions.
- b. **Enhancing agriculture services and promoting market linkages of key value chains (USD 513 million).** This component aims to enhance productivity and resilience, building on local knowledge and improved agriculture practices to increase food supply and market opportunities. Indicative activities include:
- i. supporting agriculture research to boost productivity, sustainability and climate change adaptation;
  - ii. enhancing national public and private extension services to support sustainable and productive production, particularly among youth and women;
  - iii. developing food biosecurity, safety and quality facilities and practices; and
  - iv. ensuring collection, analysis and dissemination of data (disaggregated by age and gender) and knowledge, including local knowledge.
- c. **Mainstreaming nutrition and healthy diets (USD 100 million)** includes:
- i. raising public awareness about balanced diets and nutritious foods;
  - ii. integrating nutrition education and home food production into school curricula;
  - iii. enhancing urban farming activities for nutritious food production; and
  - iv. training households on home production of nutrient-rich foods ensuring that gender equality is adequately considered.
- d. **Fostering innovation and scaling up (USD 89 million).** This focuses on digitalization to alleviate isolation, reduce transaction costs across the agrifood systems and expand blended finance to crowd in private investments. Indicative activities include:
- i. developing building blocks for digitization, including connectivity, regulatory and technology providers' capacity;
  - ii. promoting digital services (e.g. fintech, extension, market linkages, traceability, trade platform);
  - iii. developing local innovative business models to supply the tourism industry (e.g. local fresh products, food with high nutritional and cultural value);
  - iv. supporting blended finance instruments to attract private investment in producer organizations and small and medium enterprises, particularly those owned by youth and women; and
  - v. creating tailored financial risk management tools, including fintech and insurance.
- e. **Promoting Sustainable Solutions in coastal areas (USD 300 million).** This includes support to small-scale fisheries and farming and other coastal livelihoods via ridge to reef sustainable investments and climate adaptive management of ecosystems. Indicative activities include:
- i. supporting community-led coastal ecosystems protection for restocking coastal fishing resources;
  - ii. promoting circular approaches to waste management and processing to contribute to soil rehabilitation and horticulture production; and
  - iii. enhancing infrastructure for sustainable small-scale fisheries.

- f. **Expanding agrifood infrastructure to increase market opportunities (USD 3.5 billion).** This component will provide the basis for developing local food production and marketing capacity for domestic consumption and exports. Activities include:
- i. water infrastructure and management, including irrigation;
  - ii. transportation and connectivity within and between islands;
  - iii. storage, processing and packaging of key value chains;
  - iv. renewable energy; and
  - v. infrastructure for agriculture services, e.g. laboratories, nurseries, training centres and mechanization.

21. **Programme costs.** The cost of the Programme is estimated at **USD 4.6 billion** covering the period 2025-2040. These were assessed based on the investment priorities identified through the dialogue with countries' stakeholders. The unit costs are estimated based on the parameters used by the FAO Investment Centre and IFIs for similar investment projects. Costs may vary as the Programme is further detailed and localized. The flexible approach will enable regular revisions of the costs.

22. The first six-year cycle will cost approximately USD 1.4 billion. The subsequent two five-year cycles will be designed based on the results and lessons learned from the first cycle and are anticipated to absorb about 70 percent of the total cost.

**Table 1. Project costs (USD million)**

Components	Cycle 1 (2025-30)	Cycle 2 (2031-35)	Cycle 3 (2036-40)	Total cost (2025-40)
<b>Strengthening enabling policies, regulations and institutions at country and regional levels</b>	24	31	14	68
<b>Enhancing agriculture services and promoting market linkages of key value chains</b>	154	205	154	513
<b>Mainstreaming nutrition and healthy diets</b>	33	33	33	100
<b>Fostering innovation and scaling up</b>	27	45	18	89
<b>Promoting sustainable solutions in coastal areas</b>	116	149	66	330
<b>Expanding agrifood infrastructure to increase market opportunities</b>	1,050	1,750	700	3,500
<b>Total</b>	<b>1,403</b>	<b>2,212</b>	<b>985</b>	<b>4,600</b>

23. **Project benefits.** The Pacific SIDS Investment Programme aims to transform agrifood systems across the Pacific Islands by enhancing food security, resilience and sustainable resources management. Its targeted investments are designed to bolster national and regional capacity for producing and supplying food that meets both local and global standards. Key benefits include reducing food losses, improving food biosecurity and safety, expanding market opportunities and enhancing value chain integration. The Programme also seeks to build resilience to climate change, strengthen local institutions and foster regional collaboration. Advanced monitoring will support accountability, tracking key metrics such as import/export volumes, productivity and private sector

investment to drive continual improvement and informed decision-making. This holistic approach is structured to ensure sustainable growth, economic inclusivity and enhanced community resilience across Pacific SIDS by 2040.

24. The detailed benefits will be identified as part of the development of the pipeline of investment projects in each cycle phase. Illustrative indicators to measure success are highlighted below; however, these indicators will be further defined based on data availability.

**Table 2. Illustrative indicators for measuring impact**

<b>Programme components</b>	<b>Indicative outcome indicators</b>
<b>Impact: Improved food and nutrition security, agrifood system resilience and natural resources management in alignment with the 2050 Strategy for the Blue Pacific Continent</b>	
<b>Strengthening enabling policies, regulations and institutions at country and regional levels</b>	<ul style="list-style-type: none"> <li>- Number of biosecurity and trade policy frameworks established</li> <li>- Value of agrifood investments de-risked through financial mechanisms</li> </ul>
<b>Enhancing agriculture services and promoting market linkages of key value chains</b>	<ul style="list-style-type: none"> <li>- Agricultural productivity for key value chains</li> <li>- Value of products exported</li> <li>- Number of youth/women reached with agricultural services</li> </ul>
<b>Mainstreaming nutrition and healthy diets</b>	<ul style="list-style-type: none"> <li>- Incidence and prevalence of obesity and diet-related non-communicable diseases</li> <li>- Dietary diversity scores among community members</li> </ul>
<b>Fostering innovation and scaling up</b>	<ul style="list-style-type: none"> <li>- Percentage of increase in digital connectivity</li> <li>- Volume of private investment generated through blended finance instruments</li> </ul>
<b>Promoting sustainable solutions in coastal areas</b>	<ul style="list-style-type: none"> <li>- Number of small-scale fisheries supported with sustainable infrastructure</li> <li>- Reduction in waste through circular management</li> </ul>
<b>Expanding agrifood infrastructure to increase market opportunities</b>	<ul style="list-style-type: none"> <li>- Inter-island transportation capacity for agrifood products</li> <li>- Percentage of agrifood activities powered by renewable energy sources</li> </ul>

25. **Institutional and organizational arrangements:** the Programme will be led by country governments and regional organizations depending on the levels of subsidiarity of the Programme's activities. Each component will include activities to be implemented by national or regional organizations. Implementation will also involve producer organizations, private sector entities, research and academia, CSOs and financial institutions. Detailed implementation arrangements will be defined during the development of the project pipeline.



26. **Main areas of risks and mitigation measures:** the table below highlights key risks to the Pacific SIDS Investment Programme and corresponding strategies to ensure sustainable agrifood systems transformation.

**Table 3. Risk management matrix**

Main risk area	Mitigation measure
<b>Persistent isolation and policy fragmentation</b>	<ul style="list-style-type: none"> <li>- Securing political leadership and ownership by countries and regional organizations;</li> <li>- Strengthening regional and national institutions to enable better coordination and consolidation;</li> <li>- Supporting regional and national investment platforms to enhance coordination and crowd in public and private investments, including the FAO Hand-in-Hand Initiative and OCOP;</li> <li>- Reducing transaction costs through innovation, knowledge and technology;</li> <li>- Building infrastructure for better connectivity and market integration;</li> <li>- Prioritizing public investments with high leverage of private investment.</li> </ul>
<b>Low absorptive capacity of investments</b>	<ul style="list-style-type: none"> <li>- Strengthen delivery capacity (public, research, private, CSOs, financial institutions, etc.);</li> <li>- Better coordination of national and regional efforts.</li> </ul>
<b>Low level of financing of public and private investments</b>	<ul style="list-style-type: none"> <li>- Developing absorptive capacity, including for financial institutions;</li> <li>- Implementing quality, evidence-based investments;</li> <li>- Innovative finance for derisking (blended finance and risk-management)</li> </ul>

## V. Immediate Next Steps

27. To start the first six-year cycle of the Programme, efforts will be placed on strengthening the ownership of the Programme by Pacific SIDS and regional organizations, and creating the conditions for dialogue, coordination and provision of technical assistance required for capacity development and the operationalization of scalable impactful investments through 2025-2040. Thus, in 2025 efforts will focus on the following steps:

- a. establishing a **Regional Agrifood Investment Platform** to foster dialogue and coordination towards investments in sustainable agrifood systems: the first meeting of the Platform should take place in April 2025;
- b. initiating **project pipeline development** with regional- and country-level dimensions with governments, country partners, financiers and investors; and
- c. developing and establishing an **Investment Technical Assistance Facility** to provide expertise and technical guidance for investment design, quality assurance and implementation.