



**PACIFIC ISLANDS FORUM SECRETARIAT**

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**FORUM ECONOMIC OFFICIALS MEETING**

8 August 2023

**FORUM ECONOMIC MINISTERS MEETING**

9-10 August 2023

Suva, Fiji

**AGENDA ITEM 9: PACIFIC ISLANDS INVESTMENT FORUM – CO-INVESTMENT  
INFRASTRUCTURE DEVELOPMENT FINANCING**

**Purpose**

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This paper updates on the progress by the Pacific Islands Investment Forum (PIIF) to develop a co-investment mechanism to finance infrastructure investment opportunities across the Pacific. This update follows on from previous presentations by PIIF at the 2019, 2020, and 2021 Forum Economic Ministers Meetings (FEMM).

**Summary**

The PIIF members have developed a co-investment platform memorandum of understanding to commit its member funds to work together to co-invest in commercially viable investments, focusing on infrastructure, across the Pacific. Ten (10) of the Member Funds have signed up to this commitment and the co-investment platform is ready to launch this year.

The commitment by PIIF to co-invest in quality infrastructure across the Pacific is aligned to the *2050 Strategy for the Blue Pacific Continent*, particularly through the *Pacific Roadmap for Economic Development* (PRED).

The Co-Investment Platform is made up of a specialist investment team that will take national infrastructure projects and convert them into commercially viable projects for investment.

**A. Overview & Background**

1. The PIIF co-investment platform offers an opportunity to bridge the financing gap on infrastructure and private sector development via pooling part of the investible funds available through the PIIF membership, noting that the combined assets and portfolios of PIIF members are currently estimated at US\$50 billion.

2. Contrasting this investment pool, there are estimates by the Asian Development Bank that the funding shortfall on Pacific infrastructure investment to be in the vicinity of USD45 billion over the next 10 years.

## **B. Discussion**

3. Progress since updates tabled at the 2019, 2020, and 2021 FEMM has continued, despite the setbacks during COVID as PIIF members were at the center of the national response to deal with the economic and social impact of the pandemic. The PIIF recently reconvened its CEO Forum in Auckland, New Zealand at the end of 2022 and again in Papua New Guinea in March 2023 to return its focus to the co-investment platform for infrastructure investment.

4. Ten of the PIIF Members (Fiji National Provident Fund, Papua New Guinea NasFund, Samoa National Provident Fund, Unit Trust of Samoa, Tonga National Retirement Benefits Fund, Tonga Retirement Fund Board, Tuvalu National Provident Fund, Cook Islands National Superannuation Fund, Solomon Islands National Provident Fund, and Vanuatu National Provident Fund), have now signed up to the co-investment platform Memorandum of Understanding.

5. Progress made since engagement with the FEMM include:

- i) A formal Secretariat role commenced in late 2019. This role brings a co-ordination function between the PIIF Board, PIIF member funds and external stakeholders;
- ii) Recognising the technical challenges to develop a suitable platform, technical expertise through International Finance Corporation (IFC) was engaged in June 2020 to identify co-investment structure options;
- iii) A report outlining a global analysis of the co-investment platform concept was completed by IFC for PIIF consideration. In February 2021, the PIIF Board selected the preferred platform structure;
- iv) The PIIF Board developed a co-investment Memorandum of Understanding which was approved by the members in Auckland, New Zealand in September 2022;
- v) The Investment teams from the Member Funds met in Rotorua, New Zealand in November 2022 to workshop the co-investment platform and develop investment policies and processes. The co-investment platform principles and values are set out in **Annex A**;
- vi) The PIIF CEO Forum in Papua New Guinea confirmed a total of 10 Member Funds signed onto the co-investment platform. The PIIF Board approved for the platform to obtain donor funding to support its launch; and
- vii) Donor Funding has been identified for the support and launch of the co-investment platform in 2023.

## **C. Next Steps**

6. Further progress on this project in 2023 will involve:
- i) Formalise donor support for the PIIF co-investment platform and its launch in 2023;
  - ii) PIIF to directly engage with Pacific Island Governments to identify priority infrastructure projects for investment;
  - iii) PIIF to engage with regional bodies and donors/agencies to construct a pipeline of commercially viable investment opportunities for financing/funding through the PIIF co-investment platform; and
  - iv) PIIF to engage with Pacific Island Governments to address barriers to investment for the PIIF co-investment platform.

Pacific Islands Forum Secretariat  
11 June 2023

## **Annex A**



### **Principles and Values for Co-Investment**

#### **Background**

The Pacific Islands Investment Forum (PIIF) is an association of investment funds (PIIF Members) across the Pacific region including provident, superannuation, sovereign and trust funds, coming together to aggregate and deploy capital to investment opportunities in Pacific countries, with the ultimate responsibility of growing the retirement savings and wealth of their members.

Collectively, PIIF Member Funds hold approximately USD \$50 billion of investment capital in the region, and globally. Members recognise the importance of future commercial investments to supporting growth across the Pacific region, the management of public finances, and their contribution to macroeconomic stability.

These PIIF Principles and Values for Co-investment (the ‘Principles’) set the foundation for PIIF members’ cooperation and participation in a co-investment platform. The Principles provide a basis for decision making around the expected governance, accountability and operations under which investments will be entered, managed and exited. These Principles are supported by PIIF Members participating in the co-investment platform and provides transparency to stakeholders of its governance standards.

#### **PIIF Co-Investment Principles and Values**

1. The interests of all PIIF Members participating in co-investment are considered with fairness and equity, regardless of size and influence;
2. Members agree to bring co-investment opportunities to the PIIF at an early stage to facilitate participation by other Members and enable robust assessment and due diligence processes;
3. Members recognise the strong link between successful investment decisions with best practices and principles in governance, transparency and staff capability;

4. PIIF Members prioritise investments on a commercial risk/return basis, consistent with their fiduciary responsibilities, to create benefits to their own members;
5. PIIF Members are committed long-term investors and investments considered will have a long-term time horizon;
6. Pacific nations are at the forefront of climate change and PIIF members recognise environmental, social and governance factors impact investment over the long-term. Investments will take into account any such risks and impacts, including those related to climate change, gender, biodiversity and human rights;
7. A sustainable investment focus is extended to ensure PIIF Members operate ethically, comply with applicable international and regional regulatory standards and principles, including disclosure requirements and strive to maintain a stable financial environment for all Pacific countries where investments are made;
8. A co-investment platform invests in assets benefiting Pacific nations and its people including public or private infrastructure, debt investments, and public and private equity; and
9. Investments are primarily focused on priority areas aligned to the implementation of the 2050 Strategy, but are not limited to the following sectors:
  - Telecoms and communications,
  - Power and water,
  - Banking, insurance and finance,
  - Transport and logistics, including airports and seaports,
  - Social infrastructure, such as hospitals, and
  - Tourism.