Solomon Islands Australia Partnership | STRONGIM BISNIS

2024
Coconut Sector Strategy

PHASE III

ACRONYMS

APAC	Asia-Pacific
CEMA	Commodities Export Marketing Authority
CNO	Crude Coconut Oil
DME	Direct Micro Expelling
EOIO	End of Investment Outcome
GDP	Gross Domestic Product
SB	Strongim Bisnis
SBD	Solomon Islands Dollar
SIG	Solomon Islands Government
USD	United States Dollar
VCO	Virgin Coconut Oil

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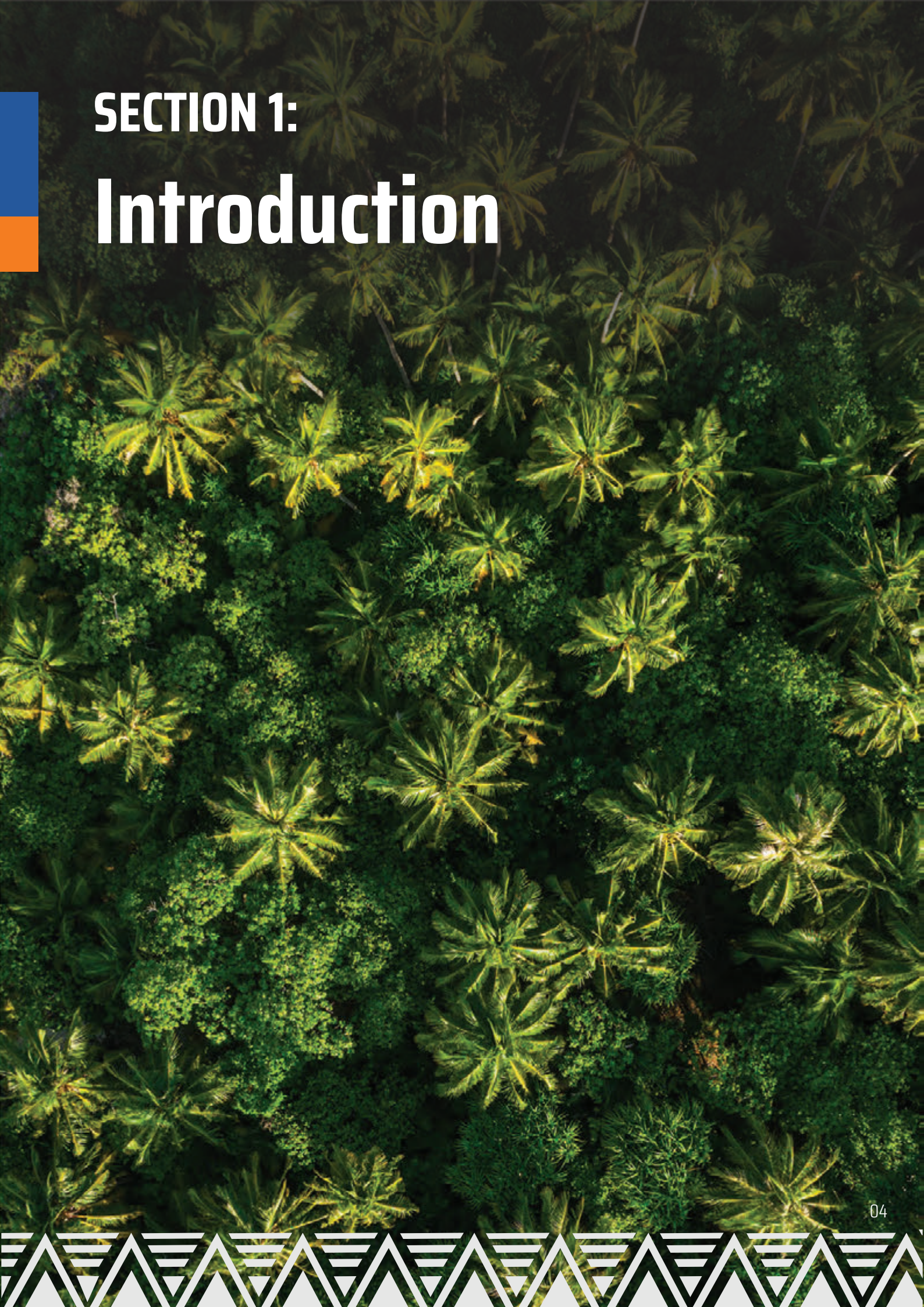

SECTION 1:
Introduction

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1.1 Context

Coconut production is a vital component of the Solomon Islands' economy, supporting the livelihoods of approximately 44% of households. Each year, around 370 million coconuts are produced across 28,000 hectares of land.[1] This widespread cultivation highlights coconuts' dual role as a staple for subsistence and a major source of income. According to the 2017 Agricultural Survey, coconuts were the most important cash crop in the provinces of Choiseul, Western, Central, Makira, and Temotu.

The coconut sector encompasses both traditional and value-added products. Traditional products include copra and crude coconut oil (CNO), which are abundant, and account for 97% of all coconut-derived products in circulation.[2] Further value-added products primarily consist of virgin coconut oil (VCO), oil-based soaps, coconut cream, and desiccated coconut.

1.2 Learnings from previous phases

Since its inception, Strongim Bisnis has aimed to address multiple interconnected challenges in the coconut sector. Phase I focused on reviving coconut production, which was in decline at the time. The program sought to address overall production challenges, such as the spread of Coconut Rhinoceros Beetles, while also promoting product diversification and market access for value-added coconut products. From this phase, the program learned that market and price volatility, along with logistical challenges in transporting goods from remote harvesting regions, are major constraints that limit profitability for farmers and other value chain actors.

In Phase II, Strongim Bisnis shifted its focus toward high-value products, targeting both export and import substitution. These products included virgin coconut oil (VCO) and VCO-based products, such as soaps, vegetable oil substitutes, and desiccated coconut. A major achievement of the program was the successful import substitution of desiccated coconut. However, the VCO market proved to be saturated, offering limited export opportunities for premium products. While certain value-added products and companies like Islands Own have seen success, the overall market share of value-added products remains small, at approximately 2%.[3] By contrast, copra and CNO exports comprise most of the coconut market and engage the largest number of farmers and households.

Moving into Phase III, a key learning is that traditional coconut product value chains engage the largest share of farmers, making it a key pathway for impact at scale. Though value-added products offer higher profit margins, the market is too small to achieve wide-reaching impacts. Export of copra and CNO continues to dominate the market. Furthermore, the recent increase in international copra prices presents an opportunity to leverage market incentives and drive sector growth. Recognizing this, the program will prioritize strengthening supply of traditional products while maintaining a selective focus on value-added products with clear market potential.

1.3. Phase III strategy

Strongim Bisnis' Phase III strategy will focus on increasing the volume and consistency of traditional coconut products supply while maintaining value-added products as a premium and niche opportunity. This approach ensures a strong focus on the bulk market, where scale is key, enabling farmers to capitalize on higher bulk

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[1] Young, D., & Lawther, T. (2020). Coconut market system analysis Phase 2. Honiara, Solomon Islands: Strongim Bisnis

[2] Production figure by Central Bank of Solomon Islands presented in 2017 MSA substantiated by calculation based on Key Informant Interviews for 2024 MSA (Sourcing size of main players in VCO and coconut-derived products divided by total harvested nuts)

[3] This does not include the CNO produced in the country. As per CEMA records, in 2024, total copra purchases from local farmers crossed 14,000 MT at an average price of SBD $5 per kilogram, contributing SBD $ 70 million to the rural economy. A total of 8,000 MT of bulk copra was exported, generating SBD $45 million in export revenue. Additionally, 5000 MT of crude coconut oil and 2,744 MT of copra meal were exported.

prices with increase production and sales and through an improved supply chain. At the same time, it ensures that value-added market opportunities are effectively supported, facilitating both export growth and import substitution.

Strongim Bisnis focus areas will include:

1. **Improving aggregation and logistics for the bulk copra and CNO export markets.** Strongim Bisnis will support major exporters such as Carpenters and SI Commodities in strengthening their supply chains and expanding their supplier base to source more copra from farmers, thereby enabling farmers to scale-up production.

2. **Scaling the production of value-added products with proven commercial potential** in terms of profitability and scalability. Strongim Bisnis will provide support to companies in specific operational areas, such as process improvement and machinery maintenance, with the ambition of expanding production and sales.

1.4. Contribution to the logframe

The table below outlines expected contributions of Phase III interventions to Strongim Bisnis End of Investment Outcomes.

End of Investment Outcome	Phase III contribution to EOIO
EOIO-1: Businesses in target sectors have increased sales and profits, providing increased employment and household incomes	• Increased production will generate greater farm income and potentially farm-level employment in harvest and primary processing, thus increasing household income of smallholders and farm labourers. • Improving aggregation and logistics will increase sales and profits of aggregators, creating more job opportunities throughout the value chain and incentivizing increased supply from producers. • Growth in high-value products will generate employment and profit for secondary processing businesses, manufacturers, and exporters.
EOIO-2: Women, youth, and people with disabilities have increased economic empowerment.	• With more than 40,000 households involved in coconut production, sector growth will lead to increased income for women and youth at the farm-level. • Strengthening supply chains to enable more purchasing closer to the farmgate will benefit women and people with disability by providing improved access to markets. • Support to businesses will increase economic participation and income for women and youth employees.
EOIO-3: SIG has increased opportunities to support the private sector through partnerships or reforms to improve the enabling environment.	• A focus on aggregation and transport aligns with CEMA's emphasis on investing in logistical infrastructure, including inter-island shipping improvements and the development of accessible port infrastructure. • Strongim Bisnis will collaborate with the Solomon Islands Government on its goals to increase coconut collection and export with investment in farming systems (Program 4 of Agriculture Sector Investment Programs)[4]

[4] Ministry of Agriculture and Livestock. (2021). Solomon Islands agriculture sector growth strategy and investment plan (ASGSIP) 20212030. Honiara, Solomon Islands: Ministry of Agriculture and Livestock. https://solomons.gov.sb/wp-content/uploads/2021/10/Solomon-Islands-Agriculture-Sector-Growth-Strategy-and-Investment-Plan-ASGSIP-2021-2030_Final.pdf

SECTION 2:
Sector Overview

Section 2: Sector Overview

The global coconut market is expanding, driven by rising consumer demand for healthier and more sustainable products.[5] Valued at approximately USD 20.24 billion in 2022, the market is projected to grow at a compound annual growth rate (CAGR) of 8.4%, reaching an estimated USD 36.7 billion by 2030.

Key coconut commodities include copra and crude coconut oil (CNO), with copra meal as a by-product. While global trade in copra has significantly slowed since the early 2000s,[6] CNO has seen substantial growth. This shift is primarily due to the increased processing of copra within the countries of origin into CNO, which now constitutes over 90% of the coconut-related global trade. CNO, part of the "lauric oil" sub-complex, competes with palm kernel oil in food and industrial applications.

Emerging trends highlight growth in niche products like virgin coconut oil (VCO) and coconut water, which cater to health and wellness markets. Increased consumer awareness has expanded the use of VCO in food, cosmetics, and health products. While these products command price premiums, their market size remains small compared to non-premium products.[7]

The Philippines dominates the coconut industry, producing approximately 40% of global copra and 60% of CNO. The country has diversified beyond traditional products into high-value goods like VCO and coconut water, reflecting a broader trend among major coconut producers to capture more value and adapt to changing global consumer preferences.

2.1. Geographic focus

Over 70% of the copra in the country is sourced from Central, Guadalcanal and Western Provinces. In 2009, Malaita was one of the top three suppliers of copra, but its supply has since declined by almost half.[8]

As part of Phase III, a mapping exercise will need to be conducted to identify key areas for intervention based on factors such as accessibility and cost-effectiveness. High-potential locations will be prioritized, and support will be provided to farmers and aggregators through better facilities and logistics coordination in line with Strongim Bisnis strategic focus area 1: Improving aggregation and logistics for the bulk copra market.

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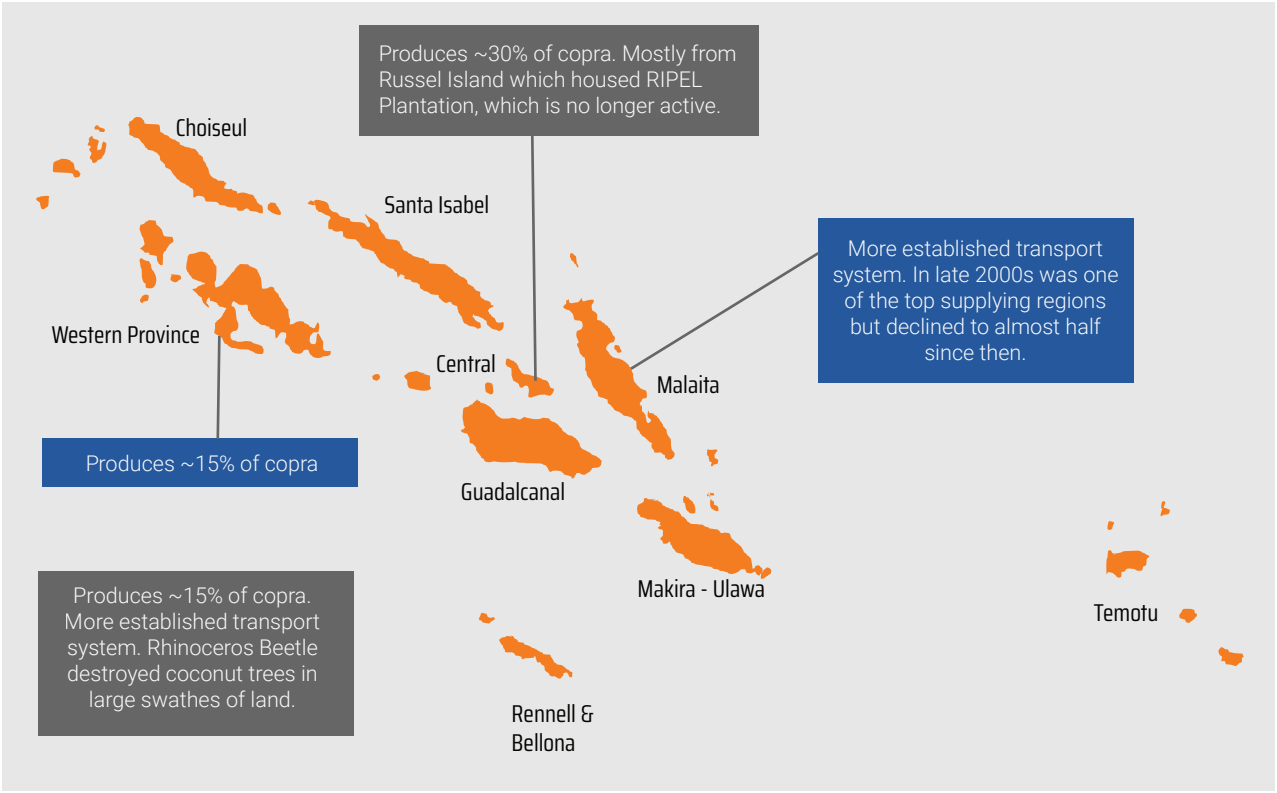
[5] Grand View Research. (2023, October). Coconut products market size, share & trends analysis report by product (coconut water, coconut oil, coconut milk, dried coconut), by application (food & beverage, cosmetics), by region, and segment forecasts, 2023 2030. https://www.grandviewresearch.com/press-release/global-coconut-products-market

[6] McGregor, Andrew (2006). Solomon Islands smallholder agriculture study. Volume 3: markets and marketing issues. Canberra, ACT : Australian Agency for International Development (AusAID). 106 p.

[7] Wiera International Ventures. (2024). Navigating the Global Copra Market: Strategies for Success Amidst Market Disruption and Rising Demand for Sustainable Coconut Products

[8] Coconut: Market System Analysis and Sector Strategy, Strongim Bisnis (2017)

Figure 1. Tourism across geographies of the Solomon Islands



2.2. Market Dynamics

2.2.1. Supply landscape

There are an estimated 38,000 to 58,938 hectares (ha) of coconut trees in the Solomon Islands, totalling around nine to ten million trees. Exact production estimates are difficult determine, as trees are spread across many islands and coconuts often go unharvested due to difficulty of collection or low prices.

Smallholder growers, rather than large plantations, drive coconut production and supply. It is estimated that up to 40,000 rural households produce coconuts either for household use or for sale as a cash crop. For many coconut growers, coconut production is their primary income source.

The profitability and financial incentive for farmers to collect coconut and process copra is moderated by changing price points and farmers need for cash. They collect and sell as needed, adjusting where they sell - ranging from local markets, and copra traders to millers units, depending on who is offering the best price.

[9] Central Bank of Solomon Islands. 2023. Quarterly Economic Review: March Q1 2023. https://www.cbsi.com.sb/wp-content/uploads/2023/06/March-Q1-2023-Report.pdf

[10] APCC 2014 figures and Solomon Islands Country Report presented at the Expert Consultation on Coconut Sector Development Meeting on 30th Oct-01st November 2013, Bangkok Thailand by Hon. Minister David Tome and Titus Sura, Director Agriculture Planning, Ministry of Agriculture and Livestock, Honiara, Solomon Islands.

[11] Solomon Islands Chamber of Commerce and Industry. (n.d.). Copra export industry overview. Retrievedfrom https://www.solomonchamber.com.sb/tree-crop-export-brokerage/coconut-and-coconut-products-in-the-solomon-islands/copra-export-industry-overview/

[12] Commodities Export Marketing Authority (CEMA) (2023) Report on Export of Copra by Destination and Volume 2023

2.2.2. International Market

The Solomon Islands have exported on average 7,000 metric tonnes (MT) of copra annually over the past three years. Copra exporters are primarily medium to large businesses, such as Solomon Islands Copra and CCSI, which operate as agents for international firms like Holland Commodities. Holland controls approximately 80% of the local copra market in the country, though facing increased competition from newer entrants as Carpenters Group. By volume of copra traded, more copra was processed in-country as CNO than exported as bulk copra. Solomon Islands Commodities is the only company exporting CNO from the country and has its own buying point in Noro, Western Province. The Solomon Islands exported 5,000 MT of CNO (produced from approximately 10,000 MT of copra) in 2023.

Table 1. Solomon Islands Coconut Product Export 2023 [13]

	Volume in MT	Raw Material Used (Number of Coconuts)
Copra	6,575	39,450[14]
CNO	5,097	67,285[15]
VCO	48.5	907[16]
Total	14,086	107,641

Stable and improved prices are incentivising growth in the coconut sector

Price volatility has been a challenge in the industry, affecting copra and CNO, VCO and other coconut-based products. Factors such as weather conditions affecting crop yields, changes in global demand, and dynamics in major consumer markets like India and China have driven these fluctuations.

Bulk copra prices have been relatively stable at SBD $4.75/kg during 2023 and 2024, up from SBD $3.8/kg in the previous year. This price is among the highest in the past decade, with the peak recorded at SBD $5.5/kg. The favourable price was reflected in the demand expressed by main players, such as Holland, which has indicated a need to increase export volumes, currently shipping around 1,000 MT every six weeks, but with a target of doubling each shipment to 2,000 MT. C-Corp, already active in the cocoa sector, is a new entrant seeking to source and export copra. C-Corp has recently acquired a licence to trade copra as of Q4 2024. Most exported copra is milled in processing hubs, mainly to the Philippines, and re-exported as CNO.

The CNO export price as of 2023 in the Solomon Islands stood at $9 SBD/kg, an increase from late 2010 price ($8 SBD).[17] CNO and copra prices follow each other closely, with copra prices on average around 67% of CNO.[18] Crude oil market analysis suggest CNO prices will trend upwards over the next decade from USD 800/MT in 2020 to USD 1,000/MT in 2030.[19]

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[13] Commodities Export Marketing Authority (CEMA) , Report on Solomon Islands Coconut Products 2023,
[14] Conversaion rate: 1kg coconut 6 nuts; Source: Food and Agriculture Organization of the United Nations. (2013, October 30). Opportunities for Pacific island coconut development. FAO Sub-Regional Office for the Pacific. https://www.fao.org/fileadmin/templates/rap/files/meetings/2013/131030-fiji.pdf; Encyclopdia Britannica. (n.d.). Copra. In Britannica.com.
[15] Conversion rate: 0.91kg CNO 1 litre oil 2kg copra 12 nut;; source: Wilkinson, B. (2019). Value adding in the coconut industry for import substitution: Part 2 study report. Honiara, Solomon Islands: W&H Consulting for Strongim Bisnis.
[16] Conversion rate: 0.91kg 1 litre oil, 1 litre vco 7kg coconut/17 coconuts; Source: Coconut Development Board. (n.d.). Virgin coconut oil: Processing technology. Ministry of Agriculture and Farmers Welfare, Government of India. https://coconutboard.in/images/TMOC/Pdf/ProcessingTechnology/vco-process.pdf
[17] GravelRoad Consulting. (2018). Coconut markets: Value-added processing. Honiara, Solomon Islands: Report commissioned by Strongim Bisnis.
[18] Kokonas Indastri Koporesen. (2021). Coconut Market Report: JanuaryMarch 2021. https://www.kik.com.pg/wp-content/uploads/2022/09/1st-Quarter-Market-Report-2021.pdf
[19] Argus Media. (2023, October 27). Biodiesel to drive 2025 palm oil prices: IPOC. https://www.argusmedia.com/en/news-and-insights/latest-market-news/2626828-biodiesel-to-drive-2025-palm-oil-prices-ipoc

VCO export is led by KPSI, which buys organically certified bulk VCO from local processing units either to export directly or to produce value-added products. Islands Own and KPSI have both made efforts increase exports of value added body care products, mainly to Asian markets. Penetrating the global premium market has proved to be challenging due to limited demand, and VCO remains a niche market.

2.2.3. Domestic Market

The domestic market for value-added products is small, but there's room to grow in retail stores, cafés, catering, and restaurants. Desiccated coconut has been the most successful, achieving import substitution. Along with it, coconut powder, coconut cream, coconut oil, coconut oil-based soaps are sold to wholesalers and retail shops such as Bulk Shop, Delite Bakery, and Hot Bread Kitchen. The highest margin products are desiccated coconut and coconut cream.

In the domestic value-addition segment, in the previous phase, Strongim Bisnis partnered with Kokonut Pacific Solomon Islands (KPSI) and Islands Own. KPSI sources 120 MT of VCO from local processors annually to produce soaps and body oil.[20] Islands Own sources whole coconuts to process into around 30 MT of processed food (coconut cream, desiccated coconut, and coconut flour) and 1.5 MT of VCO-derived products.[21] Additionally, in this segment of value addition, local microprocessors and small businesses such as Solomon Tropical Products (1,870 MT of CNO per year), and Chottu Coconut Products (500 MT CNO per year) are also active. While CNO export prices has remained favourable in 2023-2024, 2023 market survey found limited growth potential for CNO sales domestically.[22]

Domestic end consumers include individuals and businesses: retail shops, and food and beverages companies such as bakeries, caterers, and restaurants. Key businesses include Bulk Shop, a retail grocery outlet, Hot Bread Kitchen, the Honiara-based family-run bakery, and Delite Bakery, which is operated as a Corporate Social Responsibility project by Delite Industries, a grain mill and biscuit manufacturer.

Unlike copra-based crude coconut oil (CNO), which uses dried kernels, value-added products require mature whole coconuts and involve more labour-intensive and specialized processing methods, such as Direct Micro Expelling (DME) for VCO or grating and drying processes for desiccated coconut. While intermittent small-sized shipments of value-added products (such as oil-based soap) have been made to Malaysia and Australia, according to partners, the majority of value-added products are sold domestically due to challenges in the international market such as certification requirements, global competition, and the high cost of international transport.

[20] Interview with KPSI (2024)
[21] Interview with Islands Own (2024)
[22] GravelRoad Consulting. (2018). Coconut markets: Value-added processing. Honiara, Solomon Islands: Report commissioned by Strongim Bisnis.

SECTION 3:

Market System Overview: Key Constraints and Opportunities

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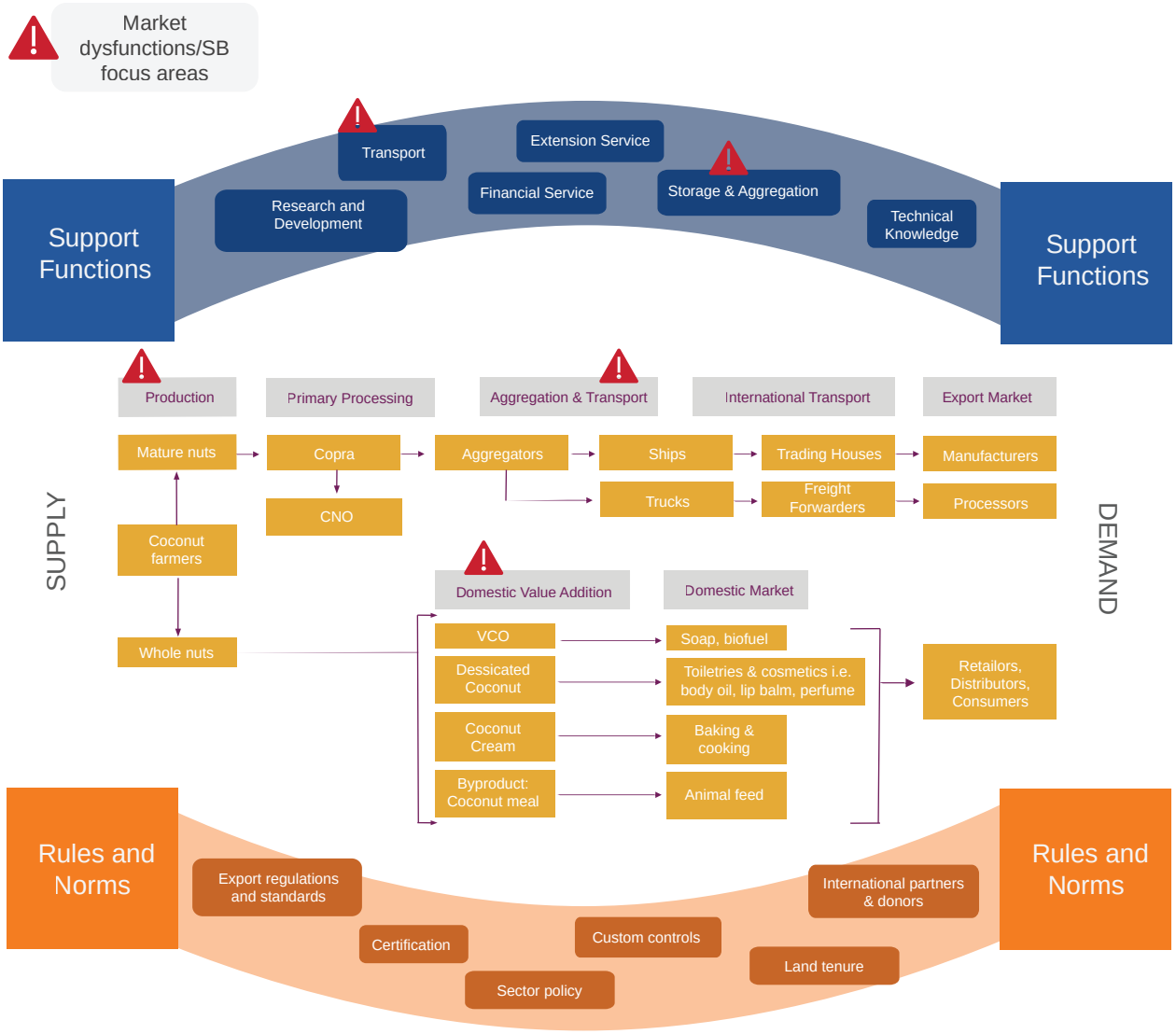
3.1. Market System Map



3.2. Market Failures and Opportunities

The table below provides a brief overview of the key market dysfunctions hindering the sector's growth and opportunities for interventions.

Function	Background	Market Dysfunction	Relevance to Phase III strategy
Production	Coconut is a low maintenance, low technology crop with good growing conditions in the Solomon Islands. Producing coconut involves no inputs apart from labour and minimal maintenance, and coconuts can be harvested year-round. Most coconut trees are on customary land and are the indigenous Solomon Tall variety. This variety is planted mainly for copra production, as it has a high oil content. Growers clear the area underneath the trees, wait for mature nuts to fall, and then gather and de-husk the nuts, which are used to produce copra or sold in the local market. Green nuts must be harvested while still on the tree. However, climbing tall coconut palms is a difficult and dangerous task, which limits the number of green nuts most growers are willing to harvest. Once harvested, nuts are opened and processed, or in the case of green drinking coconut, sold directly.	**Unharvested coconuts:** Price inconsistencies result in a lack of confidence in a positive return for the producer. There may be as much as 100 million coconuts going uncollected, which accounts for nearly a quarter of the total available crop.21 **Product accessibility:** While trees grow in large expanses, nuts may not be collected, especially if prices are not attractive. **Market accessibility:** If it is difficult for farmers to connect with markets and aggregators - for example, if the plantation is located too far inland while the aggregator operates mostly near the coastline - farmers may be discouraged from selling coconuts. **Harvest practices:** Farmers frequently lack technical knowledge such as mechanisation in collection to maximise volumes, limiting their ability to scale for the best result per hour of labour.	Production is driven by farmers need to earn income in the most efficient way possible. By prioritising areas based on geographic accessibility, market access, collection rate, and cost-benefit analysis, Phase III strategy (focus area 1: Improving aggregation and logistics for the bulk copra market) will increase the consistency and volume of the coconut supply reaching the market, maximising coconut sales, thus contributing to farmers income.

Function	Background	Market Dysfunction	Relevance to Phase III strategy
Primary processing	Copra is produced at the farm-level. All coconuts can be used to produce copra, regardless of size and whether they have germinated. After harvest, coconut is de-husked and split to remove the kernel. Once husked, kernels need to be processed/used within 5-7 days depending on storage and temperature. The kernel is dried for one or two days, using a wood or husk-fuelled drier. Copra can also be sun-dried, which can take significantly longer and is dependent on weather conditions. The current wet-to-dry conversion rate estimated from community-based copra processor respondents is less than the desired 50% ratio (current assessments estimate around 25-30% moisture loss). CNO can be produced at the village level through a cold press mill that extracts oil from copra; however, all CNO is produced at larger facilities to achieve a better ratio of oil extraction. VCO is produced via the Direct Micro Expelling (DME) process and can also be operated in a small unit of less than ten people.	**Lack of incentive for quality:** Copra exporters typically buy all copra presented for sale at the same price. There are price penalties imposed by copra buyers in Honiara based on these moisture levels, but this can depend on the relationship between the buyers and processors, and existing levels of copra supply in the market. This disincentivises the maintenance of quality standards during production. Buyers often redry the copra in Honiara to standard moisture content levels prior to export. **Financial vulnerability:** Copra driers require sufficient firewood to last 3 days required to dry copra and some may additionally need labour to cut and extract the flesh from the coconuts. The resource requirement frequently leads to liquidity issues for driers and processors. Disruptions in supply chain functions, such as delays in payment or shipping can impact small businesses and limit reinvestment opportunities in quality processing.	Phase III Strategy (Focus Area 1: Improving Aggregation and Logistics for the Bulk Copra Market) aims to enhance financial incentives, ensure fast and transparent payments, and strengthen long-term relationships with aggregators. This, in turn, will drive greater investment in quality copra processing, not just from farmers but also from other key stakeholders.
Aggregation & Transport	After primary processing, transport, logistics, fuel costs, and road conditions all affect how much coconut, copra, or CNO can reach exporters or secondary processors. Storage facilities protect kernels from moisture and other environmental factors that could lead to quality degradation during aggregation. The facilities are owned by aggregators or exporters.	**Geographic isolation:** Many coconut farmers operate in remote areas with limited access to collection points or road networks, making it difficult to efficiently transport copra or whole nuts to processing facilities or aggregators. This leads to high transport costs for farmers and competition among processors and exporters in areas that are	While transforming the entire transport sector may not be feasible, Phase III Strategy (Focus Area 1: Improving Aggregation and Logistics for the Bulk Copra Market) can develop targeted interventions in strategic locations such as installing appropriate storage facilities and aggregation points. This

Function	Background	Market Dysfunction	Relevance to Phase III strategy
	Exporter-owned facilities must be certified by the Commodities Export Marketing Authority (CEMA), which sets storage conditions and inspects facilities to ensure compliance. For green drinking coconut, the nut needs to be harvested and delivered to the market within 1 or 2 days. While green drinking coconuts offer the highest price per nut (SBD 3-5), the premium prices are only available in urban markets such as Honiara, Auki, Munda/Gizo. Due to the highly perishable nature of drinking nut (1-2 days), transport logistics to these urban markets determines the geographic viability for green coconut supply.	more accessible. **Fragmented and informal aggregation systems:** These further hinder the value chain. Intermediaries and traders often operate without standardised practices, leading to inconsistent collection schedules, inadequate storage at aggregation points, and quality degradation due to delays. Farmers who sell directly to traders at village collection points frequently receive lower prices, as they lack bargaining power and access to market information. **High cost and inefficiency of transport infrastructure:** Limited port facilities, poorly maintained roads, and high fuel prices make inter-island and intra-island transport both expensive and unreliable. These inefficiencies are particularly problematic for bulk products like copra, which require timely transport to prevent quality loss during storage. **Inadequate storage capacity** is a major source of inefficiencies in the value chain, and can lead to quality degradation, spoilage, and post-harvest losses during aggregation. These issues are particularly acute at primary, provincial, and inter-island storage points (before reaching Honiara), highlighting the need for improved infrastructure for a more reliable supply chain.	can help reduce the transport challenges faced by smallholder farmers and exporters. Investing in strategic collection points and aggregation hubs can reduce logistical inefficiencies by providing centralized locations for farmers and traders to deliver their products. These hubs can also include basic storage and drying facilities to maintain product quality while awaiting transport.

Function	Background	Market Dysfunction	Relevance to Phase III strategy
Value-added production	Value-added products include Virgin Coconut Oil (VCO), desiccated coconut, coconut cream, and coconut-based body oils and soaps. These products are primarily produced by small- and medium-scale processors, with operations often located close to farming communities to ensure access to fresh whole nuts. While the sector holds the potential to generate higher returns, it remains constrained by challenges in scale domestically and market access internationally.	**Limited scale of operations:** Most producers operate on a small to medium scale, which restricts their ability to achieve economies of scale and compete with larger regional producers in markets like the Philippines and Indonesia. **Marketing:** Many businesses lack the technical expertise and resources to develop strong branding, packaging, and promotion strategies, which are critical to access and compete in premium international markets. **Technical knowledge** gaps in production and business operations further restricts growth. Many small and medium-sized enterprises (SMEs) lack the skills or expertise to improve processing efficiency. This prevents them from expanding production volumes and minimizing costs.	transport challenges faced by smallholder farmers and exporters. Phase III Strategy (Focus Area 2: Scaling the Production of Value-Added Products with Proven Commercial Potential) will provide marketing and business development support to help businesses enhance branding, packaging, and market strategies for greater commercial success.

3.3. Gender equality, disability, and social inclusion (GEDSI)

While the division of labour between men and women may vary among households involved in coconut production, overall dynamics still reflect traditional gender roles. Men typically take the lead in plantation maintenance and nut collection, while women are more engaged in the processing stages such as husking and drying copra. Women also play a significant role in the trade of whole nuts, CNO, and VCO. For example, women may produce or purchase bulk CNO and further process it into perfumes and body oil for sale in local or central marketplaces.

Womens commercial engagement in the aggregation and exporter stages of the value chain remains limited, and few women operate as aggregators, exporters, or extension service providers. This may be attributed to a confluence of factors, such as perceptions around gender roles and domestic labour that limit womens opportunities for training and access to professional networks.

The programmes support for improved aggregation models presents an opportunity to reduce barriers to market access, strengthening income flows to women at the household and small business level.

Aggregation can help overcome one of the primary constraints faced by microprocessors who are primarily women. Micro-processors, particularly those operating informally, often lack the volumes required to source at a volume that brings them efficiency, access formal buyers or secure favourable pricing. Collective bulking, drying, or grading can enable these producers to participate in larger, more reliable markets. This reduces individual transaction costs, lowers transport burdens, and increases the economic viability of small-scale trade.[22]

Increased price transparency and more predictable buyer relationships are another benefit of structured aggregation. Informal markets often leave women vulnerable to price fluctuations or discrimination. Aggregation centres that use standardised quality grading and have links to established buyers can help ensure fairer, more consistent pricing.[23] Where aggregation models are designed with accessibility in mind such as being located near production areas or using inclusive organisational structures they can improve the reliability and equity of returns for women engaged in coconut processing and trade.[24]

By improving the efficiency and inclusiveness in coconut aggregation, Phase III can help ensure that womens contributions to the value chain translate more directly into income.

3.4. Climate

Climate change is expected to affect agricultural production in the Pacific primarily through changes in rainfall, rising temperatures, sea-level rise, and increased climate variability, including more frequent and intense cyclones. While the overall impacts are projected to be negative, they will vary across crop types and geographical areas.[25]

Given the contributions of coconut and its products to the national economy, climate-related stresses on coconut production can have cascading effects on the livelihoods of smallholder farmers who rely on coconut as a key cash crop. As a central component of the local diet and cultural practices, coconut also contributes to food security, particularly in rural areas where subsistence farming dominates. Disruptions to production may thus exacerbate food insecurity in vulnerable communities.

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[22] BDIT College. (n.d.). Developmental Role of Aggregation Centers. Retrieved March 31, 2025, from https://bditcollege.org/developmental-role-of-aggregation-centers/

[23] United Nations Tanzania. (2024, May 21). Transforming Agriculture and Empowering Farmers: The Impact of Kabingo Aggregation Centre.

[24] Abubakar, A., & Ssewanyana, D. (2020). The status of adolescent mental health research, practice and policy in sub-Saharan Africa: A narrative review. Tropical Medicine & International Health, 25(5), 522530.

[25] McGregor, A., Bourke, R. M., Lebot, V., & Taylor, M. (2016). Vulnerability of export commodities to climate change (pp. 239293). Secretariat of the Pacific Community. https://agritrop.cirad.fr/580301/

As a crop, coconut can be considered moderately resilient in the context of climate change in the Pacific Islands. It can grow in low-fertility, saline coastal soils and withstand periods of drought.[26] If wetter conditions prevail in the future, coconuts may even benefit. In contrast, rising salinity and declining rainfall would negatively affect most crops, but particularly root crops such as yam and taro. This makes coconut comparatively more viable in certain locations, as a replacement or supplementary crop.[27] Where other climate-resilient crops like breadfruit are grown, coconut adds diversified income potential, strengthening household-level resilience.[28]

However, climate change still poses multiple threats to coconut production. Stressors such as drought, temperatures outside the optimal range, and increasing salinity can impair growth, reproduction, and yield. Rising temperatures can further intensify pest pressures, while extreme weather events especially cyclones can be particularly damaging to older palms, which are more likely to snap or uproot.[29]

To mitigate these risks, diversifying coconut varieties such as adopting hybrid or dwarf varieties more tolerant of climatic stress may buffer against yield losses. In parallel, employing agroecological practices such as intercropping, agroforestry, and organic farming can improve the resilience of coconut production systems by enhancing soil health, increasing on-farm biodiversity, and moderating microclimates.[30]

Climate change may also alter the geographical suitability of coconut cultivation. A 2022 study from India predicts that climate shifts will render some areas less suitable for coconut, while improving suitability in others.[31] In the Pacific, where many areas are already within the optimal temperature range, such shifts may lead to improved conditions in slightly cooler or higher elevation zones, while sea-level rise and saltwater intrusion could render low-lying coastal areas increasingly unviable. Inland replanting may thus emerge as a more sustainable and climate-adaptive solution for affected communities.

Climate change also presents challenges post-harvest. Increases in temperature and rainfall may disrupt the drying process for copra, particularly when rain interrupts sun-drying or reintroduces moisture to partially dried product, leading to lower-quality copra and reduced prices in both domestic and export markets. However, once processed, coconut-derived products such as copra, virgin coconut oil (VCO), and desiccated coconut are known for their relatively long shelf lives compared to fresh produce. While exact durations vary by storage conditions, their durability enables farmers to manage sales relatively flexibly in the face of market or climate disruptions.

As climate change intensifies, ensuring the continued viability of coconut production in the Pacific Islands will require proactive adaptation measures. Phase III will support climate-adaptive agronomic practices to farmers manage production risks and stabilise yield, to ensure coconut remains an economically viable and beneficial crop to households. In parallel, investments in improved storage and drying infrastructure will address post-harvest vulnerabilities, enabling farmers to preserve product quality and access markets more reliably under increasingly variable conditions. Together, these efforts will enhance the climate resilience of the coconut sector, support rural livelihoods, and contribute to broader adaptation goals in the Solomon Islands.

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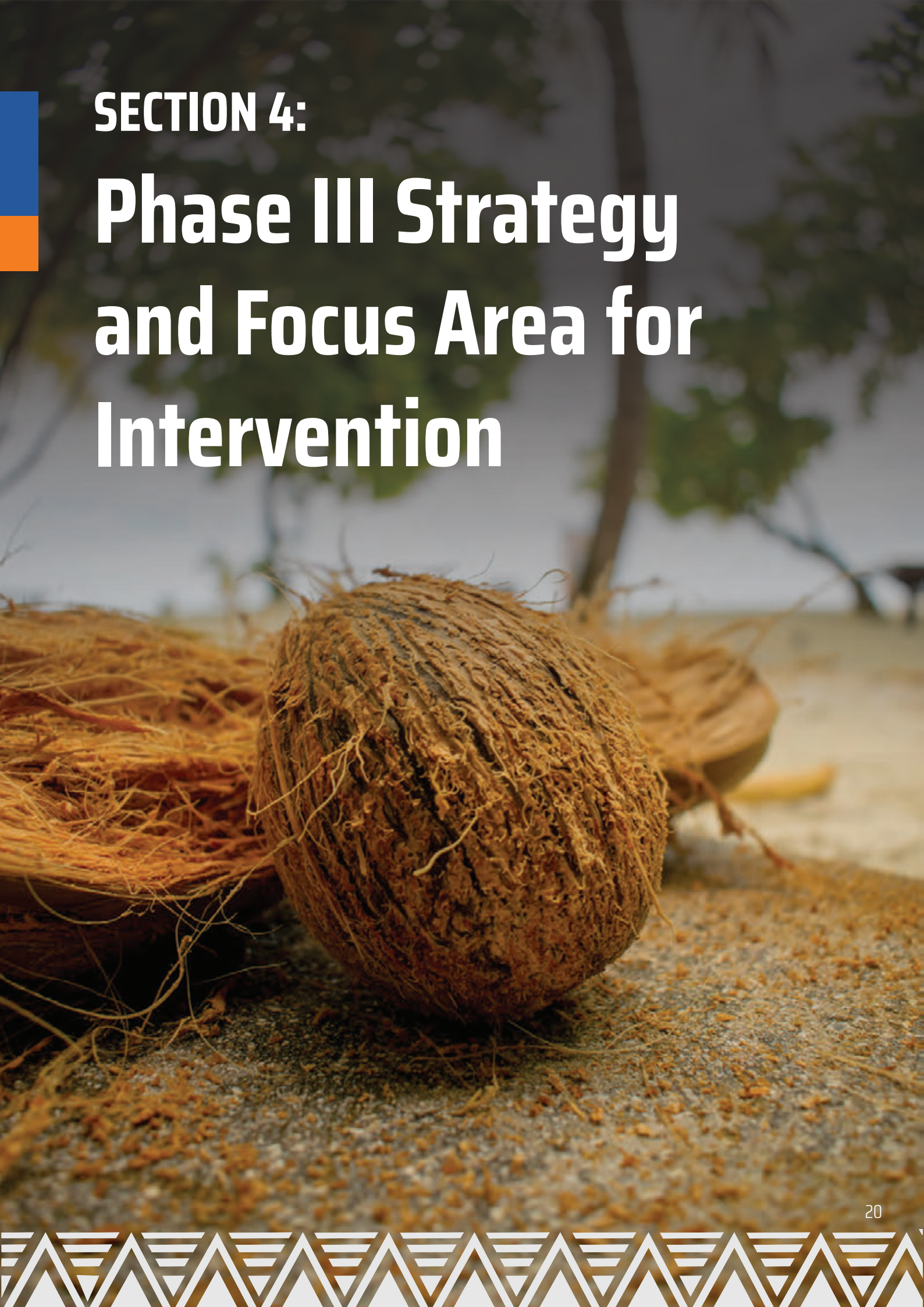

SECTION 4:

Phase III Strategy and Focus Area for Intervention

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Strongim Bisnis Phase III strategy will focus on increasing the volume and consistency of the supply of coconuts reaching the market to capitalize on favourable bulk copra prices and a stable CNO market, while continuing to support new value-added products as a premium and niche opportunity. This approach ensures a strong focus on the existing bulk market, where scale is key, enabling farmers to increase production and sales through an improved supply chain. At the same time, it ensures that value-added market opportunities are effectively supported, facilitating both export growth and import substitution.

IF targeted investments are made in strategic locations, improving the logistics and aggregation system for the bulk market and CNO production, and supporting value-added product expansion in the domestic market, AND these efforts are coupled with partnerships between exporters, aggregators, and farmers, THEN the Solomon Islands' coconut sector can scale-up its supply, improve farmer incomes, and position itself for both bulk export and value-added domestic markets LEADING TO a more resilient, inclusive, and competitive industry.

This goal will be achieved by focusing on two intervention focus areas.

The first focus area involves improving aggregation and logistics capacity to increase the volume, quality, and consistency of copra reaching the market. High-potential areas will receive targeted interventions, such as supply chain financing, and storage facilities. A mapping exercise will investigate opportunities based on accessibility, product match, and collection rate to identify where logistics and aggregation can efficiently bring more supply to the market. This initiative will be coupled with rehabilitation efforts in areas where the farmers have abandoned plots due to the lack of consistent market access and low prices.

The second focus area will target the growth of value-added products through product development, marketing, sales, import substitution, and export expansion. Products will include those with the highest commercial potential to scale, such as desiccated coconut, coconut cream, coconut oil, and soap. The programme will provide support to companies in key operational areas such as process improvement and machinery maintenance, with the goal of scaling production and sales.

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