



Funding for Public Research into Foreign Policy Issues

ANSWER TO QUESTION ON NOTICE
FROM SENATOR CONCETTA
FIERRAVANTI-WELLS – PACIFIC
RESILIENCE FACILITY

4 August 2021

Views on the Pacific Resilience Facility and the role of foreign policy research

The Pacific Resilience Facility (PRF) is an infrastructure risk-proofing initiative initially led by Finance and Economic Ministers from member nations of the Pacific Islands Forum (PIF). It was first proposed in April 2018, in a Forum Economic Ministers' Meeting, and later endorsed at the Forty-Ninth PIF in Nauru in September that same year. As a PIF member, Australia has participated in discussions on the PRF.¹

At the time, then PIF Secretary General, Dame Meg Taylor, called on external donors to consider the impacts of climate change and fund infrastructure projects identified as priorities by Pacific nations themselves, rather than pursuing their own priorities, largely with strategic competition in mind. "The countries themselves have got systems in place and have prioritised what they need to work on," Dame Taylor argued at the time, pointing out that the increasing frequency of category five superstorms necessitates greater efforts to strengthen Pacific ports, coastal protection facilities, small scale community infrastructure, and shelters.² The PRF was launched in May this year and as its prospectus outlines, it is a "Pacific owned, led, and designed initiative."

The PRF aims to fill a gap left by existing financing options, such as the multilateral Green Climate Fund (GCF), China's Belt and Road Initiative (BRI), the Australian Infrastructure Financing Facility for the Pacific (AIFFP), and now, the United States-led Build Back Better World (B3W) initiative, whose details are yet to be fleshed out. These initiatives vary in aims, scale, and methodology. Unlike the PRF, however, they have so far focused either on large-scale catalytic finance, which tends to favour climate mitigation over adaptation; or on hard infrastructure projects such as new roads, cables, and ports. While their aims are reasonable, both approaches introduce more loan financing to the Pacific context, which is already characterised by rising debt loads, limited fiscal space, and difficult economic conditions exacerbated by the pandemic and its associated movement controls.

In contrast, the PRF aims to deliver grant-based climate adaptation financing and will seek to retrofit existing community assets. It will focus on community resilience building and will prioritise investments that will safeguard vulnerable groups, namely by "providing low quantum upfront investments in communities." The PRF has conducted tenders for design work on its governance and operational structure, and to create a range of financial products for governments, the private sector, and civil society organisations.³ It plans to host a global pledging event to achieve its capitalisation target of USD \$1.5 billion later this year.⁴ While technical assistance towards designing

¹ Refer to the Forty-Ninth Pacific Islands Forum Communique of 6 September 2018, as set out in a media release issued by the Office of Senator Marise Payne, Australia's Minister for Foreign Affairs: <https://www.foreignminister.gov.au/minister/marise-payne/media-release/forty-ninth-pacific-islands-forum-communique>.

² Ben Packham, "Pacific Plea: Put \$2bn Focus on Climate Change," The Australian, 27 Dec 2018: <https://www.theaustralian.com.au/nation/climate/pacific-plea-put-2bn-focus-on-climate-change/news-story/2926d3dcdab135749db7d9ec993d768a>.

³ See the list of Closed Tenders made available online by the Pacific Islands Forum Secretariat: <https://www.tenders.net/dtp/forumsec/closed-tenders?tender=928979&a=forumsec&b=213430&p=login&m=1&e=1>.

⁴ Pacific Resilience Facility, "Prospectus: Building Community Resilience in Extraordinary Times," 2021: <https://www.forumsec.org/wp-content/uploads/2021/05/PRFFinalMay2021.pdf>.

the PRF was provided by the Australia Pacific Climate Partnership, according to reporting in the Fiji media, it will operate as the world's only Pacific-controlled fund.⁵

For Australia, investing in the PRF would go some way towards reassuring PIF nations that its Pacific Step-Up is not only an exercise in strategic denial, aimed at creating Indo-Pacific partnerships through which powers from outside the Pacific collaborate to balance China. Indeed, doing so would show support for Pacific-led resilience initiatives that emphasise Pacific agency, initiative, and interests ahead of the competing interests of major powers, as the PIF has set out to do in line with its Blue Pacific agenda. Save the Children encourages Australia to support the PIF in material as well as symbolic ways.

RECOMMENDATIONS

To enable Australia to observe the PRF's performance, and to advocate for it where appropriate, Save the Children recommends the following research questions, to be pursued in the context of the Australia's broader Pacific foreign policy research and advocacy agenda:

- Could the PRF genuinely enable PIF nations to invest in and bolster their own resilience in the context of intensifying major power competition?
- How will the PRF cooperate with existing funds (particularly the GCF, but also the Australian Humanitarian Partnership (AHP)), to ensure they build on each other's strengths, and to prevent overlap, duplication, and/or competition for resources?
- Could an Australian investment in the PRF make Australia more attractive as a partner of choice to the other PIF nations?
- PIF Senior Adviser Economics, Denton Rarawa, estimates that the cost of Pacific nations' responses to the COVID-19 pandemic has run up to \$1.6 billion. As a result, Fiji's national debt as a percentage of GDP now stands at 83.6 per cent; while PNG, Samoa, and Vanuatu now hold debt worth between 40 and 50 per cent of their respective national GDP figures.⁶ In light of these figures, could the PRF's proposed adoption of "debt for climate" swaps as a way of offsetting Pacific debt hold up as a way for PIF nations to maintain agency and autonomy in their foreign policy?
- How can Pacific civil society organisations (CSOs) collaborate with the PIF to inform the design and activities of the PRF? How can Australian CSOs best support their Pacific counterparts?

⁵ See DFAT, "Aid Program Performance Report, Full Appraisal 2018-19: Pacific Regional Program," Australian Government, p. 13: <https://www.dfat.gov.au/sites/default/files/pacific-regional-appr-2018-19.docx>. See also Maraia Vula, "Call for Urgent Action to Build Pacific Economic Resilience," Fiji Sun, 14 July 2021: <https://fijisun.com.fj/2021/07/14/call-for-urgent-action-to-build-pacific-economic-resilience/>.

⁶ Samantha Magick, "How to Manage a \$1.6 Billion Debt and Other Challenges," Islands Business, 12 July 2021: <https://islandsbusiness.com/islands-business/news-break/pacific-islands-forum-2/>.