



PACIFIC ISLANDS FORUM SECRETARIAT

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FORUM ECONOMICS MINISTERS MEETING

21 - 23 July 2025
Suva, Fiji

INFORMATION PAPER 7: UPDATE ON CLIMATE FINANCE AND DISASTER RISK FINANCE

Purpose and Recommendations

Purpose

This paper provides an update on the progress in implementing the FEMM outcomes on Climate Finance and Disaster Risk Finance which also responds to the Pacific Roadmap for Economic Development (PRED) Strategic Focus Area 2 on Financial Resilience and Access.

Summary

- i. The FEMM decision on Climate Change Finance has been progressed with the endorsement of the Climate Finance Access and Mobilisation Strategy (CFAMS) at the Special FEMM held in Nuku'alofa Tonga on 26 March 2025. A separate paper on progressing the CFAMS is being submitted for consideration by FEMM as paper number PIFS(25)FEMM.8.
- ii. The Pacific Resilience Partnership Technical Working Group on Disaster Risk Finance (PRP DRF-TWG) is one of the first and most active under the PRP following Leaders endorsement of the PRP governance arrangements inclusive of the TWG in 2017. Its demonstrated value-add to national efforts resulted in FEMM in 2021 recognizing the DRF-TWG as an expert group for advisory support to FEMM and as a regional-level mechanism for Disaster Risk Finance (DRF) support to FICs. Since then, a significant momentum in the DRF work has seen Solomon Islands and Vanuatu DRF strategies finalized, Fiji DRF policy in the pipeline and the receipt of formal requests from Tuvalu, Nauru and Kiribati to help with the development of their DRF strategies.
- iii. Both the work to strengthen access to climate change and disaster risk finance by FICs has highlighted that support needs to go beyond just access but also to help create an enabling environment including strengthening Public Finance Management (PFM) systems and building the institutional capacity at the national level. In 2024 FEMM endorsed PFM to be a standing agenda item and also tasked PIFS to progress the development of a regional coordination mechanism on PFM. This is being discussed in more detail under paper number PIFS(25)FEMM.9c.

A. Problem/Opportunity Identification

As per the 2023 FEMM outcomes, there was recognition of the fluid nature and existing challenges associated with access to climate financing, and reaffirmed the need to better align, coordinate and simplify financing, recognising the absorptive capacity and context of Forum Island Countries (FICs). The Climate Finance Access and Mobilisation Strategy (CFAMS) was developed reflecting such challenges and contextualized to FICs unique circumstances particularly responding to the Pacific Roadmap for Economic Development (PRED) Strategic Focus Area 2 on Financial Resilience and Access. CFAMS is discussed in more detail in paper number PIFS(25)FEMM.8 and will therefore not be discussed in detail in this information paper. Nonetheless, acknowledging the potential overlap and complementarities between the work on climate change finance and disaster risk finance, there will always be an effort to ensure that these two pieces of work are done in a coordinated and harmonized manner.

2. In parallel with the FEMM discussions on climate change finance, in 2021 FEMM considered an overview of the region's disaster risk financing landscape and the opportunities to improve coordination and collaboration between regional partners and Members with a view to strengthening the financial protection and resilience of FICs against disasters, as well as on how best the regional architecture for disaster risk financing (including PIFS) can best support FICs to strengthen their financial protection and resilience against disasters.

3. Subsequently FEMM endorsed the Pacific Resilience Partnership Technical Working Group on Disaster Risk Finance (DRF-TWG) to serve as an expert group for advisory support to FEMM and as a regional-level mechanism for Disaster Risk Finance (DRF) support to FICs. The DRF-TWG was also tasked to develop the Regional DRF Roadmap including Guidelines for formulating National DRF Strategies which was considered and approved by FEMM in 2023.

4. The work to strengthen access to climate change and disaster risk finance by FICs has highlighted that support needs to go beyond just access but also to help create an enabling environment including strengthening Public Finance Management (PFM) systems and building the institutional capacity at the national level. A regional coordination mechanism on PFM, responding to the FEMM decision from last year is being discussed in further detail under paper referenced PIFS(25)FEMM.9c and will therefore not be covered under this paper.

B. Strategic Context and Background

5. This information paper focuses on the work that has been progressed in respect of Disaster Risk Finance noting the need to ensure that Members' financial protection and resilience against disasters is strengthened with effective and efficient support underpinned by the regional architecture for DRF through the DRF-TWG. The regional efforts on supporting DRF at the national level is also premised on the understanding that each country experience and need for DRF strategies are very different, but that there is always room to learn from each other as well as build on commonalities in terms of approaches and objectives.

C. Linkage to Current Regional Initiatives

6. The work being progressed by the DRF-TWG is part of implementing the Framework for Resilient Development in the Pacific (FRDP) which is embedded in the 2050 Strategy for the Blue Pacific under the thematic area of Climate Change and Disaster. It is also implementing the Pacific Roadmap for Economic Development (PRED) Strategic Focus 2 on Finance Resilience and Access. This has also ensured the need to focus beyond just access but to look at the necessary institutional structures and mechanisms at the national level that will facilitate effective access and use of the different financial options open to FICs.

D. Policy Analysis

Implementing the Regional Disaster Risk Finance Roadmap and Guidelines through the Pacific Resilience Partnership Technical Working Group

7. The Pacific Resilience Partnership Technical Working Groups (PRP TWG) provide a platform enabling experts from across different stakeholder groupings to come together on specific issues for knowledge sharing and learning as well as contributing to policy setting at the regional and national level. The PRP TWG on Disaster Risk Finance (DRF-TWG) was established in 2019 so it is one of the first and most active under the PRP following Leaders endorsement of the PRP governance arrangements inclusive of the TWG in 2017. It is also one of the PRP TWG that has clearly demonstrated the value of coordinated approaches in support of member countries and the translation of policies and decisions made at the regional level to tangible outcomes at the national level.

8. Forum Economic Ministers Meeting in 2021 endorsed the DRF-TWG to serve as an expert group for advisory support to FEMM and as a regional-level mechanism for Disaster Risk Finance (DRF) support to FICs. The DRF-TWG was also tasked to develop the Regional DRF Roadmap including Guidelines for formulating National DRF Strategies which was considered and approved by FEMM in 2023.

9. Currently the DRF-TWG is chaired by a representative of the Government of Fiji with Solomon Islands, Tonga, Vanuatu, Tuvalu, FSM and Kiribati also actively engaged in the DRF-TWG coordination meetings. Active partners to the DRF-TWG include PIFS, SPC, UNCDF, PCRIC, UNDRR, DFAT, MFAT, ADB, WB, WFP, FAO, Global Shield, CFAN (RMI), Habitat Fiji and GGGI. There is increased recognition by countries and partners of the effectiveness of the DRF-TWG in coordinating partners in support of member countries and this is demonstrated through the finalisation of Solomon Islands and Vanuatu DRF strategies, support to finalize Fiji DRF policy and the additional requests received by other member countries for assistance from the DRF-TWG.

10. At the national level, Solomon Islands recently launched their DRF Strategy in May 2025 developed under the leadership of Solomon Islands Government, through the Ministry of Finance Climate and Resilience Financing Unit (CRFU) with support by DRF-TWG partners. The Solomon Islands CRFU is now actively engaged with partners to support the implementation of

their priority actions and is already working closely with PCRIC for their membership and access to PCRIC products and services.

11. Supporting the development of Solomon Islands DRF strategy presented an opportunity for peer-to-peer learning with Vanuatu representatives, with funding support from PCRIC, attending the workshops held in Solomon Islands and using the learning from Solomon Islands to progress Vanuatu's national DRF policy. Vanuatu is planning to launch their DRF policy in the 3rd quarter of 2025. Fiji is still reviewing its draft DRF policy also developed with support from the DRF-TWG. ADB is also working with Tonga to do a stocktake of their existing DRF Strategy and gaps and opportunities that the DRF-TWG can work from.

12. Formal requests for assistance to develop their DRF Strategies from Tuvalu, Nauru and Kiribati have now been received by PIFS who coordinates the DRF-TWG. Other requests directed through MFAT from Nauru (?), RMI and FSM to access PCRIC products has also been tabled for the DRF-TWG information and action where necessary. WFP also updated the DRF-TWG that they are working with Tonga and Fiji in respect of strengthening Anticipatory Action cash payments whilst UNCDF has worked with Solomon Islands, Kiribati, Palau and Tuvalu to progress their parametric micro-insurance products. Noting the importance of countries driving DRF approaches at the national level including through learning and improving from other FIC experiences, PCRIC supported the peer to peer between Vanuatu and Solomon Islands and is committed to continue with other countries.

13. The approach undertaken by the DRF-TWG in support of FICs through the Roadmap has been to ensure a structured and coordinated approach to DRF in the region, laying out clear steps to identify, assess, and integrate multiple sources of financing—both domestic and international—into national disaster risk management strategies. It is about enabling member countries to adopt a multi-layered financing approach including through budget reallocations, contingency funds, sovereign insurance inclusive of parametric insurance, and regional risk pools, enabling countries to diversify their financial toolkit which in turn can contribute to the FICs financial resilience and access.

14. It is also designed to enable FICs to make informed choices of when they need such fund – the speed by which our countries receive the funds is important, but they may not need all resources all at once. Increased recognition that no single financial instrument can address all risks enables them to explore a combination of instruments ensuring that the mechanisms in place allows the funds to reach the beneficiaries when they need it – how the funds reach the beneficiaries is as important as where the money is coming from.

15. The work to support FICs develop their national DRF strategies has highlighted that support for countries needs to go beyond simply providing financial products. There is a clear need to help countries create an enabling environment, including strengthening PFM systems and building the institutional capacity of counterparts at the national level. The robustness of the national systems as well as the leadership of countries is critical to ensure the DRF strategies actually deliver in terms of financial resilience and access.

E. Consultation

16. This paper has been developed based on DRF-TWG meeting outcomes and from the activities in support of developing national DRF strategies for FICs.

F. Resourcing Requirements

17. The DRF-TWG has pooled its resources in support of FICs. This has also been a tangible benefit limiting the need to be continually seeking additional resources to support the work on DRF.

G. Regional Governance Implications

18. The work is being progressed through a Leaders and FEMM approved mechanism with partners rallying in support around the DRF-TWG which in turn has translated to tangible benefits for our FICs.

H. International Advocacy and Engagement Implications

19. The PRP including the DRF-TWG is recognized by partners as an effective coordinating mechanism for the different agencies engaged in the region in various climate change and disaster risk reduction initiatives. More so with the DRF-TWG given the DRF landscape which is continually evolving with different products that respond to different disaster risk profiles, timelines and different target beneficiaries that has the potential to create confusion at the national level. PIFS has been promoting the work of the DRF-TWG in various regional and global platforms including the 2024 Asia-Pacific Ministerial Conference on Disaster Risk Reduction (APMCDRR) and the 2025 UNDRR 8th Session of the Global Platform for Disaster Risk Reduction with funding support by the DRF-TWG partners to enable PIFS attendance in person.

I. Next Steps

20. PIFS as the agency coordinating the work of the DRF-TWG will continue to ensure a structured approach to DRF in support of FICs needs that reaps maximum benefit for them.

*Pacific Islands Forum Secretariat
20 July 2025*