Pacific Resilience Facility (PRF), ..what is it?...

A regional financing facility with a target capital base of US$1.5 billion, established by the Pacific Islands Forum to build community preparedness and resilience against the impacts of climate change and the frequent and intense disasters that hit the region every year.
Progress to date .... it has been a long and challenging journey.....

2017 FEMM  
• Development of Contextualised financial products for the region

2017 Forum Leaders Meeting  
• Endorsement of the FRDP

2018 FEMM & Forum Leaders Meeting  
• Extensive country consultations were carried out  
• FEMM and Leaders considered & endorsed the PRF

2019 FEMM  
• Considered the proposal and requested further work

2019 Forum Leaders Meeting & Special FEMM  
• Establishment of PRF  
Endorsed by FEMM & Forum Leaders

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2020 FEMM  
PRF Prospectus and Transitional Arrangements endorsed by FEMM.

2020 FEMM  
PRF Prospectus and Logo launched  
By Forum Chair – PM of Tuvalu

PRF-TWG Finalised the Revised Proposal on PRF  
• Incorporated comments from 2019 FEMM  
• Refined the niche, purpose & objectives of PRF  
• Revised the governance structure & financial products
Context

- Existing disaster risk financing options are only triggered after a catastrophic event
- Disaster risk preparedness finance for community-level projects to build sustainable and long-term resilience
- Provides finance to small-scale/low quantum disaster risk preparedness projects that are not widely supported and financed

Gap

- Climate Emergency: Climate change is the greatest threat to the region and there is need to address the extreme vulnerability of communities
- Debt Sustainability: A desire not to further contribute to the debt distress of FICs

Two compelling design issues:
Objective

To ensure all our communities are safe and to minimise the loss of lives, and the economic and social impacts from catastrophic events.

Purpose

To provide predictable, sustainable, accessible and accountable funding for disaster preparedness and climate risk resilience-building within vulnerable communities.

PRF Niche

1. Unique, sensible, prudent and forward-looking policy option to invest upfront in low-quantum community-level projects;
2. High-impact on the resilience of communities’ overtime
PRF could support:

- Enhancing natural/ecosystem resilience.
- Increasing the coverage of Multi-hazard Early Warning Systems.
- Inter-island sea-lane navigation aids.
- Building/risk proofing community-based water & energy systems.
- Multi-purpose community halls.
- Jetties.
- Increasing ICT coverage and retrofitting of ICT infrastructure.
- Enhancing natural/ecosystem resilience.
- Community disaster emergency and logistics centres.
PRF Dividends

- Use of Country Systems
- Complements Pre/Post-Disaster Finance
- Impetus to Economic Growth & Capacity
- Regional Ownership
- Needs-based Financial Products
- Strengthens Resiliency
Financial Arrangements

Magnitude of Disbursements (US$m):

$1.5bn

$200m

Govt. Community Grants

90% of Interest Earned ~ US$89m/year (ROI: 4%)

Allocation (US$m):

- Of the US$1.5bn – a US$200m one-off initial allocation to Govt. to kick-start community disaster preparedness projects
- Equal Allocation for all FICs from 90% of the interest earned (Allocation Policy is tentative)
- From 4th year:
  - net income allocated as grants for community projects;
  - includes technical assistance (≤10% of the allocated grant)

Contribution Policy (US$m):

US$20m or 10% of the US$200m (one-off) allocation will be held back by the PRF as FICs’ contribution to PRF
Capitalisation

- The Caribbean countries and Mozambique raised money through successful global pledging events
- FICs can use this option for funding the PRF

**Caribbean Countries**
- November 2017
- US$3.2 billion

**The Pacific**
- Target of US$1.5 billion
  - equivalent to 1% of Regional Nominal GDP over five years
  - average annual loss of Regional Nominal GDP equivalent of 3%

**Mozambique**
- June 2019
- US$1.2 billion
Pre-Global Pledging Event Activities

• Initially planned for October 2021, now deferred to later in 2022
• Awareness/outreach with PIF Members continues
• Appointed Rt Hon Helen Clark as Special Envoy for the PRF
• Continue to solicit support and commitment from development partners ahead of the pledging event
Thank you

www.forumsec.org/prf