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**FORUM ECONOMIC MINISTERS MEETING**

**FORUM ECONOMIC OFFICIALS MEETING**

10–12 August 2022

Port Vila, Vanuatu

**INFORMATION PAPER 10:  
INFRASTRUCTURE FOR BUILDING PACIFIC RESILIENCE**

**Purpose and Summary**

**Purpose**

This Paper highlights the need for Forum Island Countries (FICs) to prepare national infrastructure investment plans to build Pacific economic resilience post-COVID-19, and outlines the support being provided by the Pacific Region Infrastructure Facility (PRIF). The Paper also explains how PRIF supports the advancement of regionalism in the Pacific by addressing common challenges in infrastructure delivery, climate change, disaster risk management, and capacity building.

**Summary**

- i. The 2050 Strategy for the Blue Pacific Continent sets a long-term vision for the region and outlines steps toward the achievement of this vision. Infrastructure will no doubt have a key role in achieving this vision and supporting Pacific economic development and resilience post-COVID-19. Climate change will bring more frequent and damaging disasters caused by natural hazards to the region. Additional infrastructure investments are urgently needed to build resilience to climate change and other disasters.
- ii. These investments are required at a time when fiscal challenges have been worsening. However, there is a growing international movement to mobilize capital for infrastructure and climate-related investments, which can be harnessed to enhance economic resilience, and achieve the 2050 Strategy. To harness this capital, the FICs will need to develop long-term infrastructure plans to ensure that investments are efficient, effective, and contribute to national economic priorities.
- iii. As a development partner coordination and technical advisory facility, PRIF was established in 2008 to help improve the quality and coverage of infrastructure and service delivery in the Pacific. It helps coordinate partner investments and provides technical advice on infrastructure development and sustainable infrastructure management. PRIF's work

responds to priorities identified by its member countries<sup>1</sup>, and provides a mechanism for advancing regional solutions to infrastructure challenges that are beyond the capacity of individual countries.

- iv. PRIF has and will continue to support building economic resilience in the Pacific through:
  - iv.1 a national infrastructure planning support program that helps member countries ensure investments are resilient, efficient, effective, and contribute to national economic priorities;
  - iv.2 coordination of development partner support for infrastructure;
  - iv.3 support to member countries to improve infrastructure asset maintenance and rehabilitation, which provides greater economic returns;
  - iv.4 support for efforts to commercialize utilities and improve their self-funding for more resilient services and finances; and
  - iv.5 support for harnessing diverse local skills and technology.
- v. PRIF is well-positioned to help the FICs achieve their 2050 Strategy ambitions and maximize the present investment opportunities toward a sustainable COVID-19 economic recovery and resilient future.

## **A. Overview/Summary**

1. The 2050 Strategy for the Blue Pacific Continent sets out a long-term vision for the region and outlines steps to achieve it. Infrastructure will have a key role in achieving this vision and supporting Pacific economic development and resilience post-COVID-19.
2. The 2021 Forum for Economic Ministers Meeting (FEMM) highlighted the urgent need for greater economic resilience among the Forum Island Countries (FICs). This Paper highlights the need for FICs to prepare national infrastructure investment plans in order to build Pacific economic resilience post-COVID-19 and highlights the support being provided by the Pacific Region Infrastructure Facility (PRIF). The Paper also explains how PRIF supports the advancement of regionalism in the Pacific in addressing common challenges affecting FICs in infrastructure delivery, climate change, disaster risk management, and capacity building.

## **B. Discussion**

### **Building economic resilience by addressing the infrastructure backlog and preparing for climate change**

3. The 2021 FEMM and the Ministers dialogue with representatives of the Pacific's private sector and civil society organizations highlighted the urgent need for greater economic resilience among the FICs. This need is also reflected in the Sendai Framework for Disaster Risk Reduction 2015–2030, which outlines concrete actions for development partners, the private sector, and regional organizations to protect development gains from disaster risks. The 2016 Framework for Resilient

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<sup>1</sup> PRIF's Pacific member countries are Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Nauru, Niue, Palau, Republic of the Marshall Islands, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu. Papua New Guinea is an associate member.

Development in the Pacific makes clear that climate change and disasters are also key development challenges. The 2050 Strategy and the supporting Blue Pacific Economic Strategy provide an opportunity for the FEMM to put the region on a pathway to greater economic resilience.

4. Infrastructure will play a key role in achieving this vision and supporting Pacific economic development and resilience post-COVID-19. Prior to the COVID-19 health and economic crisis, the Asian Development Bank (ADB) estimated that addressing the infrastructure backlog in the Pacific region would need US\$3.1 billion in investment every year to 2030 for essential infrastructure projects.<sup>2</sup> Infrastructure is also critical in the battle against climate change. Additional infrastructure investments are urgently needed in the region to build resilience to climate change and disasters caused by natural hazards.

5. These infrastructure investments are required at a time when fiscal challenges have been increasing among many FICs because of COVID-19. In 2018, prior to the COVID-19 epidemic, most FICs were at moderate to high risk of debt distress.<sup>3</sup> This situation has only become more challenging with COVID-19's impact on the key export sectors of tourism, fishing, and resources. Additional health and income support expenditure was also needed. As noted at the April 2022 United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) Pacific Regional Debt Conference, these COVID-19 related impacts have seen the average value of public debt increase from 36% of GDP during 2015-2019 to 49% of GDP in 2020-2021.<sup>4</sup> Further, the outlook for COVID-19 recovery now includes a rapid increase in the cost of key imports, particularly fossil fuels, and the prospect of increasing financing costs for emerging market economies.

6. Despite these immediate challenges, meeting the infrastructure backlog and investing to meet the challenge of climate change remain not only pressing priorities, but also an opportunity for the FICs to supercharge the economic recovery. The international community is mobilizing and seeking to deploy capital into infrastructure globally, including for climate resilience and adaptation, which can create local jobs and support COVID-19 recovery in the short term, as well as transforming economies for the jobs and industries of the future.<sup>5</sup> In harnessing this infrastructure investment there is an urgent need to ensure that investment are efficient and effective, and make a strong contribution to national economic priorities.

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<sup>2</sup> ADB, *Meeting Asia's Infrastructure Needs*, 2017. <https://www.adb.org/sites/default/files/publication/227496/special-report-infrastructure.pdf>

<sup>3</sup> UNCTAD, *Building Resilience in Small Island Developing States*. February 2022. <https://unctad.org/webflyer/building-resilience-small-island-developing-states>

<sup>4</sup> GDP-weighted average value of general government debt, sourced from UNESCP, *Ensuring Public Debt Sustainability in the Pacific Small Island Developing States*, Issues Paper, March 2022. [https://www.unescap.org/sites/default/d8files/event-documents/Issues%20paper%20-%20Ensuring%20Public%20Debt%20Sustainability\\_4Apr2022.pdf](https://www.unescap.org/sites/default/d8files/event-documents/Issues%20paper%20-%20Ensuring%20Public%20Debt%20Sustainability_4Apr2022.pdf)

<sup>5</sup> OECD, *COVID-19 Pandemic: Towards a Blue Recovery in Small Island Developing States*. January 2021. <https://www.oecd.org/coronavirus/policy-responses/covid-19-pandemic-towards-a-blue-recovery-in-small-island-developing-states-241271b7/>

## The complex resilience challenge in the Pacific

7. A useful definition of economic resilience is “a community’s ability to foresee, adapt to, and leverage changing conditions to their advantage”.<sup>6</sup> There are also two dimensions of economic resilience that need to be considered: resilience to economic shocks, and economic resilience to disasters.

8. FICs are highly vulnerable to economic shocks and disasters caused by natural hazards. Vulnerability to economic shocks is related to the dependence on external debt and imports, as well as narrow export, productive, and labor sectors. The Pacific also remains one of the most vulnerable regions in the world to climate change and disasters caused by natural hazards. The World Risk Index 2021 found five FICs, including Papua New Guinea, to be among the top 15 most at-risk countries, with Vanuatu, Solomon Islands, and Tonga ranked first, second, and third, respectively.<sup>7</sup> The 2021 UNESCAP report entitled *Resilience in a Riskier World: Managing Systemic Risks from Biological and Other Natural Hazards*, identified that the intersection between the COVID-19 pandemic and the existing dangers of climate change and disasters caused by natural hazards has transformed the “riskscape” in the smaller islands of the Pacific.<sup>8</sup> As noted at FEMM 2021, the cost of recent disasters in Fiji and Vanuatu, for example, was equivalent to 30%, and 64% of gross domestic product, respectively.<sup>9</sup>

9. The two vulnerabilities are interconnected, with economic vulnerability making the effect of disasters worse. Economic vulnerability makes FICs more structurally vulnerable, and limits options for coping and adaptation strategies. This is because government and household resources are often already stretched, making it difficult to respond or prepare effectively for disasters and other shocks<sup>10</sup>

10. Climate change will bring more frequent and damaging disasters and increase the cost of recovery in the short-term by necessitating “building back better”.<sup>11</sup> Without action, however, climate change will mean that the economies of the FICs will become more fragile. This is because investors will become more concerned about risks, and infrastructure assets, productivity and quality of life will be disrupted more frequently.

## A vision for a more resilient future

11. The 2050 Strategy for the Blue Pacific Continent outlines a vision for an alternative, more resilient future. The ambition is that, by 2050, Pacific Ocean people will be steadfastly resilient to

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<sup>6</sup> National Association of Counties, *Strategies to Bolster Economic Resilience*. 2013.

<http://www.naco.org/sites/default/files/documents/Strategies%20to%20Bolster%20Economic%20Resilience.pdf>

<sup>7</sup> Ruhr University Bochum – Institute for International Law of Peace and Armed Conflict (IFHV), *World Risk Report 2021*. 2021. <https://reliefweb.int/sites/reliefweb.int/files/resources/2021-world-risk-report.pdf>

<sup>8</sup> United Nations Economic and Social Commission for Asia and the Pacific, *Resilience in a Riskier World: Managing Systemic Risks from Biological and Other Natural Hazards*. 2021.

<https://www.unescap.org/sites/default/d8files/knowledge-products/Asia-Pacific%20Disaster%20Report%202021-Full%20report.pdf>

<sup>9</sup> Pacific Island Forum Secretariat, *2050 Strategy for the Blue Pacific Continent & Pacific Roadmap for Sustainable Development*. November 2021. [https://www.unescap.org/sites/default/d8files/event-documents/02.%20PFSD%20Session%206a%20-%20202050%20Pacific%20Strategy\\_PIFS.pdf](https://www.unescap.org/sites/default/d8files/event-documents/02.%20PFSD%20Session%206a%20-%20202050%20Pacific%20Strategy_PIFS.pdf)

<sup>10</sup> ADB, *Asian Development Outlook 2019, Part 2: Strengthening Disaster Resilience*. April 2019. <https://www.adb.org/sites/default/files/publication/492711/ado2019.pdf>

<sup>11</sup> Ibid.

climate change, disasters, and environmental threats, while safeguarding the productive use of the Ocean Continent, and will commit to a sustainable and inclusive model of development that improves the socioeconomic wellbeing for all Pacific people through equal access to employment, trade, and investment.

12. Infrastructure has a key role in building resilience to economic shocks and disasters both as an economic kick-starter, especially for “shovel-ready” projects, and for longer-term investment and rebuilding initiatives, with high economic returns toward a sustainable and resilient future. Infrastructure maintenance and rehabilitation is equally important, due to its high returns and as a foundation for sustained long-term growth. Infrastructure investments can also support efforts to safeguard the ocean and environment of the Blue Pacific Continent. Getting infrastructure planning, investment, and management right in the years ahead will be essential to achieving the 2050 Strategy.

### **Harnessing infrastructure investment for the COVID-19 recovery and a more resilient future**

13. Globally, there is a clear consensus that infrastructure investment is a key source of economic stimulus and job creation for the immediate recovery from COVID-19. Done well, investments made during recovery years can also boost long-term productivity and help future-proof economies.

14. The recovery years are a window of opportunity for the FICs toward achieving the 2050 Strategy. Fiscal challenges have created additional demands on already strained government budgets, and many households’ incomes are also under pressure as jobs and remittances have been impacted by the health and economic crisis. Many FICs have been receiving budget support and debt relief measures through the crisis. Rapid increases in the cost of key imports, particularly fossil fuels, and the prospect of increasing financing costs for emerging market economies will continue to place additional pressure on governments and households. As such, to be able to increase infrastructure investment, FICs will need to continue with fiscal repair efforts, as well as taking concrete steps to access alternative sources of infrastructure financing.

15. There is a growing international coalition seeking to mobilize and deploy capital in infrastructure and climate-related investments. Global commitments to climate finance are expected to reach US\$100 billion per year from 2023 onward,<sup>12</sup> and private investment in infrastructure in developing countries increased by 25% in 2021, exceeding US\$60 billion.<sup>13</sup> To harness this capital, enhance economic resilience, and achieve the 2050 Strategy, FICs will need to move quickly, but with a clear plan for the long term. But where should they start?

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<sup>12</sup> OECD, “Climate Finance Provided and Mobilized by Developed Countries”, cited in *UN Financing for Sustainable Development Report 2022, Report of the Inter-agency Task Force on Financing for Development*. April 2022, <https://developmentfinance.un.org/fsdr2022>

<sup>13</sup> Ibid.

## **The role of PRIF in harnessing infrastructure for a resilient future**

16. Since 2008, PRIF has supported development partners and its member countries<sup>14</sup> to improve the quality and coverage of infrastructure in the Pacific. PRIF was established as a multi-development partner coordination and technical advisory facility to provide an interface between development partners and member countries. It works to enhance coordination of PRIF partner investments in the Pacific and to provide technical advice on infrastructure development and sustainable infrastructure management to PRIF partners and member countries.

17. PRIF was established via a Charter, which sets out principles and guidelines governing the cooperation of its development partners through the Facility. These partners are the Asian Development Bank, Australian Department of Foreign Affairs and Trade, European Union, European Investment Bank, Japan International Cooperation Agency, New Zealand Ministry for Foreign Affairs and Trade, United States Department of State and the World Bank Group. The Asian Development Bank administers PRIF on behalf of these partners, and alongside the governments of Australia, New Zealand and the United States, provides funding for the PRIF Coordination Office.

18. PRIF has and will continue to support building economic resilience in the Pacific in five key areas that we believe provide significant support to FICs in achieving their ambitions and making the most of the present investment opportunity. These are:

1. National infrastructure investment planning, to ensure investments are resilient, efficient and effective and make a significant contribution to national economic priorities;
2. Coordinating development partner support for infrastructure;
3. Supporting asset maintenance and rehabilitation;
4. Supporting efforts to commercialize utilities and improve their self-funding for more resilient services and finances; and
5. Support for harnessing diverse local skills and technology.

19. PRIF's work in these areas complements the work of other regional organizations and in many instances is implemented in partnership, including with the Council of Regional Organizations of the Pacific, the Pacific Community, and the Secretariat of the Pacific Regional Environmental Program.

### **1. National Infrastructure Investment Planning**

20. A National Infrastructure Investment Plan (NIIP) provides a framework for identifying and prioritizing infrastructure projects across sectors. A NIIP allows governments to plan for their investment needs, aligned to national development objectives by considering social impact, economic impact, sustainability and other criteria. A NIIP is a concrete way of turning national development objectives, such as progress on Sustainable Development Goals, into an investment plan with prioritized and costed projects (see Attachment A).

21. NIIPs promote economic resilience through greater visibility and transparency around the pipeline of infrastructure investments that are needed to achieve development objectives, and support multi-year budgeting for capital and recurrent costs. The planning process also helps to identify whether new, upgrade or rehabilitation projects are needed, and to develop estimates of whole-of-life

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costs to improve multi-year infrastructure budgeting. The infrastructure plan prepared in the NIIP can then underpin discussions about funding and financing with development partners and other investors.

22. Five countries have recently completed NIIPs with PRIF's support: Cook Islands, Palau, Solomon Islands, Tonga, and Tuvalu. PRIF has also recently published *Guidance to Preparing National Infrastructure Investment Plans*, which outlines the process in step-by-step detail and provides examples across the region for how the guidance has been applied to individual countries. PRIF is currently working on NIIPs with Kiribati, Fiji, and Niue and is responding to requests for support from Tonga, Samoa, and Vanuatu.

23. NIIPs can also promote resilience by revisiting investment priorities in light of disaster recovery, using a transparent framework. PRIF is currently preparing to support Tonga with updating their NIIP following the Hunga Tonga–Hunga Ha'apai eruption and tsunami. Preparing for climate change and the development of local skills and industry can also be incorporated into the NIIP framework. PRIF's recent report on *Guidance for Managing Sea Level Rise Infrastructure Risk* provides national estimates for sea level rise, scenarios, and adaptive planning frameworks that can be used to test and enhance the resilience of infrastructure plans. Through the NIIP framework, consideration can also be given to projects with greater opportunities for local skills and industry development, using PRIF's report on *Enhancing Procurement Practice and Local Content in Pacific Infrastructure*.

## **2. Coordinating development partner support for infrastructure**

24. A core function of PRIF is coordination among its eight development partners, as well as with member countries and key regional stakeholders and organizations. The goal is to encourage adequate and targeted investment by development partners closely cooperating in financing infrastructure and providing other support to make investments more effective.

25. Greater coordination of support was identified in the 2014 Small Island Developing States Accelerated Modalities of Action (SAMOA) Pathway as essential to addressing the specific needs and vulnerabilities of small island states. The UNESCAP report of 2021<sup>15</sup> also found that the long-term cooperation between governments, international development partners and regional organizations was critical to managing the nexus of risks going forward. PRIF is a mechanism for doing so in the infrastructure sector, supporting economic resilience through encouraging adequate investments.

26. PRIF's coordination and technical support is also a mechanism to advance regional solutions in support of the 2050 Strategy. The pandemic has demonstrated the value of regional coordination on challenges that are beyond the capacity of individual countries. Many of the challenges to increasing economic resilience can be addressed through collective efforts that address the scale and efficiency challenges that are inherent to the Pacific.

27. Recent examples include PRIF's role in working with the Pacific Aviation Safety Office for the Pacific Regional Aviation Ministers Meeting. PRIF prepared the *Post-COVID-19 Pacific Short-term Aviation Strategy* in 2020 and updated it in 2022. This work provides a range of scenarios and recommendations for navigating the challenges of the COVID-19 recovery and building a more

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<sup>15</sup> United Nations Economic and Social Commission for Asia and the Pacific, *Resilience in a Riskier World: Managing Systemic Risks from Biological and Other Natural Hazards*. 2021. <https://www.unescap.org/sites/default/d8files/knowledge-products/Asia-Pacific%20Disaster%20Report%202021-Full%20report.pdf>

sustainable aviation sector in the Pacific. The support for aviation was requested by development partners and has also informed their financing and support.

28. Another key infrastructure sector for the recovery is renewable energy. Many areas need coordination, including skills development, investment, market and technology development, and regulatory reforms. PRIF has worked with regional partners such as the Pacific Community on *Renewable Energy Options for Rural Electrification in Pacific Island Countries*, and the International Renewable Energy Agency on *Establishing a Regional Energy Training Program and Centre in the Pacific*.

29. PRIF is also coordinating work on standards for better, more resilient buildings. The *Regional Diagnostic Study on the Application of Building Codes in the Pacific* is available on PRIF's website, with detailed case studies for Fiji, the Solomon Islands, and Vanuatu. Follow on work is underway by PRIF, which seeks to add a higher degree of coordination between initiatives on improving national building codes across the region.

### **3. Supporting asset maintenance and rehabilitation**

30. Adequate maintenance is essential to maintain the benefits of infrastructure. The capital cost of infrastructure in the Pacific is only 20% of the total lifecycle cost.<sup>16</sup> It is cheaper to undertake routine maintenance to keep new infrastructure in good working order than allowing it to deteriorate to a level where a rebuild is the only option. Maintenance is also essential to ensure that assets remain resilient to disasters. Funding maintenance has been a challenge in the Pacific, where budget priority, capacity and other constraints often limit infrastructure maintenance.

31. Challenging the resulting “Build-Neglect-Rebuild” paradigm<sup>17</sup> is a great opportunity to improve economic resilience. Longer asset lives, better performance, and better resilience mean greater economic returns from infrastructure investments. As a result, better asset management should improve the case for future investors, and free up debt servicing capacity needed to fund new investments.

32. PRIF has and will continue to support FICs with challenging this paradigm through several means. As part of the NIIP process, governments are encouraged to develop and/or update asset registers across all infrastructure sectors to improve budgeting for maintenance and rehabilitation needs. PRIF's recent *Pacific Infrastructure Maintenance Benchmarking Report* and *Methodology for Condition Assessment of Public Sector Infrastructure Assets in Pacific Island Countries* report provides further advice for improving maintenance budgeting and management.

### **4. Supporting efforts to commercialize utilities and improve their self-funding for more resilient services and finances**

33. One of the most impactful reforms available to the FICs is to continue to commercialize and improve the performance of utilities and other infrastructure agencies. Since FICs feature small, trade-dependent economies more reliant on government than the private sector, efficiency and service improvements in key utilities and other infrastructure agencies will have an impact that is multiplied

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<sup>16</sup> PRIF, *Pacific Infrastructure Maintenance Benchmarking Report, 2021 Baseline Assessment*. January 2022. <https://www.theprif.org/sites/default/files/documents/Maintenance%20Benchmarking%20Final%20Report.pdf>

<sup>17</sup> PRIF, *Infrastructure Maintenance in The Pacific: Challenging the Build-Neglect-Rebuild Paradigm*. 2013 [https://www.theprif.org/sites/default/files/documents/build\\_neglect\\_rebuild\\_revised\\_full\\_report\\_2014.pdf](https://www.theprif.org/sites/default/files/documents/build_neglect_rebuild_revised_full_report_2014.pdf)

through the rest of the economy. This is especially important in port operations, aviation, electricity and water sectors, which have the best opportunities for greater self-funding.

34. More efficient, service-focused utilities and infrastructure agencies can provide lower tariffs and better availability and coverage of services. Doing so can directly improve the resilience of businesses and households by helping to keep the lights on during disasters and leaving more money available in household budgets to absorb economic challenges.

35. Many utilities and other infrastructure agencies rely heavily on government funding for capital and recurrent expenditure. Supporting utilities and other infrastructure agencies to move to a more commercial, and higher performance footing is a great opportunity for FICs to free up fiscal space. Doing so supports greater resilience in national budgets and frees up public funds needed for other investments.

36. Tools available from PRIF include utility benchmarking reports for the power, water, and wastewater sectors. PRIF recently undertook a *Diagnostic of Pacific Water and Wastewater Association (PWWA) Utilities*. PRIF also publishes periodic *Pacific Infrastructure Performance Indicators* reports, which address access, quality, efficiency, and affordability of services in key infrastructure sectors.

## **5. Harnessing diverse local skills and technology**

37. The people of the Pacific are its greatest, most resilient asset. Harnessing this talent by building and maintaining a diverse workforce and a strong local industry and leveraging technology and connectivity can further boost economic resilience.

38. The growing pipeline of infrastructure projects in the post-COVID-19 recovery years provides several opportunities to harness this talent. The first is through workforce development via skills and training provided on infrastructure projects. This includes formal apprenticeships, traineeships, as well as on-the-job knowledge transfer and upskilling. A more skilled workforce, with skills aligned to the upcoming pipeline of infrastructure and climate-related projects, can boost economic resilience and provide increased earnings to households. A higher skilled local workforce can also better meet future maintenance needs. PRIF has several initiatives to coordinate training programs in the energy and water sectors and provides workshops and webinars on key infrastructure topics through the PRIF Infrastructure Community of Practice.

39. The second is the interest of development partners in increasing the local content, provided by local workforce and local suppliers, in infrastructure projects. PRIF's recent report on *Enhancing Procurement Practice and Local Content in Pacific Infrastructure* provides several recommendations for FICs, development partners, and local industry. In addition to providing direct benefits through more local jobs and spending, local content in infrastructure can improve economic resilience by helping to underwrite the development of a more capable and financially sustainable local workforce and industry. This is especially important in the immediate aftermath of disasters caused by natural hazards or when travel restrictions are in play.

40. The third is the interest of development partners in improving the delivery of infrastructure in the Pacific region, through efficient administration of effective environmental and social safeguards. PRIF's report on a *Shared Approach for Management of Environmental and Social Risks and Impacts for the Pacific Island Countries* sets out common methods and procedures for implementing safeguard policies in a manner suitable to FICs, recognizing several challenges and conditions unique to the Pacific. Through the Shared Approach, greater environmental and social protection as well as

economies of scale can be realized through cost-sharing, and a reduction in the administrative burden on FICs through a common safeguard system shared by multiple development partners.

41. The final is the greater mainstreaming of Gender and Social Inclusion (GESI) considerations in infrastructure projects. This can create opportunities in the infrastructure workforce and suppliers through procurement, as well as better GESI-informed design and implementation of infrastructure projects. PRIF's *Inclusive Infrastructure in the Pacific: Study on Gender Equality and Social Inclusion* report summarizes key social groups for the infrastructure sector to consider, identifies key challenges, and provides a Project Lifecycle Toolkit for use on projects in the region.

42. Approaching the infrastructure pipeline with a clear plan for workforce development, local content, and GESI provides an opportunity to boost economic resilience through more local jobs in the short term, and a more skilled, capable, and inclusive workforce and industry in the long term.

43. The 2050 Strategy also highlights the immense opportunity provided by technology and connectivity. New tech-enabled jobs, e-commerce, digitalization of government services, and integration of information and communications technology in infrastructure sectors have the potential to be transformative for the economic resilience of FICs. As key physical infrastructure, such as undersea cables and satellite internet, are deployed, the next challenge will be leveraging this technology. Areas such as developing policy and regulatory capabilities and institutions, skills and training, cybersecurity and safety, affordability and reliable last-mile connectivity should be urgent priorities in the coming years to achieve the 2050 Strategy.

## C. Next Steps

44. The long-term resilience challenge in the Pacific is significant, and the needs of the immediate economic situation are pressing. The post-COVID-19 recovery years also present an opportunity to harness a great global wave of capital for infrastructure, climate preparedness and adaptation. FICs will need to move quickly to catch this wave but must do so with a clear plan for the long term. PRIF will continue to support FICs in meeting the infrastructure challenges of the future. The five areas highlighted in this paper provide a starting point, and PRIF stands ready to support the 2022 FEMM in achieving its vision.

**27 July 2022**

**PRIF Coordination Office**

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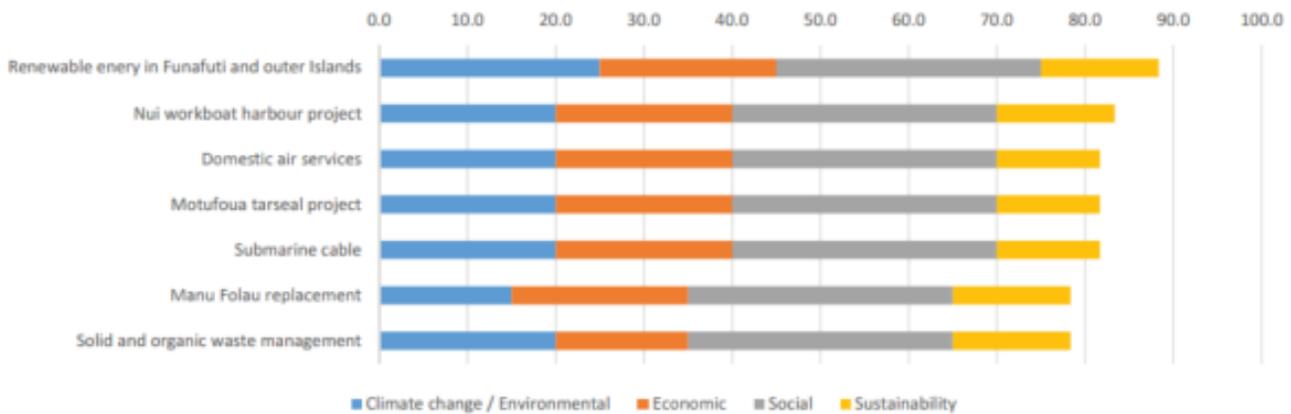
**Attachment A: National Infrastructure Investment Plan (NIIP) examples**

**Figure 1: Multi Criteria analysis (MCA) is used to prioritize infrastructure projects based on their economic, social, and environmental impacts, and alignment to national economic priorities**

Objective	Criteria
<b>ECONOMIC</b> <i>Promotes economic development of public and private sector and is financially sustainable.</i>	a) Potential for economic viability b) Ability to meet ongoing costs of operation and maintenance c) Impact on development of the private sector
<b>SOCIAL</b> <i>Enhances social services, wellbeing, and regional development.</i>	a) Impact on quality or coverage of social services (education, health, community) b) Impact on regional development c) Impact on good governance
<b>ENVIRONMENTAL</b> <i>Protects the environment and provides resilience to extreme events.</i>	a) Contribution to climate change adaptation / disaster risk management b) Resilience of the project to climate change / natural disasters c) Impact on the environment
<b>ALIGNMENT</b> <i>Is of strategic significance and optimizes use of existing assets.</i>	a) Linkages with other infrastructure b) Optimal use of existing infrastructure c) Urgency of the project (consequences if project doesn't proceed)

Source: PRIF (2022), *Guideline to Preparing National Infrastructure Investment Plans*.

**Figure 2: The NIIP framework is flexible, so that other considerations such as climate change and sustainability can also be incorporated into infrastructure plans**



Source: *Tuvalu Investment Plan 2020–2025*, p. 10.

**Figure 3: Prioritized and costed infrastructure plans can then be used for funding discussions**

Priority	Project name	Estimated Capital Cost (A\$ million)	Prioritization criteria				Likely Economic Viability	
			Climate	Economic	Social	Sustainability	Minimum net economic return (A\$ per year)	Likely viability
High	Renewable energy in Funafuti and outer islands	\$4.5	High	High	High	Medium	\$0.41 mln	Potentially
							\$39 per capita	
High	Nui workboat harbour project	\$20.0	Neutral	High	High	Medium	\$1.80 mln	Potentially
							\$171 per capita	
High	Domestic air service	\$20.0	Neutral	High	High	Medium	\$1.80 mln	Potentially
							\$171 per capita	
High	Motu Foua tarseal project	\$25.0	Neutral	High	High	Medium	\$2.25 mln	Potentially
							\$214 per capita	

Source: *Tuvalu Investment Plan 2020–2025*, p. 10.