

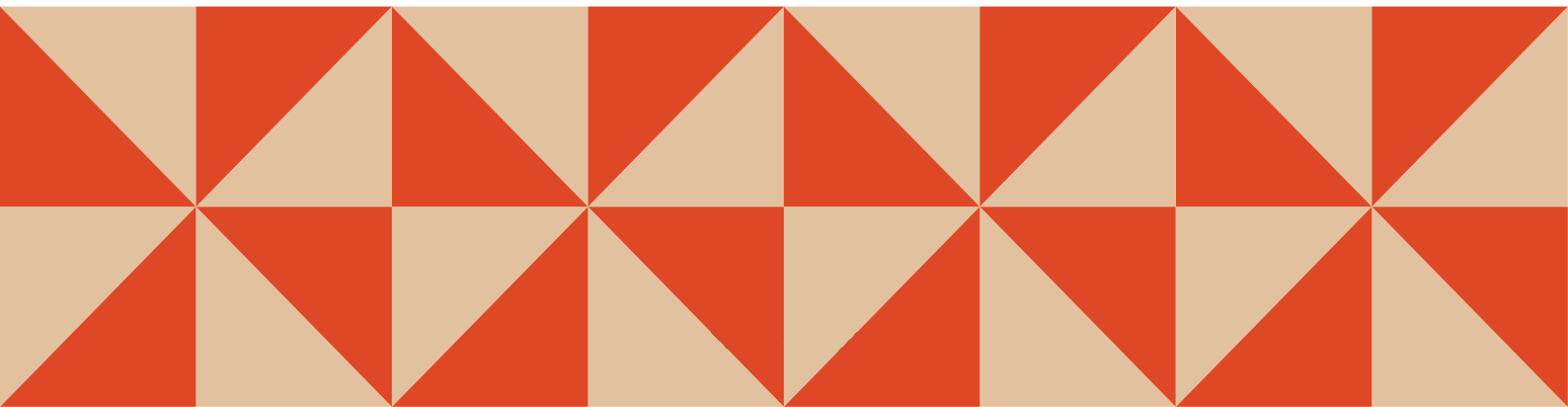


**NEW ZEALAND**  
**FOREIGN AFFAIRS & TRADE**  
Manatū Aorere

SEPTEMBER 2025

# **Pacific Resilience Facility Agreement**

## **National Interest Analysis**



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## Executive summary

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1. The Pacific Resilience Facility (PRF) will be the first Pacific-owned and -led regional fund dedicated to community resilience building. It will support community-level projects required to build resilience and reduce the vulnerability and exposure of Pacific communities to disaster risks, from climate change and other hazards.
2. New Zealand announced a contribution to the PRF in October 2024 at the Commonwealth Heads of Government Meeting, and we signed the PRF Agreement ('the Agreement') at the 54th Pacific Islands Forum Leaders Meeting in Honiara, Solomon Islands, on 10 September 2025. This signalled our intention to ratify the Agreement.
3. The PRF will be established as a multilateral treaty-level organisation, to be domiciled in Tonga.
4. Ratifying the Agreement is in New Zealand's national interest as a responsive development partner acting in support of the region's resilience objectives.
5. The Pacific Islands Forum Secretariat (PIFS) has been administering the establishment of the PRF and anticipate that eight Pacific countries will ratify the Agreement before the end of 2025, at which point the Agreement will enter into force. The ambition is that the PRF will commence operations in early-2026.
6. This National Interest Analysis finds that the advantages of New Zealand ratifying the Agreement strongly outweigh any disadvantages. Supporting the PRF, as a Pacific-owned and -led facility is an important part of contribution to the region's prosperity and resilience.
7. No new legislative changes are required to give effect to the Agreement.
8. Similarly, there are no major economic, environmental, and social costs to New Zealand of the treaty action.

## Nature and timing of the proposed treaty action

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1. Negotiations for the treaty concluded at a Special Forum Economic Ministers Meeting in April 2025, held in Tonga. Ministers agreed to the Establishment Agreement text at that meeting.
2. The Establishment Agreement was signed by Prime Minister Luxon in Honiara on 10 September 2025 at the Pacific Islands Forum Leaders Meeting.
3. The Agreement will enter into force when eight countries have ratified it, including Tonga, the host country. At the time of preparation of this National Interest Analysis, Tonga and Nauru have ratified the Agreement.
4. The Agreement is ratified by depositing an instrument of ratification to the Pacific Islands Forum Secretary General, as the Depositary of the Agreement.
5. The Government proposes to complete the binding treaty action in 2026, as soon as practicable proceeding parliamentary treaty examination.

### **Application to Tokelau**

6. The Ministry of Foreign Affairs and Trade has consulted with Tokelau to determine whether New Zealand's ratification of the Agreement should extend to Tokelau.
7. New Zealand has undertaken not to receive benefit under the Pacific Resilience Facility (PRF), and on that basis we consider that extending the application of New Zealand's treaty action to Tokelau would preclude it from also receiving benefit under the PRF.
8. Following consultation with Tokelau, we have advised that it would be preferable **not** to extend the treaty action to Tokelau. This would mean that Tokelau could apply to the PRF Council for Associate Membership in their own right and potentially receive finance.
9. A meeting of Tokelau's General Council in September 2025 accepted this advice.

## Reasons for New Zealand becoming Party to the treaty

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### Background to the Pacific Resilience Facility Agreement

10. The changing climate is expected to create unprecedented economic, social, and environmental challenges, including in the Pacific where, for some countries, it poses an extreme threat. As a global problem, climate change requires global, regional, and country-level solutions.

11. Pacific Island countries combine high exposure to frequent and damaging natural hazards with low capacity to manage the resulting risks. Since 1950, extreme events have affected approximately 9.2 million people in the Pacific region. They have caused around 10,000 reported deaths and damage of around US\$3.2 billion.<sup>1</sup> Vulnerability is exacerbated by socioeconomic factors, which have increased exposure and disaster losses, and by climate change, which is amplifying the magnitude of cyclones, droughts, and flooding.

12. Of the 20 countries with the highest average annual disaster losses scaled by gross domestic product (GDP), eight are Pacific Island countries: Cook Islands, Federated States of Micronesia, Fiji, Marshall Islands, Niue, Solomon Islands, Tonga, and Vanuatu.

13. Grant and concessional climate finance is critical to supporting Pacific countries to build resilience to these worsening climate and natural disaster impacts and to catalysing private sector climate investment. While the multilateral development banks and global climate funds are providing significant levels of financing to support medium- and large-scale projects, financing for smaller-scale projects is often limited. Furthermore, even with the financing available for medium- and large-scale projects, there can often be a financing gap for particular project components.

14. The desire for a Pacific designed, governed, and managed financing facility has strongly guided the decision to establish the PRF. In addition to the above financing constraints, a range of more immediate factors have influenced the Pacific Islands Forum Secretariat (PIFS) in putting forward a proposal for a regional finance facility to members. This includes (i) the challenges Pacific countries have faced in accessing financing from the global funds, creating interest among PIF members for a facility to make climate and disaster grants for climate adaptation more accessible to the Pacific; (ii) a desire by PIFS to have a financing facility as a basis for deepening engagement with new and non-traditional Pacific donors; and (iii) the support PIFS has received from the United Nations (and others) to move forward with the establishment of a facility.

### What does the Pacific Resilience Facility Agreement set out to achieve?

15. The Agreement establishes the PRF as a multilateral treaty-level organisation, to be domiciled in Tonga.

16. There are several purposes of the Agreement, which include:<sup>2</sup>

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<sup>1</sup> World Bank. (2012). *Acting today for tomorrow: A policy and practice note for climate- and disaster-resilient development in the Pacific Islands region*. World Bank.

<sup>2</sup> Pacific Resilience Facility Establishment Agreement, Article 3 (a).

- a. assisting PRF Members to build systemic resilience to the impact of climate change;
- b. providing administratively-efficient, cost-effective, community-centred and nationally-contextualised financing;
- c. strengthening strategic partnerships with key development partners and global climate-change and disaster-risk funding sources;
- d. supporting capacity building and development in resilient-development planning and budgeting; and
- e. to serve as a compelling mechanism for climate change and disaster risk investors to contribute capital in support of climate and disaster resilience.

17. Furthermore, objectives of the Agreement include:<sup>3</sup>

- a. to reduce and mitigate the adverse impacts of climate change and disasters on persons and communities of the Pacific region;
- b. contributing to secure, stable growth of resilient Pacific communities;
- c. carrying out inclusive and coordinated actions aligned with relevant environmental and social safeguarding standards; and
- d. investing and reinvesting capital and assets in a lean, agile, realistic, sustainable, complementary, additional, and affordable manner.

18. New Zealand has a strong interest in the success of the PRF in strengthening Pacific Island countries resilience to the impacts of climate change. Becoming a member of the PRF, and supporting its timely entry into force and commencement of operations would support New Zealand's strategic development and foreign policy interests, including:

- a. empowering Pacific Island countries to finance Pacific-owned and led solutions to combat the effects of climate change and make sovereign infrastructure related decisions;
- b. supporting Pacific priorities as identified by Pacific leaders;
- c. reinforcing Pacific regionalism through a regionally-owned membership and funding mechanism; and
- d. improving the region's resilience to climate change and decreasing vulnerability to disasters increases regional stability and security.

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<sup>3</sup> Article 3(b).

## Advantages and disadvantages for New Zealand of the treaty entering into force, or not entering into force

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19. This section outlines the advantages and disadvantages to New Zealand of the Agreement entering into force for New Zealand. While conferring several advantages for New Zealand, there are few disadvantages in becoming a party to the Agreement.

### **Advantages of the Agreement entering into force for New Zealand**

20. Due to strong support for the Agreement in the Pacific region, the PRF is expected to be the most appropriate mechanism for delivering accessible climate finance in support of Pacific priorities at a community level.

21. It is important that New Zealand, as a trusted partner of the Pacific and as a Forum Member country, supports the region's ambitions and priorities around climate change, which is consistently recognised by Leaders as the greatest challenge they face.

22. The Agreement entering into force in New Zealand will have little practical domestic impact. However, it will confer rights on New Zealand to fully participate in decision-making mechanisms under the Agreement, as we will become a member of the PRF Council once established. This has the key advantage of giving New Zealand a 'seat at the table' to influence how the Agreement is implemented, and how the relationship between the Agreement and other sources of climate finance and development funding evolve.<sup>4</sup>

23. An important decision for New Zealand to influence at the PRF Council is the rights of Associate Members of the Pacific Islands Forum (particularly Tokelau) as Associate Members of the PRF and the extent to which they may be entitled to finance under the facility.

24. These advantages would be fully realised by early ratification of the Agreement. This would give New Zealand an early presence at the PRF Council, where important early decisions (including on Associate Membership) regarding the implementation of the Agreement will be taken. It would allow us to ensure the development of rules of procedure, and other institutional arrangements, align with the Agreement's intended purposes and objectives, New Zealand's interests, and the interests of our Pacific neighbours.

25. Ratification of the Agreement would also be a strong demonstration of New Zealand's ongoing commitment to building the region's resilience. This has the advantage of protecting a number of strategic national interests for New Zealand, as outlined at paragraph 18.

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<sup>4</sup> For example, the Green Climate Fund, and the Fund for Responding to Loss and Damage, as well as Pacific 'bilateral' financing facilities, such as the Fiji Climate Relocation of Communities Trust Fund.

**Disadvantages of the Agreement entering into force for New Zealand**

26. There are very few disadvantages for New Zealand in ratifying the Agreement.
27. Resource is required to participate in legal co-drafting on the Rules and Procedures under the Agreement. It is important for our confidence in the ongoing feasibility and efficient operation of the PRF that we influence these establishing documents, and ensure they reflect New Zealand's interests.
28. The PRF is currently under-capitalised. After ratification New Zealand will likely face pressure to disburse our pledge of NZ\$20 million, however it could be preferable to delay disbursing until there is greater certainty over the sustainability of the fund and how the facility might operate at a lower capitalisation figure. We can mitigate this risk by disbursing New Zealand's contribution in instalments, rather than a lump sum.

**Overall assessment**

29. It is to New Zealand's advantage that the Agreement enters into force. It would place New Zealand on the PRF Council, alongside Australia and Pacific Island countries, and ensure New Zealand has an opportunity to influence the implementation of the Agreement. Early ratification and participation would present the greatest opportunity to shape foundational documents and processes in a way that supports New Zealand's interests.
30. These advantages strongly outweigh the disadvantages, which are expected to be minimal. Conversely, should the Agreement enter into force without New Zealand, this is likely to damage New Zealand national interests (paragraph 18) and restrict our ability to influence important decisions.

## Legal obligations which would be imposed on New Zealand by the treaty action

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31. In accordance with Article 7 of the Agreement, as a PRF Member, New Zealand would be a member of the PRF Council and shall be represented by the Minister responsible for finance unless otherwise delegated. Responsibilities include:
- a. providing leadership, guidance, and strategic direction to, and determining risk tolerance for, the PRF;
  - b. reviewing progress in meeting the PRF's purposes and objectives; and
  - c. considering and making decisions in respect of powers not delegated to the Board and authorising the implementation of those decisions.
32. The PRF Council will meet annually.
33. Article 19 of the Agreement does not allow for Parties to make a reservation upon ratification, requiring New Zealand to accept the Agreement in full.
34. Article 24 provides for a dispute resolution mechanism. If any dispute relating to the Agreement cannot be resolved through negotiation, the dispute will be submitted to the Council Chair for decision by the Council.

## Measures which the Government could or should adopt to implement the treaty action

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35. New Zealand will not need to pass any implementing legislation to meet the obligations of ratification of the Agreement.

36. In order to ratify the Agreement, New Zealand will need to deposit an instrument of ratification with the Pacific Islands Forum Secretary General, the Depositary of the Agreement.

## Economic, social, cultural, and environmental costs and effects of the treaty action

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### **Economic Costs and Effects**

37. The treaty action is unlikely to have any economic impacts on New Zealand. New Zealand's contribution of NZ\$20 million will be funded from Vote Foreign Affairs, International Development Cooperation appropriation.

38. Greater climate resilience in the Pacific region will lead to reduced vulnerability to shocks, such as natural disasters, and may in turn reduce the economic impacts of climate change in the region.

### **Environmental Costs and Effects**

39. The Agreement will support Pacific community-level resilience building efforts, which will have positive environmental effects. Funding provided to Pacific Island countries under the Agreement will equip vulnerable island countries with the tools and processes to conserve their natural environment and mitigate the impacts of climate change.

40. This may have positive flow on effects for New Zealand. For example, resilience of biodiversity in the Pacific marine environment is intricately linked to the health of the marine environment within our own national jurisdiction.

41. There are no environmental costs to the Agreement.

### **Social and Cultural Costs and Effects**

42. There are limited social and cultural effects of New Zealand signing the Agreement.

43. Pacific diaspora living in New Zealand may view New Zealand's participation and contribution to the PRF positively. If the PRF is successful in achieving greater climate resilience through adaptation and mitigation strategies, this would support Pacific Island communities protect their culture.

## The costs to New Zealand of compliance with the treaty

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44. There are no direct financial costs to New Zealand of complying with the Agreement.
45. New Zealand has pledged NZ\$20 million toward the capitalisation of the facility, funded through the International Development Cooperation programme. Disbursement does not have a legal basis in the Agreement and will not be enforced by ratification.
46. The PRF financial model is a self-sustaining fund, where interest is generated off a capital base. The income will be used to make grants for community-level resilience projects.
47. There is some cost to the required ongoing attendance at PRF Council annual meetings, although these will likely be held at the same time as the Forum Economic Ministers Meeting which New Zealand already attends. The cost and resource required for New Zealand's attendance is covered by the Ministry of Foreign Affairs and Trade's existing departmental funding.
48. New Zealand is not required to pay a membership fee to the PRF.

## Completed or proposed consultation with the community and parties interested in the treaty action

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### Inter-agency engagement

49. The Treasury has been consulted on this National Interest Analysis and agrees. The Department of the Prime Minister and Cabinet has been informed.

50. The Ministry for Regulation has confirmed that the Agreement does not present any domestic legislative change obligations and therefore does not trigger the requirement for a Regulatory Impact Analysis.

### Stakeholder engagement

51. The PRF has been through a long development process and there has been various forms of outreach and consultation since the PRF was first endorsed at the 50th Pacific Islands Forum in Tuvalu in August 2019.

52. This outreach and consultation led to the endorsement of the PRF by the 2023 Forum Economic Ministers Meeting, Leaders endorsement of the *Declaration on the Establishment of the Pacific Resilience Facility* at the 52<sup>nd</sup> Leaders meeting in the Cook Islands, and most recently the Agreement signing by 15 Pacific Leaders at the 54<sup>th</sup> Leaders meeting in Honiara in September 2025.

53. Domestic community engagement on the treaty action has not been undertaken as the PRF will not operate in New Zealand.

## Subsequent annexes or amendments to the treaty and their likely impacts

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### Amendments

54. The Agreement provides that any Party may propose an amendment to the Agreement, which shall be adopted unanimously.

55. Amendments will enter into force three months after the formal communication from the Depository and the receipt of an instrument of acceptance from each of the parties.<sup>5</sup>

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<sup>5</sup> Article 20.

## Withdrawal or Cessation of Membership

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56. Any party may withdraw from the Agreement by written notification, which will be effective from the date of receipt of the notice by the PRF Council.
57. A PRF Member shall cease to be a member of the PRF:<sup>6</sup>
- a. if it withdraws from the Agreement;
  - b. if it ceases to be a member of the Pacific Islands Forum;
  - c. when the PRF is dissolved; or
  - d. if the Council so decides.

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<sup>6</sup> Article 22.