ESCAP
Economic and Social Commission for Asia and the Pacific

POLICY BRIEF

Advancing SDG 9 in the Pacific: Financing, Resilient Infrastructure, Innovation and Diversification

Subregional Office for the Pacific



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Summary

For Pacific Small Island Developing States (SIDS), Sustainable Development Goal 9: Industry, Innovation and Infrastructure is foundational to resilience, inclusion and long-term sustainability. In geographically dispersed island nations, infrastructure is not merely an economic input; it is the backbone of connectivity, service delivery, disaster preparedness and social cohesion. Innovation and inclusive industrialization offer critical pathways to overcome scale constraints, remoteness and vulnerability to climate change.

Yet progress toward SDG 9 across Pacific SIDS remains uneven. The Sustainable Development Goals Extended Report 2025 highlights persistent gaps in access to credit, digital connectivity and infrastructure quality. While more than 40 per cent of small firms in Pacific SIDS have access to loans, financing remains shallow and uneven, particularly for micro- and small family run and/or owned enterprises. At the same time, nearly one quarter of the Pacific SIDS population still lacks access to mobile broadband, limiting participation in the digital economy and access to essential services. These disparities threaten to entrench structural vulnerabilities unless addressed through coordinated, SIDS-specific policy action and effective implementation.

This policy brief synthesizes perspectives from Pacific SIDS governments, regional institutions, development partners and communities to outline a coherent pathway for accelerating SDG 9 aligned with the 2050 Strategy for the Blue Pacific Continent[1]. It emphasizes climate-resilient infrastructure, innovative and blended financing, digital transformation, economic diversification and inclusive governance as mutually reinforcing pillars of sustainable development in Pacific SIDS.

[1] Pacific Islands Forum Secretariat. 2022. 2050 Strategy for the Blue Pacific Continent. Available at: https://forumsec.org/2050

I. Why SDG 9 is Critical for Pacific SIDS

In Pacific SIDS, SDG 9 is inseparable from national survival and regional resilience. Small populations, limited land area, dispersed geographies and high exposure to climate hazards mean that infrastructure failures carry disproportionate social and economic costs. Roads, ports, energy systems, water networks and digital connectivity are essential to maintaining basic services and supporting disaster response across island contexts for communities.

Innovation plays an equally critical role. Digital technologies can reduce isolation, improve access to health and education and enable new forms of entrepreneurship that are not constrained by geography. Inclusive industrialization, anchored in local value addition and sustainable use of ocean and land resources, provides a pathway for Pacific SIDS to diversify their economies while preserving environmental and cultural assets. Putting together hard and soft infrastructure, private sector can thrive within and beyond to enhance their participation in the global trade system. Without progress on SDG 9, efforts to achieve other development goals will remain fragmented and fragile.

Infrastructure Challenges in Pacific SIDS

Infrastructure challenges in Pacific SIDS are well documented but increasingly urgent. Limited fiscal space, high construction and maintenance costs, exposure to cyclones, flooding and sea-level rise and reliance on imported materials and expertise continue to strain national systems. As many infrastructure assets are aging and requiring upgrades, maintenance budgets remain insufficient to sustain them over their full lifecycle.

At the municipal level, these challenges are often highly visible. In several Pacific towns, critical assets such as water systems, roads, drainage networks, wharves and even historic buildings are deteriorating due to limited maintenance budgets and constrained technical capacity. In some cases, transport infrastructure such as local airstrips or ports remain underutilized or non-operational. These practical gaps illustrate how infrastructure constraints affect daily service delivery, economic activity and heritage preservation, and underscore the importance of sustainable, lifecycle-based financing for municipal infrastructure.

Partners and Pacific SIDS governments have consistently emphasized that infrastructure investment has too often focused on reactive rebuilding after disasters rather than proactive designing for resilience from the outset. Long project timelines, fragmented responsibilities and weak monitoring frameworks further reduce the effectiveness of infrastructure investments. In small administrations with limited human resources, even well-designed projects can falter during implementation. These realities underscore the need to shift from asset-by-asset approaches toward integrated infrastructure systems that prioritize durability, adaptability and long-term value for money.

Building Climate-Resilient and Right-Sized Infrastructure

For Pacific SIDS, climate resilience must be embedded as a core design principle rather than treated as an add-on. Infrastructure that is oversized, poorly adapted to local conditions, or misaligned with actual demand often becomes financially unsustainable and physically vulnerable. Right-sized infrastructure, designed based on hazard assessments, population needs and lifecycle costs, delivers greater resilience per dollar invested.

National climate legislation and building codes provide an important policy foundation, but effective implementation requires technical support, enforcement capacity and regional knowledge-sharing. Leveraging local knowledge and the use of appropriate and green materials to the extent possible, when supported by sound engineering and planning, can reduce costs, strengthen supply chains and enhance community ownership. Prioritizing maintenance and rehabilitation over new construction, where appropriate, is particularly important in Pacific SIDS contexts where fiscal resources are constrained and replacement costs are high.

Tuvalu Forward: Resilient, Connected, and Prosperity through Partnership

Tuvalu has made significant progress in strengthening resilience against climate change, guided by a clear strategy.

In August 2025, the endorsement of the National Adaptation Plan (NAP) established a critical, long-term roadmap for prioritising adaptation needs, providing the essential policy framework for infrastructure investment.

Financing Infrastructure and De-Risking Investment

Financing remains one of the most significant constraints to SDG 9 progress in Pacific SIDS. Small market size, high perceived risk and slow financial returns often deter private investment, while public budgets are stretched by competing development and disaster response needs. Traditional financing models, focused narrowly on commercial viability, frequently fail to reflect the public good nature of resilient infrastructure.

Fiji's Sustainable Bond Framework

Fiji developed its Sustainable Bond Framework to guide the selection and financing of projects that deliver environmental, social, and climate resilience benefits aligned with national SDG targets and the country's development priorities.

Designed in line with international Green, Social, and Sustainability Bond principles, the framework establishes a credible structure for issuing sovereign thematic bonds.

There is a need to reframe financing as a partnership for resilience. Blended finance approaches that combine public resources, concessional finance and feasible private funds offer a promising pathway to mobilize investment while managing risk. Strengthening public development banks, enhancing regional financial cooperation and pooling demand across Pacific SIDS can help overcome scale constraints and attract global capital. At the same time, climate risk financing instruments, including regional parametric insurance, provide essential fiscal buffers that enable rapid response and protect development gains following disasters. However, because insurers base premiums on expected losses, higher exposure due to natural disaster and climate vulnerabilities, automatically translates into higher insurance costs. To address rising insurance costs in climate-vulnerable SIDS, policymakers and insurers are promoting solutions such as regional risk-pooling, parametric insurance instruments that provide automatic payouts when predefined triggers (such as wind speed or rainfall thresholds) are met, premium subsidies, improved risk data and investments in climate adaptation. These approaches aim to reduce both actual disaster losses and the perception of extreme risk, making insurance more affordable and accessible across small island economies. In the Pacific, the Pacific Catastrophe Risk Insurance Company (PCRIC), was created specifically to implement many of the solutions used to reduce insurance costs and improve financial resilience in Pacific SIDS.

In addition to external financing, mobilizing domestic capital can help close infrastructure gaps. Potential sources include pension funds, municipal bonds, corporate social responsibility funds and local venture financing. Structured appropriately, these instruments can channel long-term savings into climate-resilient infrastructure and local innovation, while strengthening domestic financial markets.

Innovation and Digital Connectivity in Pacific SIDS Contexts

In Pacific SIDS, innovation is increasingly defined by the ability to overcome distance, isolation and limited scale. Digital connectivity is therefore not a luxury but a form of essential infrastructure. Yet progress remains uneven, with significant disparities in broadband access, affordability and digital skills across countries and communities.

Experiences from across the region demonstrate the transformative potential of digital innovation when connectivity is in place. Satellite-enabled connectivity has expanded access to telehealth, e-learning and government services in remote islands, while digital payment systems and e-commerce platforms are opening new opportunities for small enterprises. Initiatives such as the UN's Smart Islands programme illustrate how technology can empower women entrepreneurs, engage youth and strengthen service delivery in SIDS contexts. Scaling these successes require sustained investment in digital backbone infrastructure, supportive regulatory environments and targeted capacity building.

There are examples of city-level digital roadmaps being developed in Fiji. City-level strategies, combined with national broadband and digital platforms, can accelerate innovation, improve service delivery and provide a practical foundation for inclusive digital transformation.

Economic Diversification and Local Value Creation

Economic diversification is central to resilience in Pacific SIDS, where dependence on a narrow range of sectors and external suppliers heightens vulnerability to shocks. There are significant diversification opportunities in sustainable fisheries by-products, niche agri-food processing, eco-materials and repair and refurbishment industries that support circular economy models.

Realizing these opportunities requires shifting policy focus toward local value creation. Municipal councils and local institutions play a critical role in enabling diversification by supporting micro- and small producers with access to technology, finance and skills. Diversification strategies that deliberately integrate Micro, Small and Medium Enterprises (MSME), women and youth can strengthen economic resilience while fostering inclusive growth. In SIDS contexts, even small-scale value addition can generate significant social and economic returns.

Diversification efforts must also account for structural risks. Brain drain, land tenure constraints, supply-chain disruptions and limited market size can undermine new industries if not addressed through policy reform and regional cooperation. Embedding MSME voices in policy design and adopting bottom-up, community-driven approaches can improve the relevance, resilience and social acceptance of diversification strategies.

Youth, Gender and Inclusion

For SDG 9 to deliver lasting impact in Pacific SIDS, infrastructure and innovation must be inclusive by design. Persistent gaps in access to health, education, disability-inclusive infrastructure and economic opportunity undermine resilience and social cohesion. Investing in youth-led enterprises, particularly in digital and green sectors, offers a pathway to sustainable employment and innovation-driven growth.

Figure 1: Pacific Youth Council at the ESCAP pre-PFSD youth meeting to ensure that Pacific youth perspectives are meaningfully included in regional sustainable development discussions



Women's participation is equally critical. Women are central to local economies and community resilience in Pacific SIDS, yet they often face barriers to finance, skills and decision-making. Embedding gender equality and youth empowerment into infrastructure planning, financing mechanisms and innovation policies is not only a matter of equity, but a strategic investment in sustainable development outcomes.

Ensuring that MSMEs, youth and community organizations have a formal voice in policy design and implementation can strengthen bottom-up innovation and improve development outcomes.

Coordination, Data and Regional Cooperation among Pacific SIDS

Coordination challenges are magnified in Pacific SIDS by limited administrative capacity and fragmented institutional mandates. Weak information-sharing between governments, civil society organizations and development partners reduces efficiency and slows

implementation. Addressing these challenges requires stronger leadership, clearer roles and institutionalized mechanisms for coordination.

A persistent gap remains between ambitious global, regional and national strategies and on-the-ground implementation capacity. Addressing this gap requires clearer institutional mandates, stronger communication infrastructure and deeper public-private partnerships. Regional approaches to procurement, contractor pools, engineering services and skills development can reduce costs, build local expertise and improve project delivery across small island markets.

Closing data gaps is particularly urgent. Reliable, disaggregated data underpins risk-informed planning, investment decisions and monitoring of SDG 9 progress. Sharing lessons across SIDS, from digital connectivity solutions to infrastructure maintenance models, can accelerate learning and reduce duplication. Regional cooperation enables Pacific SIDS to pool resources, negotiate better financing terms and amplify their collective voice in global forums.

II. Conclusion: Delivering SDG 9 for Pacific SIDS

For Pacific Small Island Developing States, advancing SDG 9 is not optional, it is essential to resilience, inclusion and sustainable development. Climate-resilient infrastructure, inclusive innovation, diversified economies and empowered institutions form a single, interconnected agenda that must be pursued in a coordinated and SIDS-specific manner.

The path forward is clear. Pacific SIDS must strengthen infrastructure resilience through right-sized, climate-adaptive investment; expand access to innovative and blended financing; treat digital connectivity as essential infrastructure; and prioritize local value creation that includes women, youth and MSMEs. These efforts must be supported by stronger coordination, improved data systems and deeper regional cooperation aligned with the 2050 Strategy for the Blue Pacific Continent.

By embracing this integrated approach, Pacific SIDS can transform SDG 9 from a persistent challenge into a catalyst for resilience and opportunity, demonstrating that even the smallest states can lead with innovation, solidarity and sustainability.

Annex 1: Contributors (non-anonymous feedback)

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