

## **Submission by the Republic of Fiji for the 2025 Forum of the Standing Committee on Finance on Accelerating Climate Action and Resilience Through Financing Sustainable Food Systems and Agriculture**

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- 1. Evidence and information relevant to the possible sub-themes identified by the co-facilitators to further explore and develop the programme of the Forum;**

Fiji considers the below two sub-themes relevant for discussion in the Forum:

- i. Access to finance for sustainable food systems and agriculture, including public sources, national and international financing, as well as private sources, including from agribusinesses, private banks and impact investors.**

Small Island Developing States (SIDS) like Fiji face significant challenges in accessing climate finance. The acute impacts of climate change on Fiji's communities exacerbate barriers to securing resources needed for sustainable agricultural solutions.

Public climate finance mechanisms such as the Global Environment Facility (GEF), Green Climate Fund (GCF), Adaptation Fund (AF), and bilateral arrangements are critical for bridging agricultural finance gaps. Grant and concessional financing are especially vital for projects with low financial returns but high social and environmental benefits. Simplified and efficient finance mechanisms are necessary to support Fiji's efforts in improving food security and nutrition.

Private financing, including investments from agribusinesses, banks, and impact investors, must also be mobilized. Strengthening public-private partnerships can unlock the potential of Fiji's agricultural systems while reducing dependency on traditional funding sources.

- ii. Capacity-building and technical support for farmers, small and medium sized enterprises and institutions involved in the agricultural and food sectors in developing countries to prepare investment-ready projects and strengthen access to different financing sources and instruments.**

Capacity-building must empower Fijian farmers, Small- and Medium-sized Enterprises (SMEs), and institutions to develop investment-ready projects and access diverse financial tools. Strengthening local expertise and institutional frameworks is essential for the long-term success of agriculture initiatives in Fiji.

Short-term workshops, temporary consultancies, and overseas training often fail to deliver lasting benefits. Fiji needs flexible, context-specific capacity-building resources that address local challenges and align with national priorities. Developing tailored solutions will ensure relevance and sustainable outcomes for Fijian communities.

## **2. Examples and case studies related to financing sustainable food systems and agriculture;**

Fiji has introduced some mechanisms in the food and agriculture system to enable sustainable financing solutions, building the confidence level of farmers. Two examples are provided:

### **i. Farm Mechanization Initiative**

Fiji's Farm Mechanization Initiative enhances agricultural productivity by providing machinery, tools, and resources to farmers. This program aims to increase production, utilize underused land, lower costs, and boost farmer incomes.

Aligned with Fiji's agricultural modernization policy, the initiative supports the adoption of innovative technologies to make farming more sustainable and resilient. Farmers contribute one-third of the total cost, while the government subsidizes the remaining two-thirds. This shared investment model encourages farmers to transition from labour-intensive traditional methods to efficient mechanized systems.

For decades, farming in Fiji has been seen as a path to poverty due to manual labor, low returns, and limited investment. This initiative seeks to redefine farming as a profitable and sustainable venture.

### **ii. Commercial Farmers Equity Package**

The commercialization of agriculture in Fiji involves aligning production with domestic and export market demands. A key barrier to this transition is the lack of accessible financial services for farmers. To address this, the Fiji Government partners with the Fiji Development Bank to offer financial solutions tailored to local needs.

Through this program, the bank provides loans while the government offers grants as equity contributions. These funds support land development, farmhouse construction, equipment purchases, and infrastructure improvements such as farm roads, water supply, renewable energy, and irrigation systems. This initiative aims to graduate Fijian farmers from reliance on government aid, enabling them to independently finance agricultural modernization and expand production.

## **3. Possible additional sub-themes for the co-facilitators to consider in the programme.**

Fiji recommends the below as an additional sub-theme for consideration for the Forum:

### **i. Innovative financial instruments, particularly those which are tailored for smallholder farmers and other small and medium-sized enterprises, including green bonds, climate-smart agricultural loans, insurance schemes and digital financial platforms.**

Fiji's agricultural sector requires financial mechanisms that are innovative, scalable, and aligned with its unique challenges as a SIDS. Tailored instruments such as green bonds, climate-smart agricultural loans, insurance schemes, and digital financial platforms can provide crucial support for economic diversification and resilience.

Green bonds, for instance, have shown potential in financing sustainable projects. In Fiji, green bonds were leveraged to fund initiatives with measurable environmental benefits, such as renewable energy systems for farms or reforestation programs to protect watersheds essential for agriculture. However, implementation of green bonds requires robust regulatory frameworks, clear impact metrics, and investor confidence in environmental outcomes.

Similarly, climate-smart agricultural loans incentivize practices that enhance productivity while reducing emissions. Fiji's financial institutions can design low-interest loans for adopting drip irrigation, agroforestry, or soil conservation techniques. These practices align with global research emphasizing the dual benefits of climate adaptation and mitigation through agriculture.

Insurance schemes tailored to Fiji's agricultural risks—such as cyclones, droughts, and flooding—are another critical area. Parametric insurance, which pays out based on predefined triggers like rainfall levels, has been effective to mitigate the financial risks faced by Fijian farmers in the sugar, rice and copra sector.

Finally, digital financial platforms can transform access to capital for remote farming communities in Fiji. Mobile-based platforms have successfully connected smallholders to credit, savings, and market information. Adopting similar models, contextualized to the needs for remote farming communities in Fiji, can accelerate financial inclusion and empower farmers to invest in sustainable practices.

By integrating these innovative instruments and drawing on global best practices, Fiji can strengthen its agricultural resilience and contribute to broader climate adaptation and mitigation goals.