Salutations:

- The Secretary General of the Pacific Islands Forum, Mr Henry Puna;
- Honorable Finance Ministers;
- Forum Dialogue Partners and Observers
- The UN Deputy Secretary General;
- The UNESCAP Executive Secretary;
- CROP Heads;
- Regional Private Sector, Civil Society Organizations and youth representatives;
- Excellencies.

1. Talofa and greetings to you all.

2. Tuvalu is pleased to be given the opportunity to speak on this very important topic on innovative financial instruments and mechanisms to strengthen financial resilience to climate-related risks.

3. The COVID-19 pandemic almost drowned out our Pacific voices on climate change in its frenzy as it swept the world. In COP26, Tuvalu presented virtually to the COP26 half-submerged in sea water from our very own beloved shores of Funafuti, to remind the world that it is time now for action and that time and tide waits for no man.

4. The COVID-19 crisis is an important opportunity for the Pacific. It is an opportunity for us to consolidate, re-think and re-imagine our future with the realization that if borders close, and if our connection to the world stops, what will we do as small island states on the equator at the center of the world, in a Pacific-centered world map?

5. This moment of truth is as serious as the existential threat from climate change and rising sea levels, as well as the question before us, how can we innovate to strengthen our financial resilience? To put it simply, we need to innovate in order to survive, or in the improvised words of a famous American rapper, we “need to innovate or die trying”.

6. **Climate Finance** is the single most important financing avenue for Pacific Island Countries and needs concerted Pacific focus. How can Members innovate to accelerate the strengthening of our PFM governance and the way we are organized to access more and faster? How can we work with our development partners to innovate to seek a simpler and a faster track for Pacific Countries? We welcome the sharing today from Green Climate Fund as an important partner in this endeavor.

7. Climate adaptation financing and loss and damage moved forward in COP26, however, in the lead up to COP27, it remains unclear what the direct initiatives are to scale up financing to meet the needs of the most vulnerable states to the adverse impacts of climate change. This is not just a Pacific agenda but a global one, and Tuvalu wishes to amplify our Pacific voice with our Global
Climate Champions; How will the Pacific organize ourselves as a united force in COP27 to drive more concrete outcomes? How will the advanced economies address the financing shortfall in a way that is meaningful for the Pacific?

8. To address the longer-term challenge of transforming economies to become more resilient to shocks, we understand IMF is considering options for channeling some of the $650 billion SDRs issued in August 2021 from countries with strong external financial positions to vulnerable countries through a Resilience and Sustainability Trust. We understand that this proposed $50 billion trust fund could help low-income and vulnerable middle-income countries build resilience to balance of payments shocks and ensure a sustainable recovery. We welcome this sharing today to understand more what this means for the Pacific.

9. Pacific Leaders have established the Pacific Resilience Facility as part of a more proactive stance to fund our future climate adaptation. Needless to say, the $1.5 billion capitalization target for PRF is still a fraction of the estimated climate bill for adaptation and mitigation for the Pacific and is only 1.5% of the $100 billion commitment. How can developed nations support PRF, and can it be in lieu of the shortfall to the $100 billion dollar commitment in COP26 so that it comes directly to the region?

10. We’ve heard two important presentations this morning. The paper on the potential for debt for climate swaps, the innovation of preserving our resources as collateral for debt forgiveness is an important consideration for the region. We acknowledge other small island states that have done it will be presenting during this Conference. We look forward to hearing this.

11. The other angle of innovating using our natural resources, is to optimize the value of our fisheries and replicate arrangements like PNA as COVID-19 has forced us to be very strategic in the way we think about our resources and every investment we make to address our tight fiscal spaces due to the compounded fiscal impact of climate change, disasters, coved and development.

12. Should the region set up a Fisheries Fund while our harvests are buoyant to pool future funds for development and savings like a credit union? Should we consider securitizing our resources to access new financing, and not just for debt forgiveness. How do we find ways to pool small together to issue Blue or Ocean Bonds as countries like Fiji have done?

13. Should we be looking at a Pacific Development Bank that can issue this instrument on behalf of small island states, and that can also develop a fragility index to assess our risks as small island states, similar to the Caribbean Development Bank? This is innovation. In our quest for survival, we should leave no stone unturned.

14. On the second presentation on regional fiscal buffers. This is critical for the Pacific in order for us to fund our recovery after shocks and not fall deeper into the cycle of debt. Tuvalu has initially set up its Consolidated Investment Fund (CIF) for this same purpose. This investment fund (CIF) requires under our Financial Instruction to receive distribution from the Tuvalu Trust Fund together with any excess surplus the Government wishes to invest. This Investment is intended to provide budget stabilization in time of significant revenue and expenditure fluctuations and especially during Covid-19 pandemic.

15. In this session, we’ll also hear about catastrophe self-insurance. This is a key shift in the
Pacific way of thinking, where we live for today. To insure proactively for the risks that tomorrow brings is still new, but is an important way of innovating. This also needs concerted regional effort to strengthen our insurance coverage to reduce the rebuilding costs after shock events.

16. Finally, Tuvalu is committed to strengthening regional co-ordination, dialogue and partnerships, and to using COVID-19 as an opportunity.

17. We welcome Antigua and Barbuda to today’s session and as chair of AOSIS, your presence is an important demonstration of the importance of sharing of experiences to address our common issues amongst small island states. Welcome. In light of the UN Deputy Secretary General’s Special Remarks during the opening session of this conference, and AOSIS recent statement to the UN Secretary General for our 2022 priorities, which was made while Tonga was being ravaged by the volcanic eruption, the Pacific would seek the AOSIS Chair’s support for the opportunity to share our debt situation at the next AOSIS meeting.

18. We believe this is the most critical aspect of our recovery as a region, that we need to strengthen our regional partnerships and global alliances. We need to innovate more and have more conversations about our challenges. We need to strengthen our economic formation and economic alliances and consolidate our efforts to strengthen our governance and policy reforms to be able build forward better in the Pacific.

I thank you.
Fakafetai lasi.

Pacific Islands Forum Secretariat
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