Regional Debt Conference

“Addressing Debt Sustainability in the Pacific in the Aftermath of COVID-19”
Theme question?

What is the potential of innovative financial instruments and mechanisms such as the Pacific Resilience Facility, debt for climate swaps and contingent disaster financing to strengthen financial resilience to climate-related risks going forward?
Principles of DRFI in the PICs

Transaction speed matters, but not all resources are needed at once.
There is no silver bullet!
## Existing/Emerging Innovative financial instruments

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### Insurance/financial instruments

- PRF, PCRIC, PICAP- Pacific Insurance and Climate Adaptation Program, Debt swaps, Insurance of Public Assets.

### Pipeline instruments

- Anticipatory financing
- Forecast-based financing
- Disaster risk reduction financing
Existing/Emerging Innovative financial instruments

- Risk pooling/transferring
  - Parametric insurance - PCRIC primary focus
    - New products under development
    - New Act enhancing the ability of the company to offer non-sovereign products
    - Premium subsidization
    - Internship and technical capacity building

- Contingent disaster financing
  - Trigger based contingency financing.
Key messages for effective financial solutions

- Diversification - maximize returns
- Building country ownership - political willingness
- Technical capacity building - embed disaster risk transfer/pooling technical team within key ministries and relevant agencies
- Addressing the confusion with DRFI instruments
- Addressing the moral hazard issues
- Premium vs Loan
- Mobilization of financial support to be collectively promoted through regional mechanisms such as PRF, PCRIC, etc.
- Strengthen regional collaboration and partnership
Thank you