



Access to Finance for Climate Change and Disaster Risk Reduction for Pacific SIDS

Workshop on “Resource mobilization for sustainable development in the Asia-Pacific SIDS”, Port Vila, Vanuatu, 27 November 2018

Introduction



- ❖ “Leaving no one behind” requires urgent measures to reduce SIDS vulnerabilities to climate change and natural disasters
- ❖ PSIDS financing needs for sustainable climate-resilient development are among highest in world
- ❖ Increases in climate finance flows can be expected over next few years
- ❖ International financing landscape is complex and ever evolving

Outline



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- ❖ Sources of climate, disaster risk reduction and post-shock concessional finance available to Pacific SIDS, particularly the LDCs among them
- ❖ Challenges to their access and use
- ❖ Recommendations to enable Pacific SIDS to get most out of existing financing instruments

Sources of Concessional Climate Finance UNFCCC



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Global Environmental Facility

- GEF 7 (US\$233 million)
- Adaptation Program
- LDC Fund
- Special Climate Change Fund (SCCF)
- Lack of capitalization

Adaptation Fund

- Developing country parties to Kyoto Protocol
- Financed through a 2% levy on emission credits from CDM
- Access through accredited entities

Green Climate Fund

- Fully operational since end-2015
- US\$10b pledged – US\$4.6b committed
- Priority for particularly vulnerable states
- Co-financing requirements
- Direct access for accredited national and sub-national organizations

Sources of Concessional Climate Finance Multilateral Development Banks



IDA - World Bank Group

- IDA 18 scaled up Crisis Response Window (CRW)
- Catastrophe Deferred Drawdown Option (Cat DDO)

Rapid Credit Facility - IMF

- Higher annual access limit of 60% of quota when natural disaster causes damage of at least 20% of member's GDP

Asian Development Bank

- Committed to increase climate and disaster risk finance to PSIDS
- Goal of raising US\$500m in 2017-2020
- Greater 'climate component' in its investments

Post-Shock Financing Flows to SIDS by region



Instruments	Units	Range	AIMS	Caribbean	Pacific	Total
IDA Crisis Response Window (CRW)	Millions USD accumulated	IDA 17/18	0	100	63	163
Sovereign Catastrophic Insurance cover	Payouts in millions USD accumulated	2007-2017	0	130	3.2	133.2
IMF Rapid Credit Facility (RCF)	Cumulated Balance due in millions USD	As at 30 November 2017	3.5	45.9	14.3	63.7

Selected Concessional Finance Sources and Instruments



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SIDS	LDC	IDA Small island	IMF RCF	ADB ADF	ADB LOANS	PCRAFI	Cat DDO	BONDS
Fiji			X				X	X
Kiribati	X	X	X	X	X			
Nauru			X	X	X			
Samoa		X	X	X	X	X	X	
Solomon Islands	X	X		X	X			
Timor Leste	X	X	X		X			
Tuvalu	X	X	X	X	X		X	
Vanuatu	X	X	X	X	X	X	X	

Bilateral Providers to PSIDS



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- ❖ Direct bilateral flows remain a very significant source of climate finance for Pacific SIDS
 - ❖ Australia, Japan, New Zealand, EU (GCCA+), China ...
- ❖ Donors to prioritize low income countries
- ❖ Emerging country donors tend to provide less concessional and more tied aid
- ❖ Counter Cyclical Provisions in concessional loans
- ❖ Debt-for-nature and debt-for-climate swaps

Challenges



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- ❖ Scale of adaptation finance needed
- ❖ Building inclusive resilience
- ❖ High debt levels
- ❖ Slow accreditation procedures due to complex requirements and limited technical capacities
- ❖ Limited data and markets existing in most PSIDS

Recommendations Climate Resilient Development



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- ❖ Scale up concessional finance flows using the resilience framework
- ❖ Develop climate smart social safety systems
- ❖ Regional resilience facility to blend climate finance and ODA flows
- ❖ Greater pooling of climate risk between countries

Recommendations

Enhancing Access to Climate Finance



- ❖ Develop partnerships with accredited entities and supportive development partners to submit timely bankable projects
- ❖ Simplify / standardize accreditation procedures and project cycle and strengthen national technical capacities
- ❖ Joint country project proposals to access GCF and others to support improved Pacific integration, share technical expertise and lower costs
- ❖ Create platform with GEF and GCF to address financing and donor fragmentation
- ❖ Capitalize LDC Fund, Adaptation Fund and GCF

THANK YOU !



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