



PACIFIC ISLANDS FORUM

Session 4: Leveraging climate and disaster risk financing

**UNESCAP Fifth Pacific Forum on Sustainable Development and
Capacity Building Workshop for Pacific SIDS**

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Scale required by Pacific SIDS

Global scale required for adaptation

- Average annual adaptation costs in developing countries are currently in the range of US\$70 billion with the expectation of reaching US\$140-300 billion in 2030 (UNEP 2020).

Pacific scale

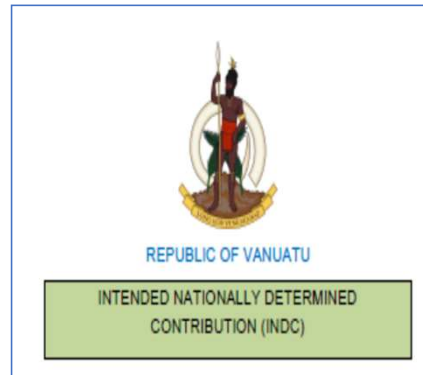
- Annual coastal adaptation cost: US\$234 - \$796 million by 2020 (World Bank 2016). Cost of selected NDCs below:



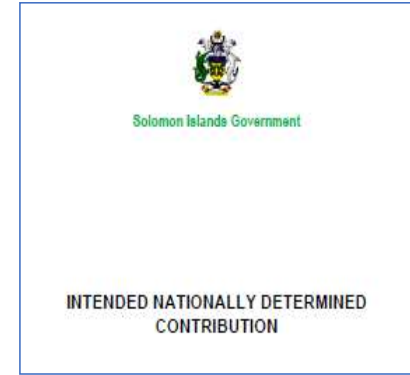
US\$2.97bn up to 2030



US\$276m up to 2030



US\$430m



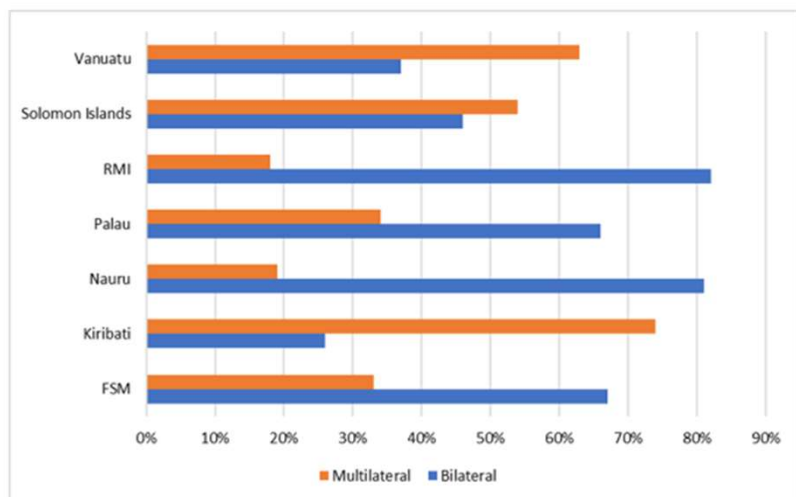
US\$200m

- Cost of recent disasters account for 31 – 63% of national GDP. In 2020 alone, disaster costs amount to US\$1 billion.

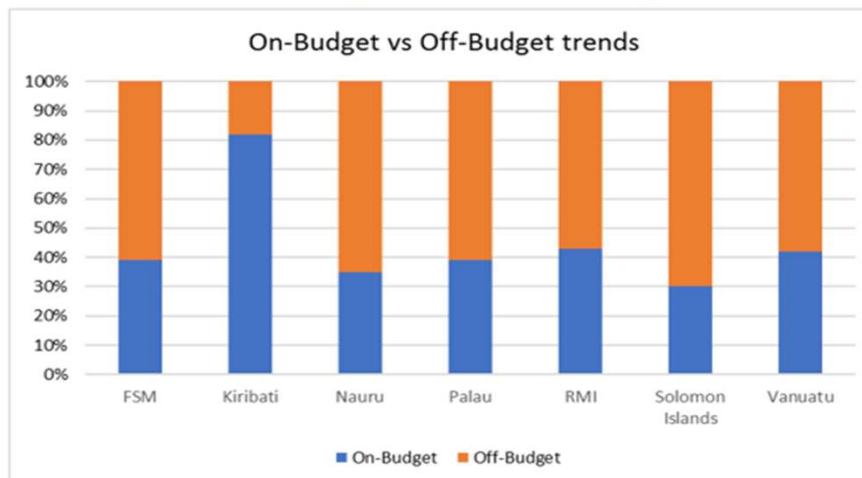
Status of access by Pacific SIDS

- **US\$2.2 billion** approved for Pacific SIDS from 2010 - 2020.
- Annual average of **US\$220 million**.
- Latest OECD report confirms that US\$79.6 billion mobilised in 2019. Of this only 1.9% benefitted all SIDS globally. From PIFS data, only **0.28% flowed to Pacific SIDS**.
- 98% projectised; 2% in general/sector budget support & technical assistance

Multilateral vs Bilateral

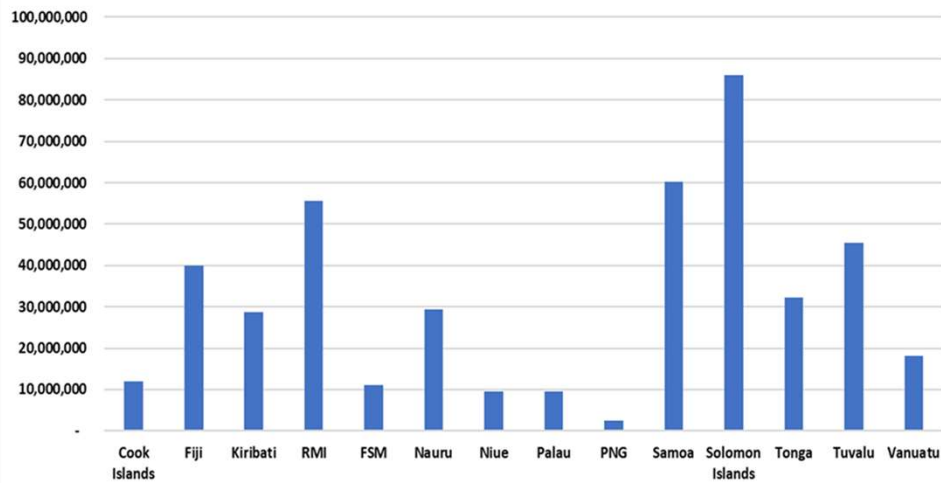


On-Budget vs Off-Budget

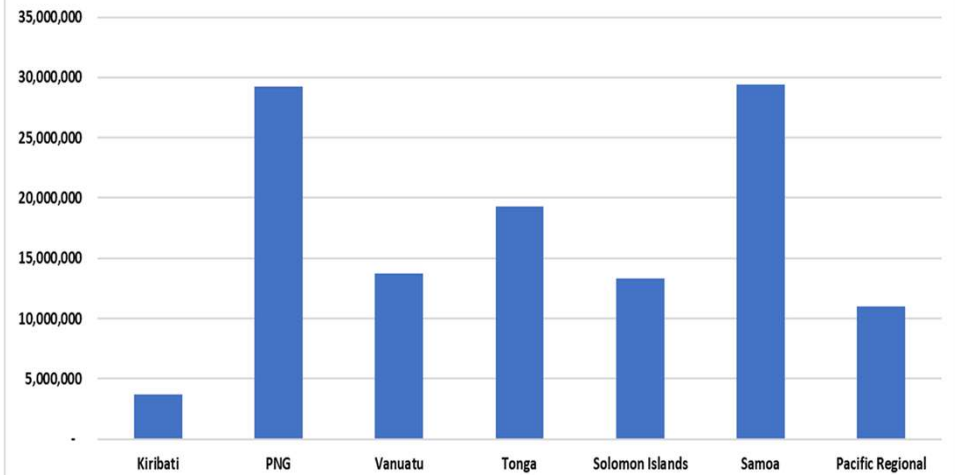


Status of access to multilateral climate funds

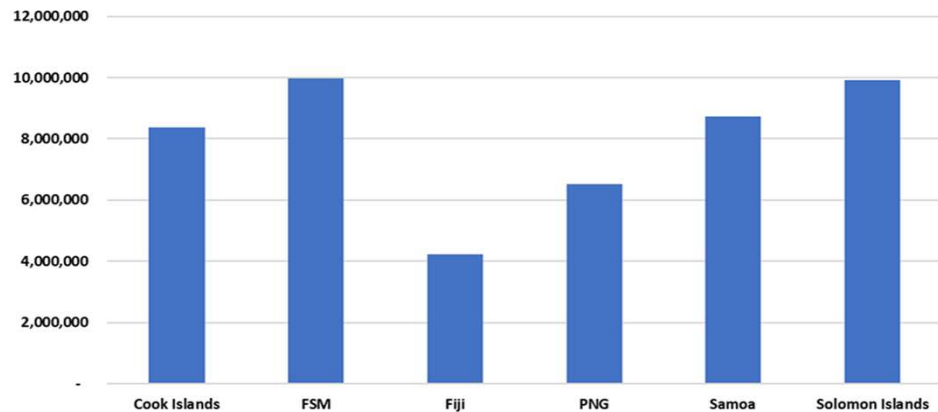
GCF Approved projects for Pacific SIDS (US\$440m)



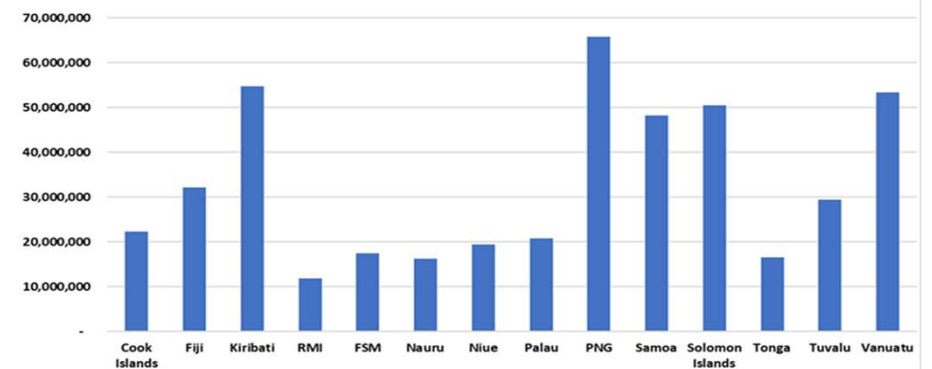
Climate Investment Funds projects in Pacific SIDS (US\$119.63m)



Adaptation Fund projects for Pacific SIDS (US\$47.8m)



GEF Climate Change funding for Pacific SIDS (US\$458.65m)



Key Issues for 2021 FEMM

1. Capacity constraints in smaller Pacific SIDS limiting access to multilateral climate funds.
 - Need for donors to embed and support sustainable capacity building and capacity supplementation approaches in future CCDRM interventions.
2. Much of climate finance accessed is not tracked and falls outside of national systems.
 - Need to support robust M&E systems and tracking tools to ensure 'Effectiveness' and 'Sustainability'.
3. Lack of direct access by countries and delays in disbursement.
 - Need for public financial management (PFM) reforms to enhance absorptive capacity and donor confidence to use country systems.
4. Too much focus on few vertical climate funds.
 - Explore other new sources of innovative financing options (e.g. Green Bonds, Blue Bonds, Debt-for-Climate Swaps, Sustainability Bonds, Trust Funds, Risk Insurance, Carbon Levy, Green Fees etc.).
 - Enhance role of the private sector for co-financing and public-private partnerships.

Regional Initiatives Post-2021 FEMM

1. Formalized role for Technical Working Group on Climate Finance & PFM as advisory body to FEMM on PFM-CCF issues.
 - Currently in the process of formulating its 2022 workplan – coordinated by PIFS with support from UNDP Gov4Res Project
 - Co-chaired by PIFS & PFTAC with members including EU, UNDP, World Bank, ADB, IMF, DFAT, MFAT, UK.
 - Focus on capacity building, training, research, peer-to-peer exchange to strengthen PFM systems to facilitate improved climate finance access & accreditation, and the effectiveness of climate finance.
2. Formalized role for Pacific Resilience Partnership TWG on Disaster Risk Finance as advisory body to FEMM on DRF issues.
 - Implementation Plan for Operating Framework being finalized.
 - Chaired by Fiji and members includes governments, UNCDF, PCRIC, World Bank etc.
 - Focus on capacity building and training, knowledge brokering, regional coordination and strengthen private sector engagement.
3. Analytical work on innovative resilience financing options.
 - Debt for Climate/Resilience Swap study jointly supported by UNESCAP and PIFS.
 - Carbon Emissions Levy – jointly supported by PIFS, USP and the Micronesian Sustainable Transport Centre.
 - Green/Blue/Sustainability Bond research – Fiji plans to launch Blue Bond in 2022.