



SESSION III: ACCESS TO FINANCE FOR CLIMATE CHANGE AND NATURAL DISASTERS

The world is in a „make-or-break“ decade. There is limited time to put in motion an action regime that places all countries on low carbon and climate resilient growth paths to remain



(GPO), Wealth Accounting and Valuation of Ecosystem Services (WAVES) and Infrastructure Finance.

On Climate Adaptation and Disaster Risk Management. Debt sustainability is a critical concern for many small states. Even in the face of prudent fiscal policy, extreme weather events can have devastating fiscal impacts. The Caribbean Catastrophic Risk Insurance Fund is an innovative approach to providing financial pay-outs once certain thresholds, such as wind-speed, are passed. The Pilot Program for Climate Resilience (PPCR), under the CIF, has been helping small states address climate challenges with approximately \$130 million being made available for small states in the Caribbean and Pacific.

On Climate Mitigation and Renewable Energy. Small States are spending more than 20% of GDP on fossil fuel imports and endure some of the highest electricity prices in the world (at 20 to 40 cents per KWh; in some cases as high as 1 USD / KWh). The Scaling Up Renewable Energy Program (SREP) under the CIF provides investment packages in the range of \$20 to \$40 million to recipient countries. The Bank responded positively to a request from small states to help facilitate SIDS DOCK, a program to assist small island developing states in “docking into” innovative climate finance instruments to implement renewable energy solutions. This program is being supported by a contribution of \$14.5 million from Denmark and a pledge of \$15 million from Japan.

CHALLENGES GOING FORWARD

There is a growing sense from small states that tailored support is needed to develop “bankable” project pipelines for financing through the Green Climate Fund and other sources. There is also a need for capacity building to support scaled-up access to development financing as a basis to leverage and blend financial streams from multiple sources, including the private sector.

On Adaptation. Small states have proposed a “Loss and Damage” work program as part of the Adaptation Framework and this is now part of the Durban Platform agreed at COP-17. Ideas include a “Captive Insurance Fund” where international and domestic public funds enable an asset-backed bond issue on the capital markets. Related to this, it is now possible to measure future savings due to avoided disaster losses for a portfolio of assets based on actuarial modeling techniques. By quantifying climate resilience improvements that result from mitigation investments, investors and donors will be able to get measurable results at national and sector levels. This results based approach could prove helpful in raising any additional concessional funding.

On Mitigation. There is a demand for increased investment in mitigation. Small island states have identified over \$200 million worth of renewable energy projects which can help conserve foreign exchange and ultimately improve fiscal space for investments in climate resilient development.

