

Fourth International Conference on Small Island Developing States “Charting the Course Toward Resilient Prosperity”

Interactive Dialogue 3:

11.00am – 1.00pm, Wednesday 29th May 2024

Making climate finance work for small island developing States: building on the outcomes of the twenty-eighth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change:

1.0 Purpose of Session

The discussions should explore ways to significantly increase the provision and mobilization of climate finance, addressing both adaptation and loss and damage and upscaling solutions to climate change. Engagement in this theme should strategize around the outcome of COP28 to fulfill the international community's commitment to limiting the global temperature rise to 1.5 degrees, safeguarding our planet, its inhabitants, and its biodiversity, and preventing the breaching further irreversible tipping points and surpassing of planetary boundaries, in accordance with the 2030 Agenda and Paris Agreement

2.0 Background information on Issue

The focus of this paper is on Climate Finance

The UNEP report “The Gathering Storm: Adapting to climate change in a post-pandemic world” (2021), highlights the costs of adaptation and the estimated financial needs for adaptation from developing countries. It indicates higher values than previously reported, with estimated annual adaptation costs now generally in the upper range of the 2016 estimate of the Adaptation Gap Report of USD 140-300 billion by 2030 and USD 280-500 billion by 2050.

The World Bank estimated coastal adaptation costs by 2040 ranging from USD 3-11 million for Palau to USD 97-347 million for the Solomon Islands. To climate proof infrastructure from climate-induced flooding for the period 2011-2050, average annual costs range from USD 0.3 million for Tuvalu to USD 20.2 million for Fiji. Protection against tropical cyclone damage, losses in the agriculture sector (5% of GDP by 2100), changes in fish catch and destruction of coral reefs, and possible relocation due to climate change will add to these costs. For Kiribati alone, the cost of mitigating sea level rise will reach 4-17% of GDP by 2040.

1.0 Current Situation and Known Regional and Global Issues

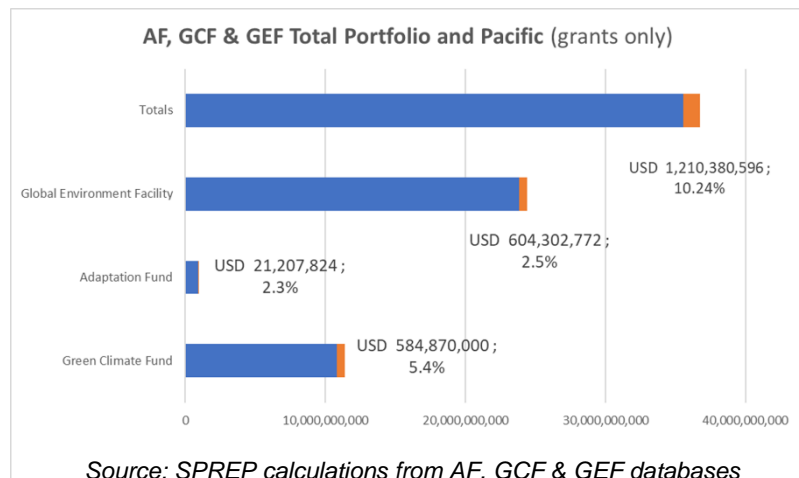
Pacific SIDS have acted in unison in their responses to global initiatives. This is largely orchestrated by regional agencies and international donor partners and is not necessarily what either the governments or their peoples want or believe – examples include the ratification of international treaties, the meeting of their obligations under these, and the subscription to the 1.5°C global average temperature rise aspirational target at the Copenhagen climate summit

(Nunn, 2009; Farbotko and McGregor, 2010). Generally, Pacific SIDS response to climate change has been project-based, ad hoc and heavily dependent on external resources. Competing priorities, insufficient national commitment, limited capacity, and the dominance of international priorities over national concerns in the climate change agenda are some of the common justifications for such responses (FAO, 2008).

Many Pacific SIDS are too small to have a full range of experts within them. The model in the region for the past four decades has been to have inter-governmental regional agencies undertaking work on behalf of member governments. The current principal technical agencies charged with environmental work are the Secretariat for the Pacific Regional Environment Programme (SPREP) and the Pacific Community (SPC). The Pacific Islands Forum Secretariat (PIFS) leads the Council of Regional Organisations in the Pacific (CROP), of which SPREP and SPC are members, through a Framework for Pacific Regionalism (July 2014) that includes the Framework for Resilient Development in the Pacific (FRDP), Small Island Developing States Accelerated Modalities of Action (SAMOA Pathway), and the Boe Declaration Action Plan, to mention a few.

4.0 Regional Progress and Actions Needed

With approximately only 10.24% of the available climate financing (grants only) through the UNFCCC financing mechanisms (i.e., GCF, AF and GEF) allocated to the Pacific SIDS since 1992 – bar graph, the gap between Pacific SIDS priorities and needs, and the level of financing received to implement these priorities, is continuing to grow.



- In meeting Pacific SIDS' priorities and needs to address impacts of climate change, it is urgent to scale up and further increase public finance both for direct investment and for overcoming barriers to private-sector participation in climate change adaptation and mitigation initiatives. Pacific SIDS will not be able to rely on official development assistance nor domestic taxes and fees to meet their priorities and needs. New instruments, actors, and approaches to scale up climate finance are emerging, including private-sector financing.
- The rate and scale of progress in addressing climate change impacts at the national level is not sufficient to keep up with the growing needs, as costs are rising faster than access to financing.
- The recent IPCC report notes there are feasible and effective options which can reduce risks to people and nature, with integrated, multi-sectoral solutions that address social inequities, differentiate responses based on climate risk and cut across systems, increasing the feasibility and effectiveness of climate change adaptation and mitigation

in multiple sectors. However, this can only be effective through scaling up and further increasing public finance both for direct investment and for overcoming barriers to private-sector participation.

- The Pacific Leaders endorsed the development of a 2050 Strategy for the Blue Pacific Continent, noting that Pacific SIDS can form an effective union that builds on regional frameworks to ensure a safe and secure future for the Pacific in the face of climate change. Importantly, a key driver of the 2050 Strategy was the subsequent adoption by Leaders at the Forum meeting of the Kainaki II Declaration for Urgent Climate Change Action Now, which states, inter alia:

“To secure the future of our Blue Pacific, we have pursued and must continue to pursue, bold and innovative regional solutions recognising that each of our nation’s futures, as well as the actions we choose to take, are interconnected.”

- Pacific SIDS have progressed adaptation planning, institutional and systems improvement, national processes, and review of national frameworks to align to climate finance criteria in anticipation of improving access to financing. The financing for transformational change, however, needs to expand drastically to meet the response to climate change impacts, while there is still time (i.e., within the next 1-2 decades).
- There is the urgent action and realignment to improve donor’s aid effectiveness, development cooperation and donor coordination in line with SIDS’ national and regional priorities
- Whilst there are ongoing efforts to access large scale financing for transformational change at the national and regional levels, there remains the limited to no participation of small communities who are usually at the forefront of climate change impacts.