

SIDS Remain A Special Case !



Open Working Group on Sustainable
Development Goals

Selwin Hart
Climate Finance Advisor

12 December 2013



Overview

- The Present Context
- Climate, Energy and Oceans
- Climate Finance and SIDS
- SDGs and SIDS - The Way Forward



SIDS - “A Special Case”

Small Size

- Limited natural resource endowment and high import content
- Small domestic markets and dependence on export markets
- Dependence on a narrow range of goods and services
- Price-takers
- Limited ability to exploit economies of scale
- Small private sector and limitations on domestic competition
- Capacity and human resources constraints
- Dependence on foreign sources of capital

Remoteness and Insularity

- High per unit transport
- Uncertainties of supply

Environmental shocks

- Proneness to natural disasters
- Pressures on the environment arising from economic development
- Unique and fragile ecosystems



The Development Landscape of the Caribbean

Vulnerabilities

- External shocks
- Natural disasters and climate change
- Dependence on imported fossil fuels
- High levels of public debt
- Low rates of economic growth
- Small market size
- Limited technical and institutional capacities

Positives

- Politically stable
- Strong regional institutions
- History of political and functional cooperation across the region
- Good Governance
- Made good progress in achieving the MDGs



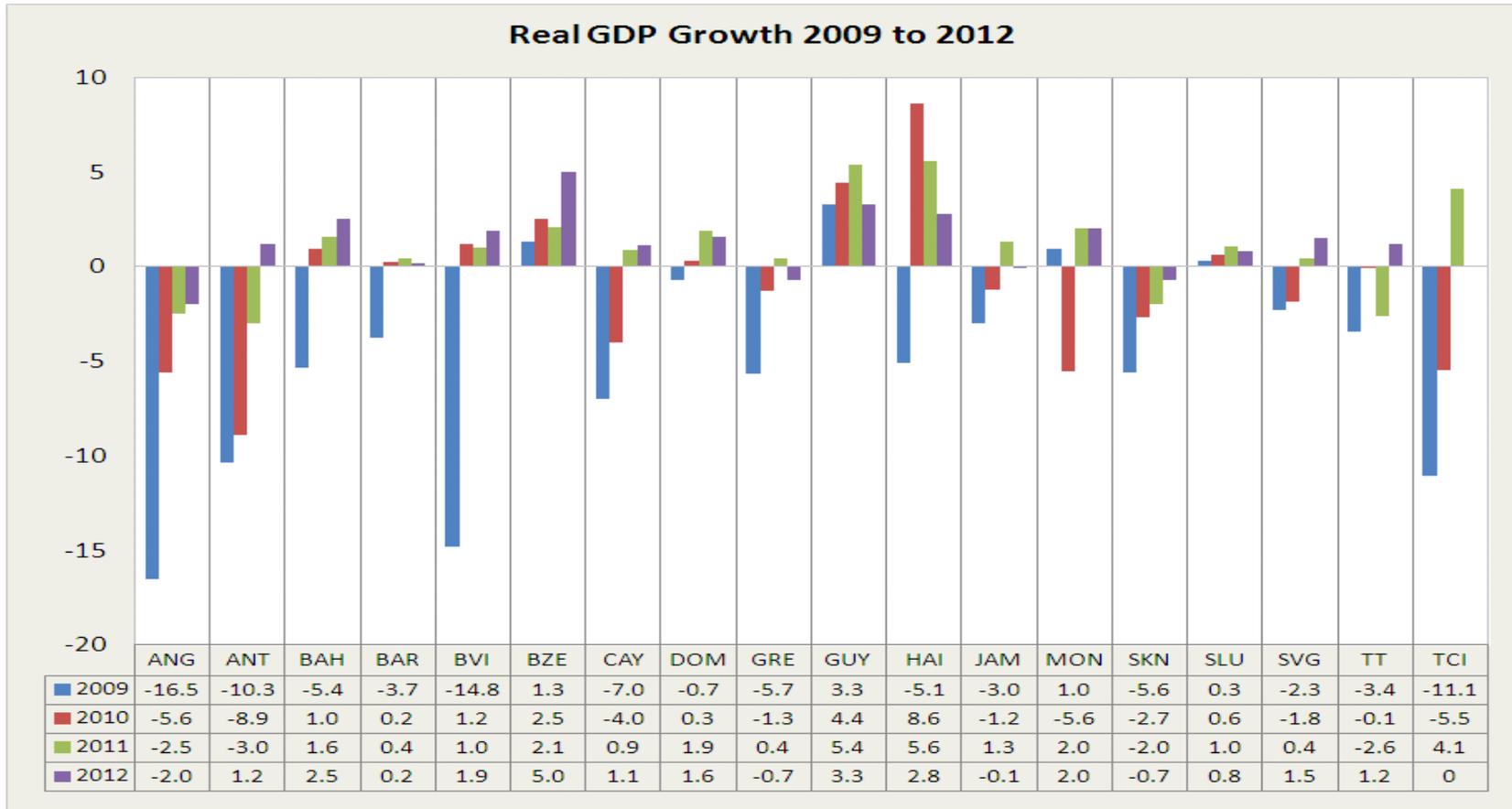
Key Social and Economic Indicators for 2012

- Economic growth - less than 3 percent (%) per annum
- Losses due to natural hazards - increased from 0.9% of GDP per annum in the 1980s and 1990s to 1.3% of GDP
- More than 21% of the population lives below the poverty line
- Fiscal deficit of almost 4%
- Public debt at 80% of gross domestic product (GDP)
- Homicide rate in many C'bean countries far exceeding the average rate of 18 per 100,000 citizens for Latin America and the Caribbean, as a whole.



Growth Performance: 2008 to 2011

Growth (%) in Real Output, 2009-2012*

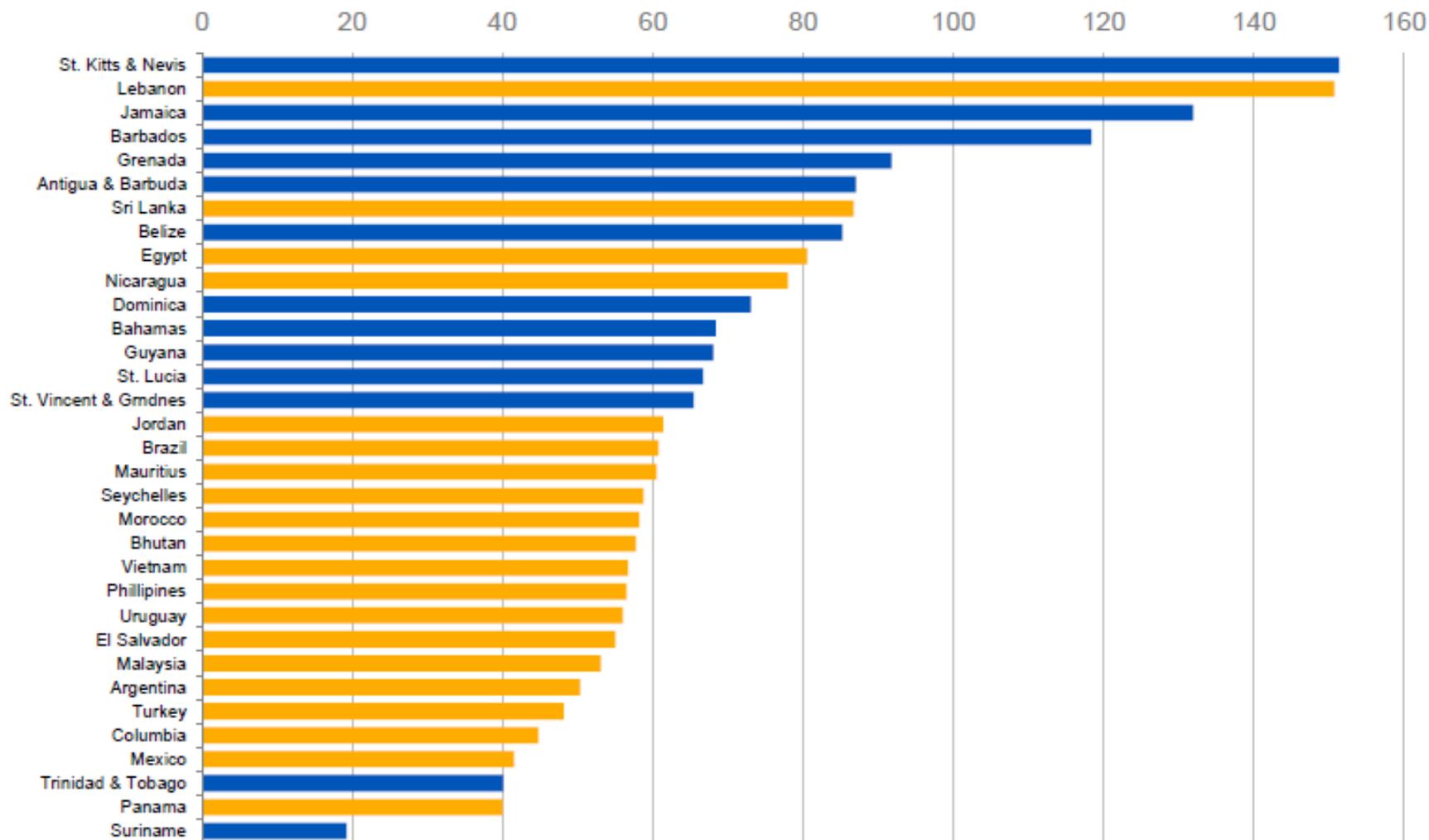


Sources: National Statistical Offices, Central Banks and CDB

*Data for 2012 are preliminary CDB estimates



Debt/GDP (Middle-Income Countries)





Economic Impact of Extreme Weather Events

Rank	Country	Avg. Economic Losses per GDP% (1993-2012)
1	Grenada	9.10%
2	Kiribati	8%
3	Dominica	7.30%
4	St. Kitts and Nevis	6.30%
5	Mongolia	3.70%
6	Belize	3.30%
7	Antigua and Barbuda	3.20%
8	Honduras	2.70%
9	Cuba	2.40%
10	The Bahamas	2.20%

Source: Global Climate Risk Index 2014



CC Impacts in the Caribbean

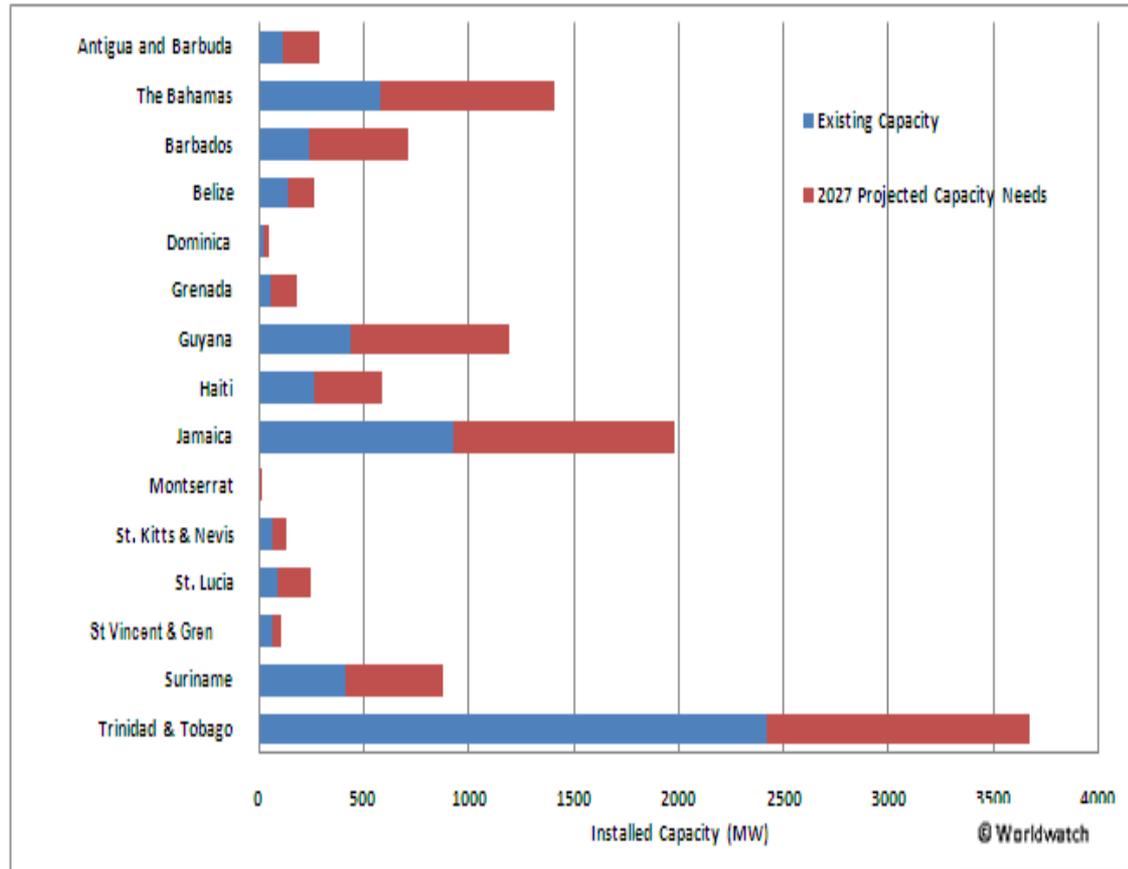


- ❑ **Agriculture**
 - Decrease in the average yields of key crops – potential impact - US \$85 million & \$243 million p.a.
- ❑ **Water Resources**
 - Decreased precipitation, reducing surface water reserves and groundwater recharge; drought; saltwater intrusion
- ❑ **Coral Reefs**
 - The ecosystem services (Tourism and Fisheries) provided by coral reefs in the Caribbean are valued at US\$ 1.5-3.5 billion/annum
- ❑ **Sea Level Rise**
 - GDP loss = > US\$ 1.2 billion per year (cumulatively US\$30 billion if 1m SLR occurs in 2075)
 - Permanently lost land value = US\$ 70 billion +
 - Reconstruction / relocation costs = \$ 4.64 billion
- ❑ **Escalation in the intensity of tropical storms and hurricanes**
 - 5-30 % of GDP by 2050



Key Energy Challenges in the Caribbean

- Vulnerability to imported fossil fuels
- High electricity tariffs
- Grid Instability/Aging Energy Infrastructure
- Policy and regulatory gaps
- Access to finance
- Lack of indigenous RE research and development



Existing capacity and projected capacity needs in 2027, business-as-usual scenario notwithstanding future efficiency and saving policies and measures



Electricity Costs in the Caribbean

FIGURE 1

CARILEC Mid (June) 2011 Tariff Survey

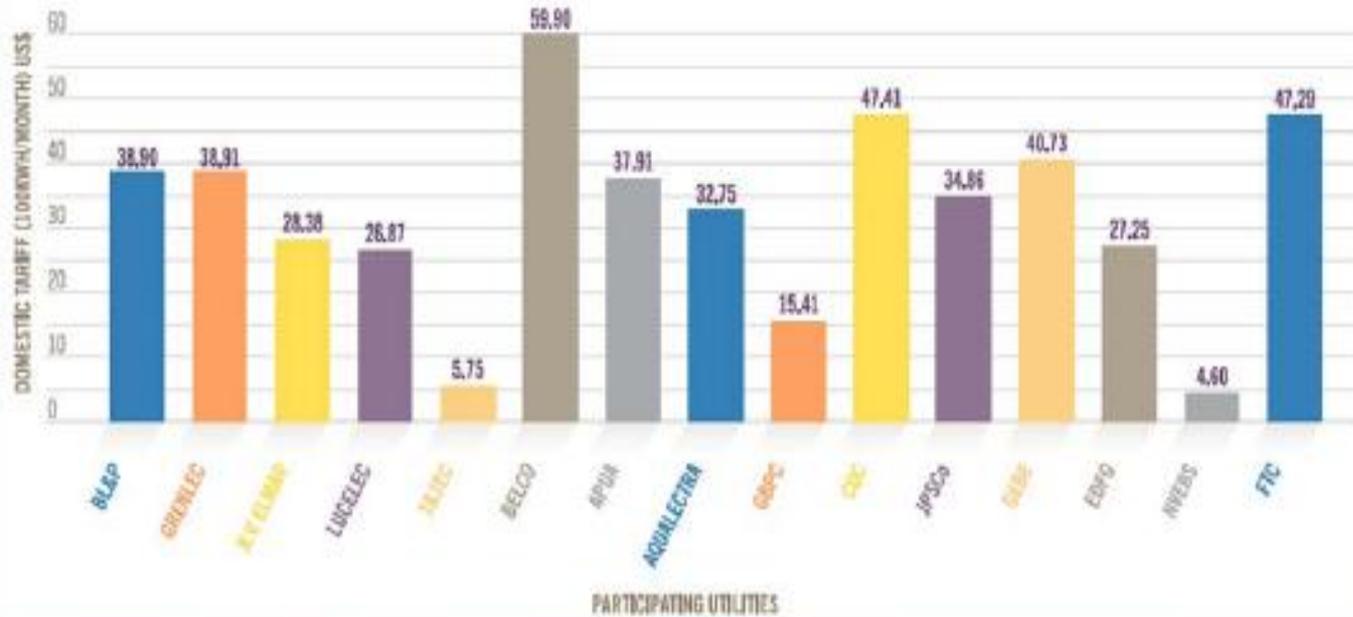


Figure 1 showing the typical bills for 100kWh/month domestic consumers for June 2011

Source: CARILEC



Gulf of Mexico

THE BAHAMAS

Miami

Nassau

Havana

CUBA

Turks and
Caicos Islands
(U.K.)

Milwaukee Deep
(deepest point of the
Atlantic Ocean, -8605 m)

Cayman Is.
(U.K.)

Port-au-
Prince

DOMINICAN
REPUBLIC

British Virgin
Islands
(U.K.)

Anguilla (U.K.)

ST. KITTS AND NEVIS

JAMAICA
Kingston

HAITI

Santo
Domingo

Puerto
Rico
(U.S.)

ANTIGUA AND BARBUDA

Guadeloupe (FR.)

DOMINICA

Martinique (FR.)

ST. LUCIA

BARBADOS

Caribbean Sea

GUATEMALA
Guatemala
San Salvador

HONDURAS
Tegucigalpa

EL SALVADOR

NICARAGUA

Managua

Aruba
(NETH.)

Neth. Antilles
(NETH.)

ST. VINCENT AND
THE GRENADINES

GRENADA

Port-of-Spain

TRINIDAD AND
TOBAGO

Maracaibo

Caracas

COSTA RICA

San José

Panama

PANAMA

Isla del Coco
(COSTA RICA)

Medellin

ANDES

VENEZUELA

Georgetown

GUYANA

Paramaribo

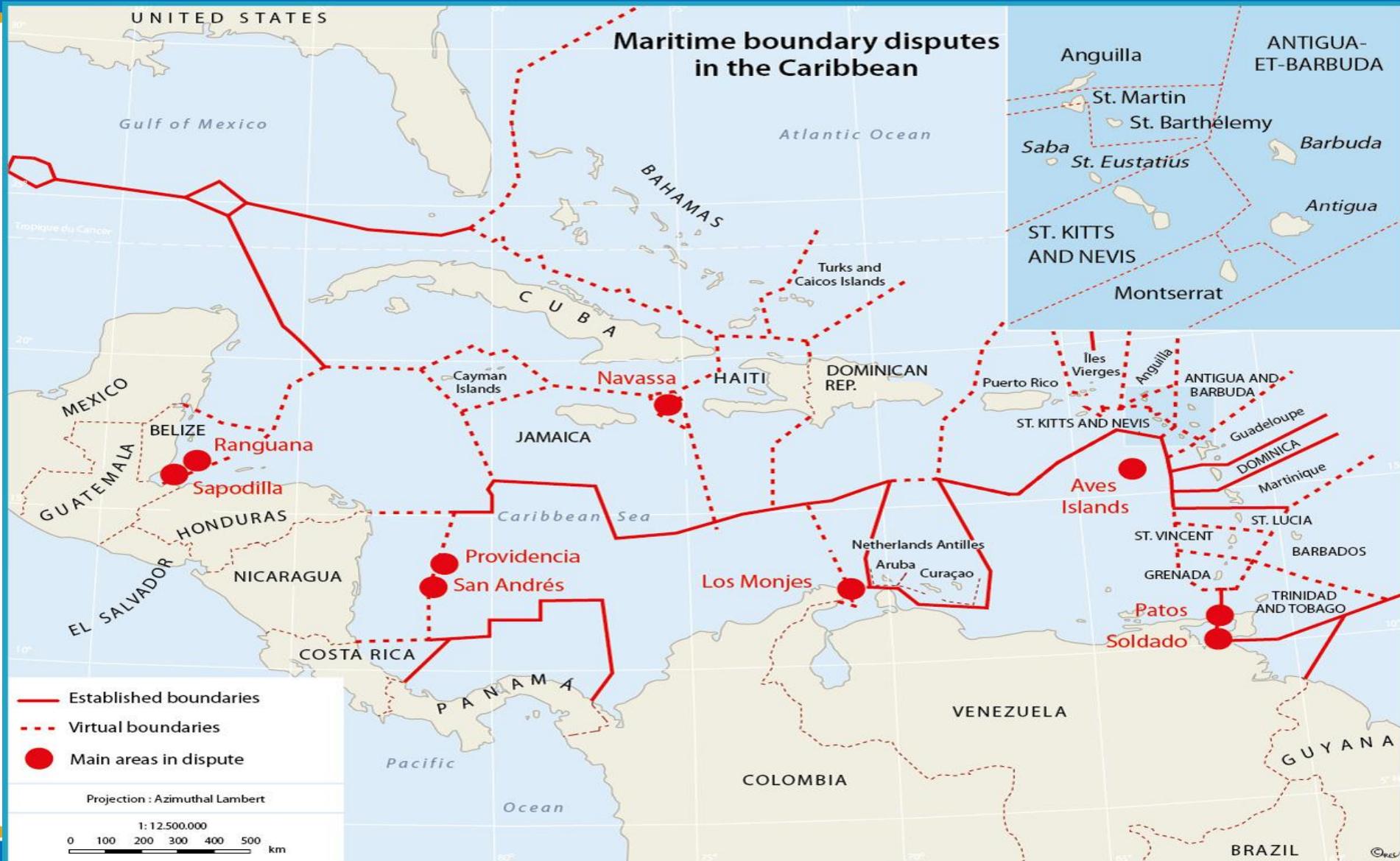
French Guiana
(FRANCE)

Cayenne

MID-



Maritime and Boundary Disputes in the Caribbean





Challenges to Effective Management of the Caribbean Sea

1. Multiple and conflicting demands by a variety of stakeholders within and outside the region
2. Political , Economic and Cultural Diversity and Complexity of the region
3. The absence of Political and Economic incentives to enhance regional cooperation or to strengthen regional governance arrangements



Regional Policy Environment (Climate, Energy and Oceans)

- **Caribbean Community Climate Change Centre (CCCCC)**
- **The Regional Framework for Achieving Development Resilient to Climate Change - 2009**
- **The Implementation Plan (IP) for the Regional Framework - Defines the regional strategy for coping with Climate Change over the period 2012-2022**
- **CDB's Climate Resilience Strategy 2012-2017**
 - Capacity development
 - Resource Mobilisation
 - Prioritization of climate sensitive sectors including water, agriculture, energy, physical infrastructure (coastal and river defences, roads and drainage)
- **CARICOM Energy Policy – March 2013**
 - Regional targets for Renewable Energy (RE) contribution to total electricity generation in CARICOM – 20% by 2017, 28% by 2022 and 47% by 2027
- **Caribbean Sea Commission, Caribbean Regional Fisheries Mechanism (CRFM)**



MOI Case Study: Accessing Climate Finance

The Caribbean's Experience

	GEF Trust Fund Grants (1991-2012)	LDCF	SCCF	AF	Pilot Program for Climate Resilience
Global	694 national projects USD 2.5 billion	158 Projects USD 504 million	39 Projects USD 135 million	28 Projects USD 184 million	Total Pledges USD 1.3 billion
Caribbean	33 National Projects USD 23.7 million <i>(grants)</i>	3 Projects USD 6.4 million <i>(grants)</i>	1 Projects USD 715,000 <i>(grants)</i>	1 Project* ^o USD 9.96million <i>(grants)</i>	Caribbean Program USD 60-75 million <i>(grants)</i> USD 36 million (other concessional resources)

* + one endorsed concept for Belize

^o direct access project in Jamaica



Constraints Faced by CARICOM SIDS in Accessing Climate Finance

External

- Donor focus on larger emerging economies
- Under-financing of regional priorities at the global level e.g adaptation
- Burdensome access criteria and procedures
- Lack of understanding of SIDS issues at the International level
- Use of per capita income rather than climate vulnerability as criteria for accessing climate finance

Internal

- Lack of capacity and in-country expertise to **plan for**, **access**, **deliver** and **MRV** climate finance
- High transaction costs
- Weak in-country coordination systems and mechanisms between ministries of finance and planning, environment and sectoral ministries
- Absorptive capacity
- Capacity deficiencies in meeting internationally agreed fiduciary standards and environmental and social safeguards
- Private sector not aware of funds available
- High debt and lack of fiscal space



“If the Caribbean countries fail to adapt, they are likely to take direct and substantial economic hits to their most important industry sectors ...which are highly climate sensitive sectors. ... and significant losses ... will not only increase unemployment but have debilitating social and cultural consequences to communities.” – Dulal et al 2009

1. Pursuing Low-Carbon, Climate-Resilient Development is not a luxury for the Caribbean but must be its **most urgent priority**. The benefits of acting now far outweigh the cost of inaction or delayed action.
2. The financial requirements are **substantial**, and will require the mobilization of resources on an **unprecedented** scale.
3. Access to **grant and concessionary** resources are crucial, however a range of financing, policy and investment instruments and approaches are required to address policy, risk, costs and liquidity impediments.
4. The development community must focus on **facilitating access** to resources by these countries to avoid climate-induced instability in the region.
5. Countries and regional organizations must “**ready**” themselves
6. Engaging the **private sector** must be an urgent priority



SDGs and SIDS – Practical Suggestions

- SDGs must be supportive of the national and regional priorities/goals of SIDS
 - Energy
 - Climate Change
 - Oceans
 - Health e.g. NCDs
 - Debt sustainability
- Indicators must reflect the diversity of the developing world and the special circumstances of SIDS and other groupings
- Goals must be ambitious, yet achievable
- Clarity on means of implementation at the outset, supported by a robust mechanism to track progress in the provision of MOI involving key stakeholders including the MDBs should be decided on
- Stakeholder buy-in at national and regional levels is crucial
- Any political review of implementation should be supported by robust technical inputs



The End

Thank You !