



Climate Actions and Sources of Financing for the Caribbean Region

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Structure of Presentation

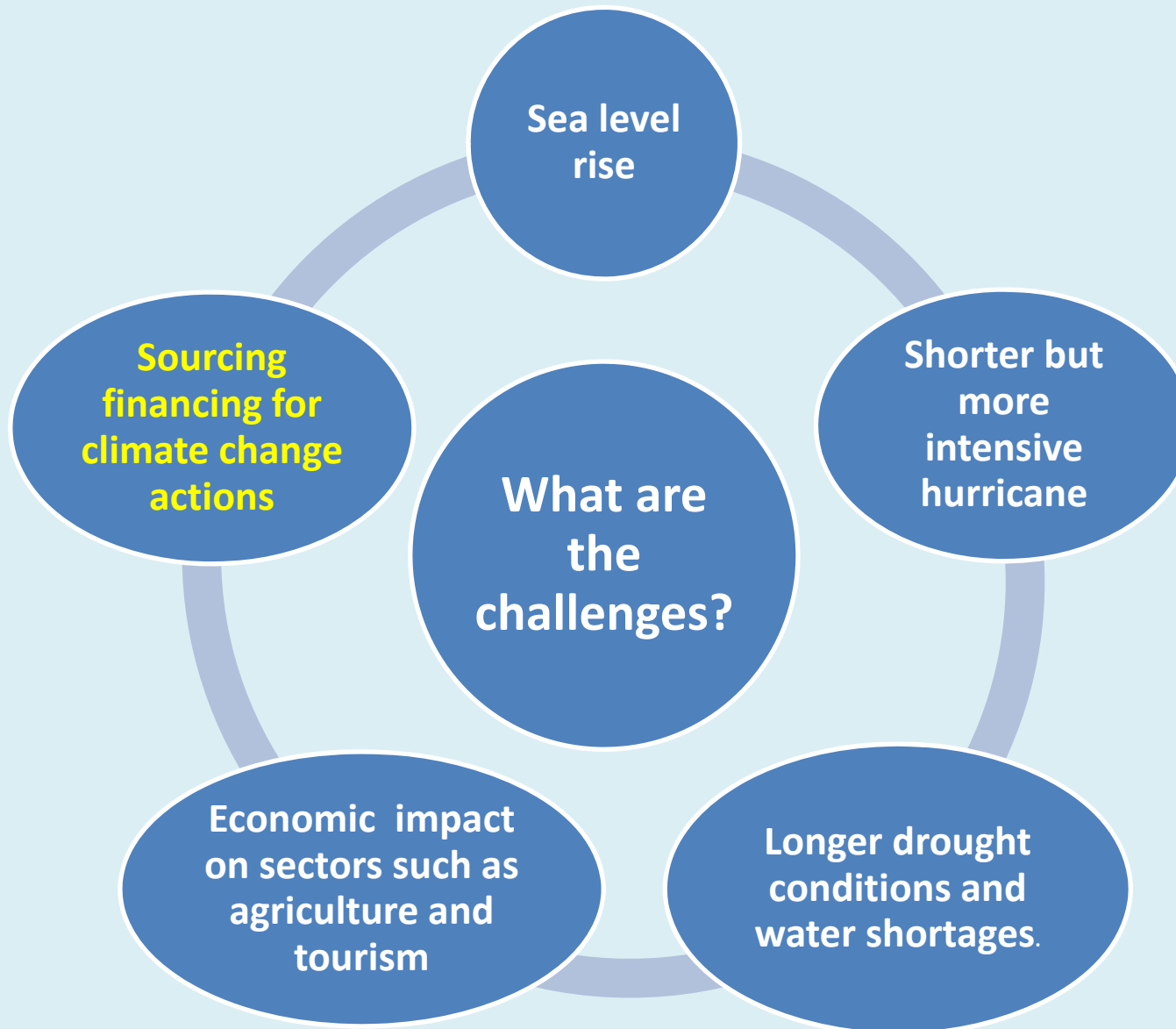
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Some Stylize Facts

- For the 40 million people who live in the region, Global Climate Change remains the most serious threat to sustainable development.
- According to an ECLAC 2010 Study, the region has experienced approximately S\$135 billion in losses from a total of 165 extreme weather events, with most of the losses due to storms (60%) and floods (29%).
- Losses can be in the vicinity of 5 to over 30 percent of GDP on average.
- Current macroeconomic challenges – weak growth averaging 1.9% ; higher levels of debt (averaging about 80%), increased poverty levels (estimated at 28.9%, 2012), and diminishing government revenues have all place constrains on funding for climate change actions.
- The Region have traditionally not access international climate finance at levels commensurate with their high vulnerabilities and exposure to climate change impacts.

Combating Climate Change Challenges



Combating Climate Change Challenges

The CCCCC Regional Framework for Achieving Development Resilient to Climate Change (The Regions Climate Change Strategy):

The strategic elements of the framework are as follows:

- Mainstreaming climate change adaptation strategies into the sustainable development agendas of CARICOM states.
- Promote the implementation of specific adaptation measures to address key vulnerabilities within the region.
- Promote actions to reduce greenhouse gas emissions through fossil fuel reduction and conservation, and switching to renewable and cleaner energy sources.
- Encouraging action to reduce the vulnerability of natural and human systems in CARICOM countries to the impacts of a changing climate.
- Promoting action to derive social, economic, and environmental benefits through the prudent management of standing forests in CARICOM countries.

Combating Climate Change Challenges

Projected Impact of a 1 Meter Sea Level Rise for Selected Caribbean Economies

Selected Countries	Agriculture Land	Tourism Resorts	Urban Area
Dominica	5%	0%	less than 1%
Grenada	3%	11%	less than 1%
Haiti	3%	46%	1%
Jamaica	1%	8%	less than 1%
St. Lucia	1%	7%	less than 1%
St. Vincent	2%	10%	1%

Projected Impact of a 2 Meter Sea Level Rise for Selected Caribbean Economies

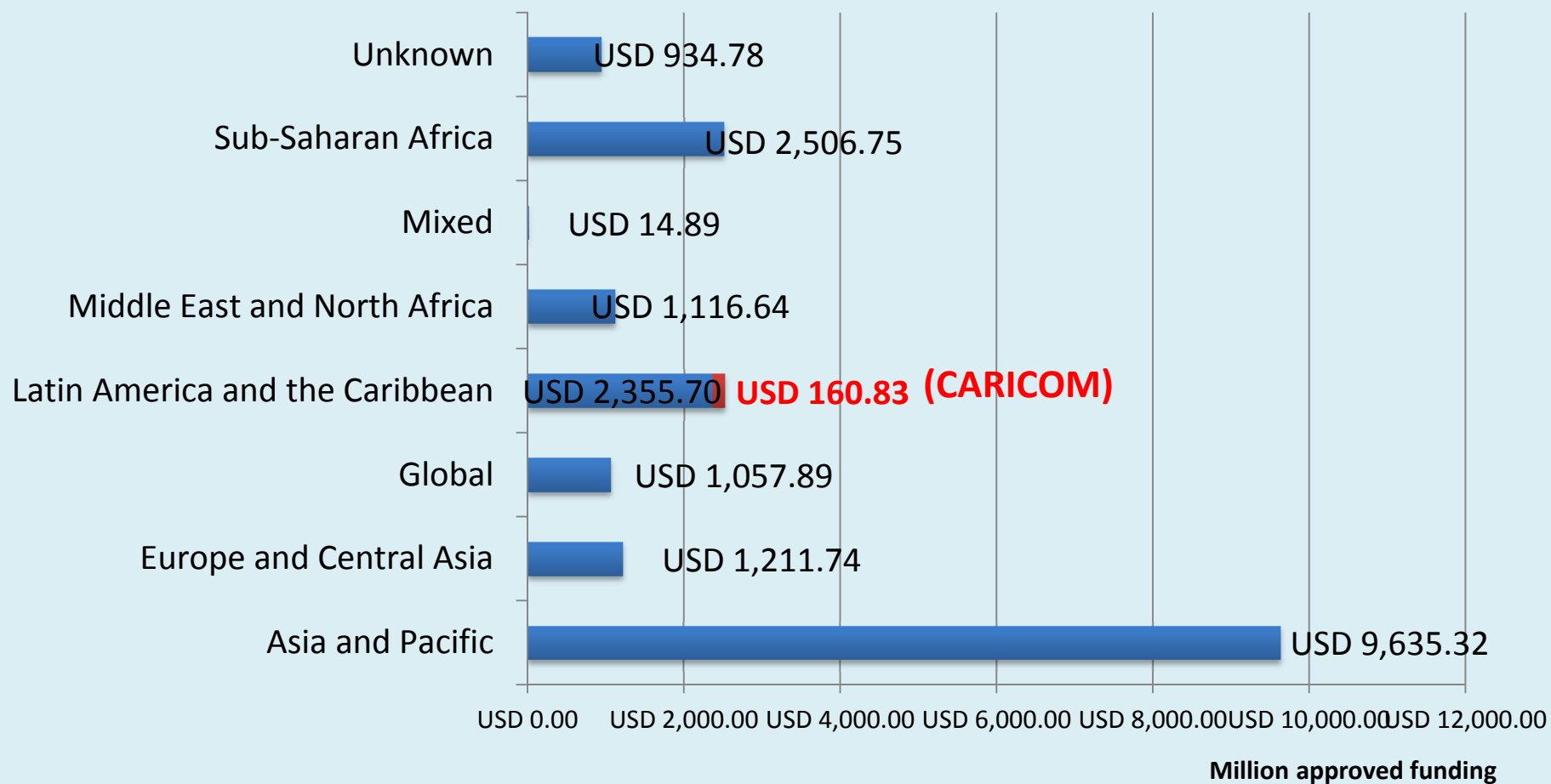
Selected Countries	Agriculture Land	Tourism Resorts	Urban Area
Dominica	5%	6%	1%
Grenada	5%	18%	1%
Haiti	5%	61%	2%
Jamaica	2%	18%	1%
St. Lucia	1%	10%	1%
St. Vincent	3%	24%	1%

Source: Caribbean Regional Strategic Program for Climate Resilience (SPCR, 2012)

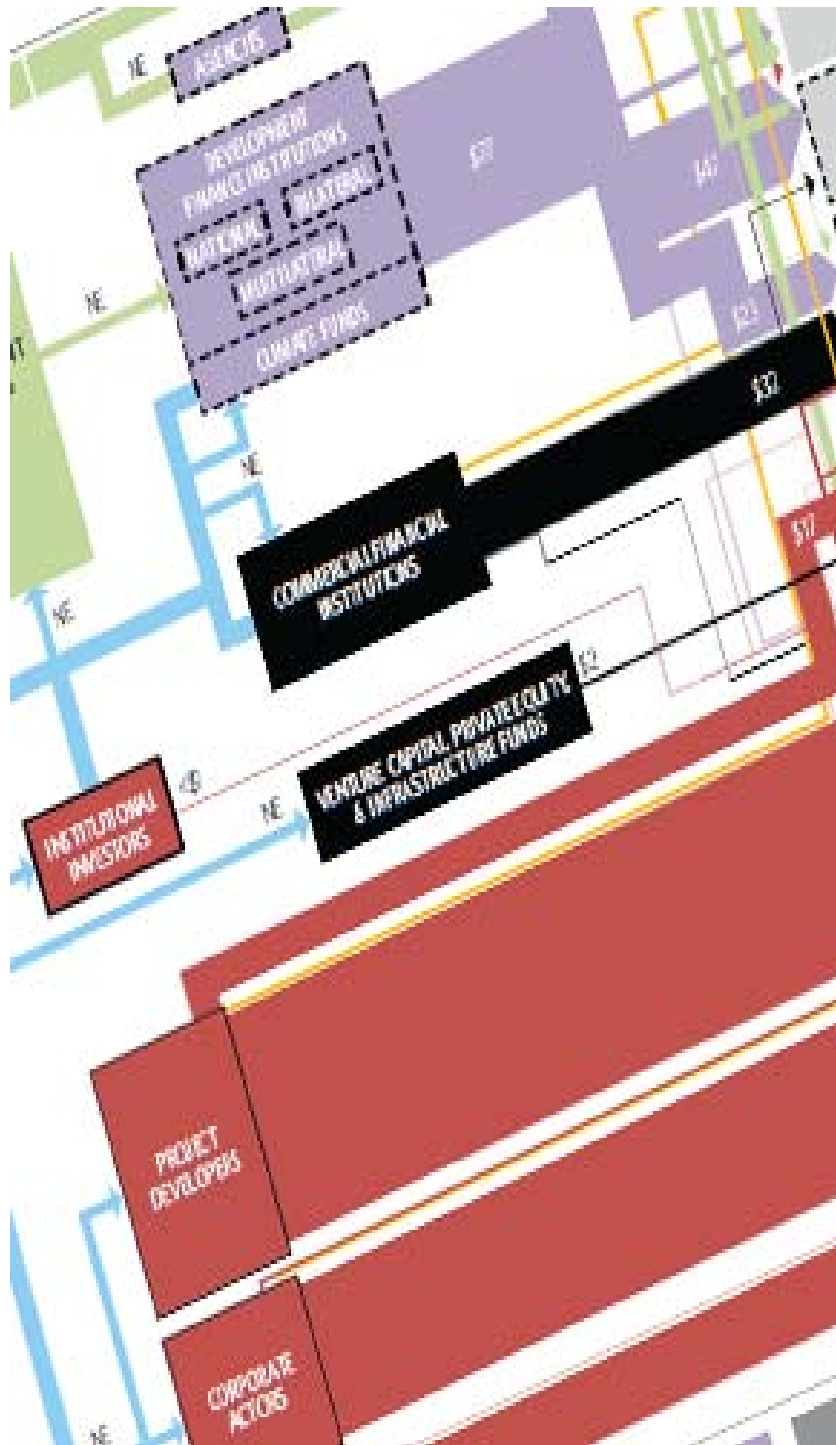
Combating Climate Change Challenges

Selected Regional CC Strategy Initiatives			
Climate Area	Funding Agency	Duration	Financing -US\$M
Climate Resilience	IDB, WB, Govt of Austria, TBD	2009-2013	6.28
Disaster Mitigation	JICA, IDB	2009-2011	2.76
Disaster Risk Management	CICA, DFID, WB	2007-2013	25.34
Climate Change and Energy	DFID	2009-2010	0.23
Capacity Building	DFID	2008-2011	0.47
Climate Change Adaptation	GEF, DFID	2012-2013	7.55
Climate Change Mitigation	DFID		2.28
		Total	44.92

Scaling up Climate Investment In the Region



Note: The Caribbean between 2003 and current, received 6.8% of the funds coming to LAC. Overall, of the estimated \$18.83 billion approved funding, the Caribbean Region would have received just 0.85%.



Scaling up Climate Investment In the Region

Climate Change Financial Instruments:

- Grants, concessionary loans, and tax measures (**most commonly used public funding instruments**).
- Carbon Finance, emission trading, risk guarantees (to support clean energy technologies) etc . (**mostly private sources, these instruments are non-existent or at experimental stages**).
- Globally, between 2010 and 2011, an estimated **US\$92.7 to US\$99.3 billion** in public funds was spend on climate change actions, compared with **US\$250 to US\$285.5 billion** from private sources. (*Source: CPI, The Landscape of Climate Finance 2012*).
- The region must use public funds to help leverage greater private funds for climate actions.

Scaling up Climate Investment In the Region

To scale up financing the region has to look at other instruments beside grants and concessionary loans (public sources):

- The policy of regional government must be to expand their funding options since the traditional ones places limits on the size of resources which could be attracted.
- Ministries of Finance in the Region must equip themselves with sound knowledge of the more sophisticated instruments which will help to reduce uncertainty about their functions and inform on the value they can add.
- In addition other factors must be considered – **the quality of public administration; the size of the economies** (economies of scale); **the criteria of various funds** (can be restrictive); and **co-financing arrangements** (should not be burdensome).

Financing the Renewable Energy Sector – The Case of Barbados

The Alternative Energy Sector Programme:

- Speaks to the Country's “Green Economy” initiative which highlights green energy as a major cross cutting issue important to our development.
- The Government of Barbados took the decision to aggressively pursue a renewable energy policy and programme aimed at reducing its carbon footprint, and in time reducing energy costs for consumers and the producers.

Financing the Renewable Energy Sector – The Case of Barbados

Elements of the Programme:

- **Legislation:** Appropriate legislation with concessions and incentives.
- **Private Sector Involvement:** Government will seek to have major private sector partnership and involvement.

Financing the Renewable Energy Sector – The Case of Barbados

Components and Sources of Funding:

- The erection of solar electricity systems on roofs at a cost of US\$24.7 million [**grant funding, concessional loan (IADB), EU**].
- The creation of an enabling environment to facilitates the erection of solar electricity systems in the island (**use of tax and other concessions**).

Financing the Renewable Energy Sector – The Case of Barbados

- The establishment of the BDS\$20 million Smart Energy Fund to be used by the private sector to install renewable energy systems **(loan and grant component – IADB and the GEF)**
- The programme will result in the generation of a maximum 16.4 million kWh per year with a value of BDS\$11.4 million.

The Way Forward: Climate Finance Readiness

Regional workshop on Climate Change Finance Readiness (July, 2013) –

Some of the main concern identified are:

- Lack of awareness about the different procedures and requirements by government officials and stakeholders, including the private sector, to access global climate funds.
- Difficulty in being able to formulate and submit bankable climate projects that meets country needs and the needs of the various funds.
- Lack of technical capacities, weak coordination mechanisms between agencies, and inefficient distribution of responsibilities.
- Need to build out public financing management capacities to deal with new and existing climate financing instruments, while also being able to keep track of the flow of these funds into countries which is lacking due to poor financial management systems.

The Way Forward: Climate Finance Readiness

- **Some of Priority areas identified by the Region where assistance is needed are:**
 - Improving institutional coordination and awareness of stakeholders.
 - Strengthening capacity to identify national priorities, plan, strategize and budget around those priorities.
 - Gaining access and accreditation to climate change funds such as the AF, and the soon to be designed GCF.
 - Enhancing absorptive and implementation capacities.
 - Develop capacities in the result based management.
 - Assist Finance Ministries to build capacities in risk assessment, disaster inventories, and financial instruments.
 - There will be a central responsibility of Ministries of Finance to show leadership in the integration of climate change into the planning process and in the delivery of funding for climate actions.

Thank You