

# **PATHWAYS TO RESILIENCE IN CLIMATE-AFFECTED SMALL ISLAND DEVELOPING STATES (SIDS)**



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Madam President; Excellencies; Ladies and Gentlemen - Good Afternoon. May I at the outset thank Madam President for the invitation. The Caribbean Community (CARICOM) Secretariat thought it necessary to be represented because of the importance of the issues on which the meeting is focused.

The Caribbean is one of the world's most vulnerable and disaster prone regions. Susceptible to natural disasters, primarily hurricanes, now exacerbated by climate change, very few countries have escaped serious disaster-related damage within the past two decades. Approximately three-quarters of the population live in at-risk areas, and one-third live in areas highly exposed to hazards including sea-level rise. **Not surprisingly, we view climate change as an existential threat.** Scarce resources earmarked for development programmes and projects have to be diverted to relief and reconstruction following disasters. The related expenditure can sometimes reach much higher than the affected State's Gross Domestic Product (GDP) and is a major factor in driving up the region's high level of debt. Losses of individual Member States have exceeded 100 percent of GDP in many instances as demonstrated by Hurricane Ivan (Grenada, 2004), the Haiti earthquake (2010). Dominica lost 226 percent of GDP following the passage of Maria last year. Ninety-five percent of its building stock was damaged as was the case in Barbuda, and some 75-80 percent in the British Virgin Islands.

In response to the widespread devastation of 2017, the Caribbean Community, for the first time, and working closely with the United Nations Development Programme (UNDP), convened a CARICOM-UN High-Level Pledging Conference here at the United Nations last November on the theme of **Building a More Climate-Resilient Community**. The goal of the Conference was not only the mobilization of financial resources to help the affected countries and territories to build back better, but also to elicit international support for a long-term partnership to help build resilience given the region's inherent vulnerabilities. **The ambition is to make CARICOM the first climate resilient region in the world.** The Pledging Conference yielded an estimated \$1.6 billion in grant pledges with a further \$1 billion in loan commitments and debt relief. The estimated cost of recovery is in excess of \$5 billion.

A Follow-Up Meeting to the High-Level Pledging Conference took place in Barbados in June. It provided an opportunity to assess the impact of the Conference commitments on the conditions existing in the affected States. It also highlighted the key needs and partnership requirements and what actions were required to translate pledges and donations into concrete programmes and initiatives. The process also benefited from reports of the affected countries on the progress of their reconstruction efforts, as well as on the key challenges to the recovery process. These included capacity limitations, debris management, availability of building materials and skilled craftsmen. Updates on pledges were also presented by international development partners.

The catastrophic impact of the unprecedented climate events of September 2017 led CARICOM Heads of Government in their Summit Meetings, in February and July of this year, to revisit the Community's Resilience Agenda and to examine key issues arising from the experience of the Category Five Hurricanes Irma and Maria. The Caribbean Community has long recognized the critical link between disaster management and sustainable development. In 2001, the Caribbean Disaster Emergency Management Agency (CDEMA) spearheaded the adoption of a strategic Comprehensive Disaster Management Framework (CDM). **Its goal is to realize the building of a resilient Caribbean Community.** The strategy embraces the key sectors – **agriculture, tourism, health, education, finance, and physical and environment planning** - thereby taking a whole of government approach. CARICOM institutions and Associate institutions related to these sectors are also involved. **Five** key pillars are posited for building resilience –

- (i) Social protection for the most vulnerable;
- (ii) Safeguarding infrastructure, health facilities, and public utility networks in communications and energy;
- (iii) Economic diversification;
- (iv) Environmental protection; and
- (v) Operational readiness.

Other actions to advance resilience are embodied in several other strategic frameworks at the sectoral level and in the **CARICOM Strategic Plan 2015-2019: Repositioning CARICOM**, which is based on economic, social, environmental and technological resilience.

One of the more novel policy responses at the national level to the devastation of 2017 through building resilience was the establishment of the **Climate Resilience Execution Agency of Dominica (CREAD)**. The reconstruction process will take climate resilience into consideration at every phase of development planning and reconstruction. It will coordinate all reconstruction work and ensure that all reconstruction activities avoid duplication, maximize economies of scale, spot and fill critical gaps, avoid bureaucratic infighting and ensure all reconstruction activities are focused on a single Climate Resilient Recovery Plan. **The goal is to make Dominica the first climate resilient country in the world.**

The catastrophic multi-island impacts of the 2017 hurricanes over a very short period of time highlighted the upper limits of the capability of CDEMA's Regional Response Mechanism (RRM). Among these challenges were limited financial resources and staffing. There were also challenges in readily identifying and mobilizing needed regional construction skills and technical expertise for planning and implementing long-term recovery and reconstruction. The need to revamp existing protocols in the region, to draft new ones (ex.evacuation) and to address key issues associated with

telecommunications, air and sea-port management and the provision of building materials also became apparent. In order to address some of these gaps, the Community is giving thought, with the assistance of UNDP, to the establishment of a **Resilient Caribbean Recovery Facility** – a sort of “one-stop-shop for the provision of skilled building professionals, technical expertise and best practices to help the planning and the implementation of recovery and resilience building.

Investing in preparedness for natural disasters and climate change is a key step in establishing resilience and reducing the resulting high economic and human cost. However, a number of factors are presently insurmountable impediments to financing resilience:

- Graduation and Middle Income categorization deny Caribbean SIDS access to low cost development and concessional financing despite the high levels of vulnerability;
- High indebtedness and burdensome repayment costs leave little fiscal space to build climate resilient infrastructure and to address climate change mitigation and adaptation;
- Borrowing at market rates to meet recovery and reconstruction costs is prohibitive as it increases indebtedness; and

- Coverage levels of the Caribbean Catastrophe Risk Insurance Facility are constrained primarily by the amount of coverage a Member State deems to be affordable. At the moment it is 2.5 percent instead of the 25 percent advocated.

There is clearly need to explore innovative financial instruments and more open-minded policy approaches. These could include –

- The use of vulnerability as an additional criterion for accessing concessional financing;
- Classifying debt resulting from recovery, reconstruction and building resilience under a non-debt rubric;
- Building capacity to navigate the complexities of accessing climate funds;
- The creation of fiscal space through debt relief;
- The conversion of bilateral and multilateral debt into special funds to address natural disasters and economic shocks; and
- The production of new insurance products as well as higher levels of coverage for government exposure.

Caribbean Community Member States will continue their advocacy *vis-a-vis* the Organization for Economic Cooperation in Development (OECD), the International Financial Institutions (IFIs) and their development partners calling for strong collaborative action in addressing the challenges of financing resilience, climate financing and the sustainable development of SIDS taking greater account of their peculiarities and vulnerabilities. The welfare of the people of the Community demand no less.

I thank you.

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