

ECOSOC Meeting
Pathways to resilience in climate-affected SIDS:
A Forward-Looking Resilience-Building Agenda

STATEMENT BY ALICIA BÁRCENA,
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Her Excellency Inga Rhonda King, President of the Economic and Social Council,

His Excellency Luis Alfonso De Alba, UN Secretary General's Special Envoy to the 2019 UN Climate Summit,

His Excellency Colin Granderson, Assistant Secretary-General, Foreign and Community Relations of the Caribbean Community (CARICOM),

Mr. Luis Felipe López-Calva, Director of the UN Development Programme's Regional Bureau for Latin America and the Caribbean,

Excellencies,

Ladies and gentlemen,

Let me at the outset acknowledge your leadership, Madame President, in keeping the international awareness on resilience in SIDS as a priority and high in the agenda.

I welcome the opportunity to participate in this session that takes stock of how far we have come as an international community in support of resilience building strategies in Small Island Developing States particularly in the Caribbean, your own region and mine. It is

quite timely as 2019 will be a landmark to review SDG 13 on climate action at the HLPF session of in July; to review the SDGs in the Presidential Summit during the General Assembly, convened by the Secretary General's back to back with the Climate Summit and the SIDS High Level Review of SAMOA Pathway implementation.

I am sure Ambassador Luis Alfonso de Alba as special envoy in charge of organizing the climate summit will ensure that adaptation and resilience in SIDs will be high in the agenda as well.

ECLAC has decided to put the Caribbean first in all of our activities. In the recent inter-regional preparatory meeting for the Mid-term Review of the SAMOA Pathway held in Samoa on 30 October to 1 November 2018, we facilitated the comprehensive review of progress made in the Caribbean's implementation of SAMOA and will continue to do so in the road to the 2019 review.

The SAMOA Declaration of Climate Change adopted by the Alliance of the Small Islands States at the Apia Meeting underscores the critical linkages between climate action and the SDGs. One of the most pressing priorities for the Caribbean is adaptation to climate change, and tools, measures and financing to reduce the impact of disasters through preparedness, recovery and resilience building.

This issue of building resilience in the Caribbean is crucial for ECLAC as we account in our constituency for 29 SIDS among our Member States and Associate Members. These countries will not achieve the sustainable development promised by Agenda 2030 if they are unable to find a way to effectively adapt to climate change.

For the SIDS of the Caribbean, climate change is very real. It was the devastation of many Caribbean islands caused by category five hurricanes Irma and Maria that brought us together here last October. **Estimates of damage and loss to seven of those most hard hit by the storms was in excess of US\$6.99 billion, and this estimate did not include islands such as Puerto Rico, US Virgin Islands and Cuba which were all badly affected by the storms.**

In 2017, ECLAC undertook Damage and Loss Assessments (DaLA Assessment) in five of the countries that suffered most direct impact, and we are still offering support through technical advice on reconstruction and rehabilitation; on building back better.

DaLA Assessments expose pre-existing economic, social and environmental vulnerabilities and offer governments (ministers of

planning and finance) options to change course and prioritize needs for reconstruction, human settlements and infrastructure relocation and restoration. They provide useful tools for planning, public spending and future investments as they quantify the financial costs and risks. The DaLA methodology is not only an external evaluation but a tool to build the capabilities of countries to assess permanently and endogenously their risks and funding alternatives to reduce their vulnerabilities, strengthen their institutions and collect and analyse the relevant data and information.

Across the subregion some 70-90% of housing stock in the affected islands was severely damaged or destroyed. You will recall that Antigua's Barbuda and Crooked Island in the Bahamas both had to be completely evacuated. Things are still not yet back to normal. The productive sectors of these countries, especially in agriculture and tourism, the lifeblood of their economies, will take years to recover from the activity of a single tropical hurricane season. For the Caribbean it is absolutely indispensable to manage risk and build resilience.

The subregion was largely spared this year but these countries face high probabilities that they will suffer the impact of such storms again

next year. Because Caribbean populations live with very high levels of exposure to natural disasters and climate change impacts. We do not overstate the severity of the risk when we state that these small islands face an existential threat from climate change.

Last IPCC Report, sobering in its findings, has served only to confirm what Caribbean SIDS have been experiencing with increasing certainty. They will barely survive the ferocity of storms fuelled by seas warmed at 1.5 degrees Celsius. Last year storms happened in seas warmed at 1 degree Celsius.

It's true that for the international community at large, mitigation measures are urgent and necessary. But for the SIDS implementation of adaptation measures is an imperative.

Caribbean countries face an additional challenge. They are among the most highly indebted in the world. The total debt burden stood at 52 billion US (just over 70% of subregional GDP). Countries of the Caribbean are classified as middle and high-income countries based on a single indicator: GDP per capita. They therefore qualify for neither concessionary funding or special treatment on trade nor as recipients of official development assistance.

The challenge is enormous for them as they have to dedicate their foreign income (be it exports of goods or services or taxes) to service a high debt in a difficult environment of dollar appreciation and increase of interest rates.

In fact, we at ECLAC argue that the exogenous shocks experienced by Caribbean SIDS as a result of their exposure to climate change have contributed significantly to the accumulated debt burden that they now carry. Some of the most vulnerable countries still shoulder debt ratios well over 100% of GDP. And despite their efforts at fiscal consolidation, the Caribbean debt burden has remained very high.

This debt overhang has narrowed options for borrowing as credit ratings have fallen, and the toll of debt servicing has left little fiscal space to finance resilience building measures or to restore infrastructure; far less to stimulate growth, or to treat with the range of social welfare issues deserving attention. And on top of this they are facing the dismantling of the correspondent banks with high costs of transactions for all the Caribbean people.

It is these concerns that inspired ECLAC's Debt for Climate Adaptation Swap Initiative, which we shared with you last year. It represents our

contribution towards addressing at once the crippling debt of the Caribbean economies and their need to generate the resources to finance resilience building measures. It is an innovative strategy to transform the debt of the region into a source of investment in resilience, while at the same time re-energizing growth and promoting economic transformation in the economies of the subregion, through investment in adaptation projects and green industries.

The essence of the proposal rests in persuading the Caribbean's major creditors and the Green Climate Fund (GCF) to engage in transactions leading to the purchase by the GCF of Caribbean debt at a discount, following which the Caribbean's debt repayments would be placed in a Resilience Fund to finance the development of projects aimed at promoting climate resilience and green growth.

This initiative has been very well received and twice endorsed by CARICOM Heads of Government, and we are now in the process of launching the initiative with three countries which have volunteered to be the pioneers of the proposal; Antigua and Barbuda, Saint Lucia and Saint Vincent and the Grenadines. We are now preparing detailed debt profiles on these phase-one countries and the ECLAC team in

Port of Spain and Santiago will carry high level consultations on the specifics of the proposed action in each case.

Our team has also participated actively in the Structured Dialogue for the Caribbean organized by the Green Climate Fund, which was hosted by Grenada from the 6th to the 9th of November last week. Their engagement with the GCF Secretariat was very productive and positive and we are now looking forward to advancing our consultation with the GCF, and to preparing the proposal for consideration of the GCF Board. Once the preliminary proposal has been developed fully and accepted, our engagement with the creditor countries and institutions will be targeted. We already initiated informal consultations with the IMF and the World Bank that now need to narrow down and be more specific.

We at ECLAC remain convinced that this initiative will transform the growth and development trajectory of these heavily indebted countries of the Caribbean, while providing them with the fiscal breathing space to focus on vital resilience building strategies. I hope to have more specific progress to report next year.

In the meantime, allow me briefly to share some of ECLAC's efforts to promote broader consideration of priority issues for the Caribbean in the wider region. The Commission has been advancing a "Caribbean First" Strategy, to draw greater attention to the subregion. We want to raise the level of understanding and appreciation in forums such as this one that, despite their middle-income status (based on a single indicator of GDP per capita) some countries like Antigua and Barbuda graduated and lost their access to ODA, concessional funding and special trade treatment. They fall in a vacuum since these countries still face structural, systemic and challenges that make them uniquely vulnerable. Indeed, these countries have little access to capital markets, Foreign Direct Investment does not come to all of them, and they face fiscal constraints, inequalities, and a lack of investment in key infrastructure. Hence, ECLAC is developing a set of indicators to highlight the special status of SIDS. Also, ECLAC will present an initiative we are implementing with the OECD for what we call "development in transition" during the upcoming "High Level meeting of the General Assembly to discuss the gaps and challenges of middle-income countries in the implementation of the 2030 Agenda for Sustainable Development" convened by the President of the General Assembly on December 4th in New York.

This year, ECLAC published the first edition of the Caribbean Outlook, that synthesizes these challenges, and makes the case for continued support for these Small Island Developing States. I encourage you all to get a copy online on ECLAC's website. "Caribbean First" is ECLAC's renewed resolve to advance a more effective advocacy on behalf of the countries of the Caribbean, drawing on the goodwill, solidarity and support that you in the international community can offer. We look forward to your continued engagement in helping us address the development challenges facing small Caribbean states.