

In early December, Dr. Megumi Muto, Director General of JICA's Global Environment Department, spoke at a seminar in Washington, D.C., that promoted awareness and understanding of the ways in which small island developing states (SIDS) can effectively deploy public finance alongside international partners to strengthen their climate resilience.

Although climate change is global in scope, SIDS are especially vulnerable to its effects—including sea level rise, more severe and frequent tropical cyclones and storms, as well as other forms of extreme weather like flooding and droughts. In fact, they disproportionately count among those countries suffering the greatest economic loss and damage from natural disasters relative to the size of their economies. For Pacific island countries, this loss and damage averaged 2.3 percent of gross domestic product annually from 1980 to 2014; nonetheless, it was even higher for Fiji, Samoa, and Vanuatu during this period.¹



Dr. Muto speaking at IMF headquarters on December 6, 2019, during the 'Strengthening Climate Resilience: The Role of Public Finance Seminar for Small Island States.'

Besides the sizable costs spawned by natural disasters in terms of humanitarian response and reconstruction, SIDS must also contend with the increasing and wide-ranging long-term risks that a changing climate poses to vital facets of their economies—namely, to the agriculture, fisheries, tourism, transportation, and energy sectors. Many already lack opportunities for formal employment and trail on various dimensions of human development. Hence, the envisaged scale of harm could dim their prospects of eliminating poverty and improving living conditions more broadly absent deliberate countervailing action.

Given these daunting circumstances, the International Monetary Fund (IMF), Government of Japan, Pacific Financial Technical Assistance Center (PFTAC), and Caribbean Regional Technical Assistance Center (CARTAC) co-hosted a three-day seminar at IMF headquarters to delineate public investment and financial management strategies and practices that are best suited to addressing the climate-related vulnerabilities of SIDS.² Government officials from SIDS countries, experts from multilateral organizations, and donor representatives duly deliberated on, among other issues, the importance of enhanced fiscal risk analysis; streamlining public procurement frameworks to bolster post-disaster readiness; and building institutional capacity to be able to access external sources of financing for adaptation and/or mitigation purposes.

¹ International Monetary Fund (2016). "Strengthening Macro-Fiscal Resilience to Natural Disasters and Climate Change in the Small States of the Pacific," in *Resilience and Growth in the Small States of the Pacific*.

² PFTAC and CARTAC provide technical assistance and training with the aim of safeguarding macro-financial stability in their respective regions. They are overseen and partly funded by the IMF and receive financial as well as in-kind support from IMF member-countries.

When asked about the kinds of solutions JICA is pursuing along these lines, Dr. Muto first explained that the Government of Japan encourages *ex ante* investments as a means of reducing disaster risks—in accordance with the Sendai Framework for Disaster Risk Reduction (DRR) adopted nearly five years ago under the auspices of the United Nations.

Dr. Muto then highlighted several relevant JICA initiatives throughout the Pacific. For example, in Fiji, JICA has provided cooperation to mainstream DRR in national and local development planning as well as for the formulation of a flood control master plan covering the Nadi River basin, with preparations underway to fund (via a grant) follow-on flood control infrastructure there alongside the Asian Development Bank. JICA is also preparing a contingent sovereign loan product that will soon offer the country much-needed concessional financing in the event of a qualifying natural disaster. She further pointed out that JICA extended a grant to construct the Pacific Climate Change Center (PCCC)—a Samoa-based center of excellence for climate change information, research, and innovation serving Pacific island countries and territories—and is subsequently undertaking a technical cooperation project for capacity development of the PCCC, in coordination with the Government of New Zealand and other stakeholders.

As Dr. Muto's presentation underscored, JICA takes very seriously the pressing needs of its partner countries in light of the adverse impacts that climate change imposes on them. Only through concerted effort can the international community mount a comprehensive and credible response to such a monumental challenge.

For more information about JICA's technical cooperation project to mainstream disaster risk reduction in Fiji, please click the following link:

https://www.jica.go.jp/english/news/press/2019/20191009_31_en.html

For more information about JICA's grant assistance to establish the Pacific Climate Change Center, please click the following link: https://www.jica.go.jp/english/news/press/2016/170220_01.html