

Ocean States & Climate Finance

Case studies from the Triple Planetary Crisis Response of Samoa and the Living Indus Initiative



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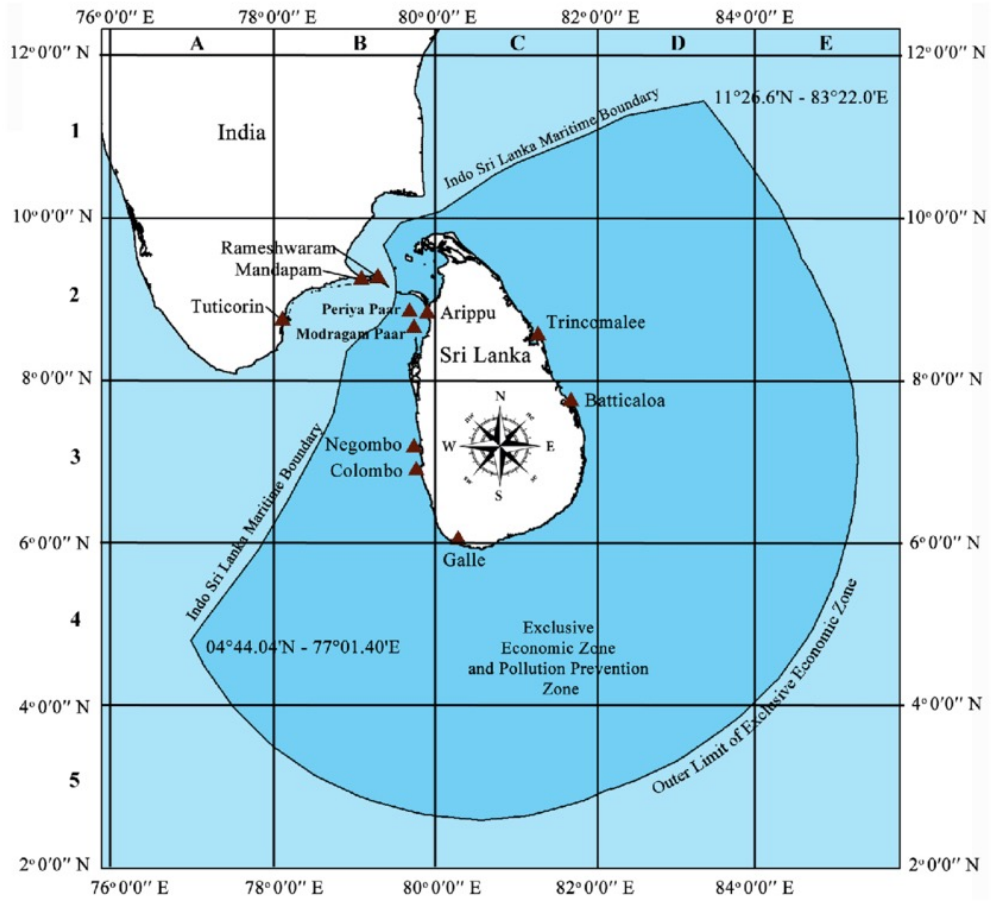


The
**Ceylon
Chamber of
Commerce**

OCEAN STATES OF THE PACIFIC



SRI LANKA AS AN OCEAN STATE



Source: Maritime Boundaries Geodatabase, Flanders Marine Institute



Source: Daily FT, Sri Lanka

SAMOA CASE STUDY: THE RESPONSE TO THE TRIPLE PLANETARY CRISIS



Pollution

Increased GHG emissions driven
by over consumption and
anthropogenic activity



Biodiversity Loss

Loss in the ability of terrestrial
and ocean resources to sequester
carbon



Climate Change

Increase in mean global
temperature and sea level rise

LOSS & DAMAGE: NATIONAL WEALTH VERSUS GDP



- **Wealth**—the stock of *natural*, *produced* and *human capital*—is measured as the sum of assets that yield a stream of benefits over time. Changes in the wealth of nations matter because they reflect the change in countries' assets that underpin future income.
- A look at comprehensive *national wealth* signals whether GDP growth can be sustained over the long run.
- **Gross domestic product (GDP)** indicates how much monetary income or output a country creates in a year; **Wealth** indicates the value of the underlying national assets and therefore the prospects for maintaining and increasing that income over the long term.
- **GDP** and *wealth* are complementary indicators for measuring economic performance and provide a fuller picture when evaluated together.
- Highest share of *natural capitals* in total *wealth* is in *low-income countries* (23%)
- **Human capitals** represent the highest share in total *wealth* globally (64% in 2018)



KEY MESSAGE

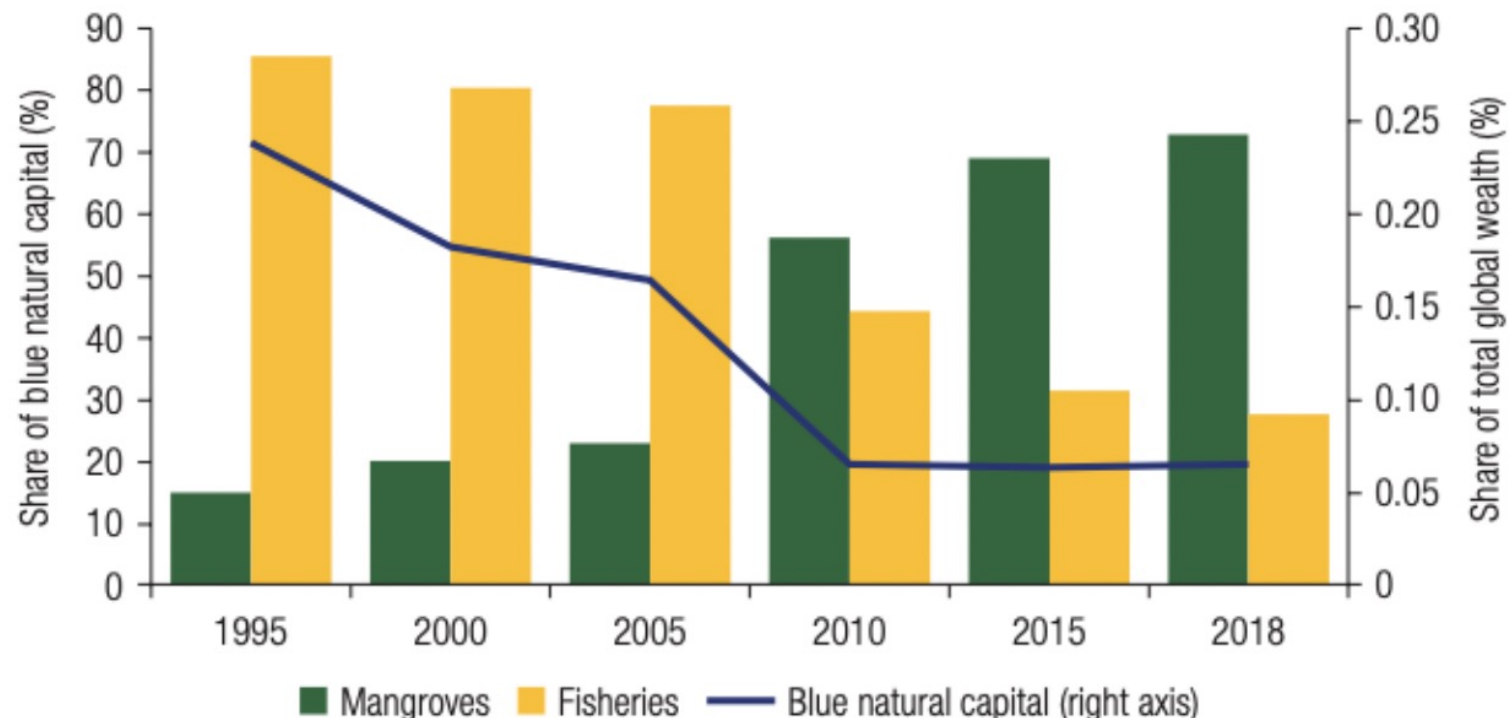


- Wealth accounts are a **necessary complement to gross domestic product (GDP)** and other traditional economic measures because they reflect the state of assets that produce GDP.
- Wealth accounts **provide an indicator, change in wealth per capita**, that offers insight into whether growth will be sustainable in the long term and whether investments in human, produced, and natural capital are sufficient to keep pace with population growth and a country's development aspirations.
- Wealth accounts are built on the concepts and methods laid out in the System of National Accounts (SNA) and the System of Environmental-Economic Accounting (SEEA).
- Change in wealth per capita is the **fundamental measure of sustainability** as it reflects the country's longer-term development potential.

VALUE OF NATURAL ECOSYSTEMS



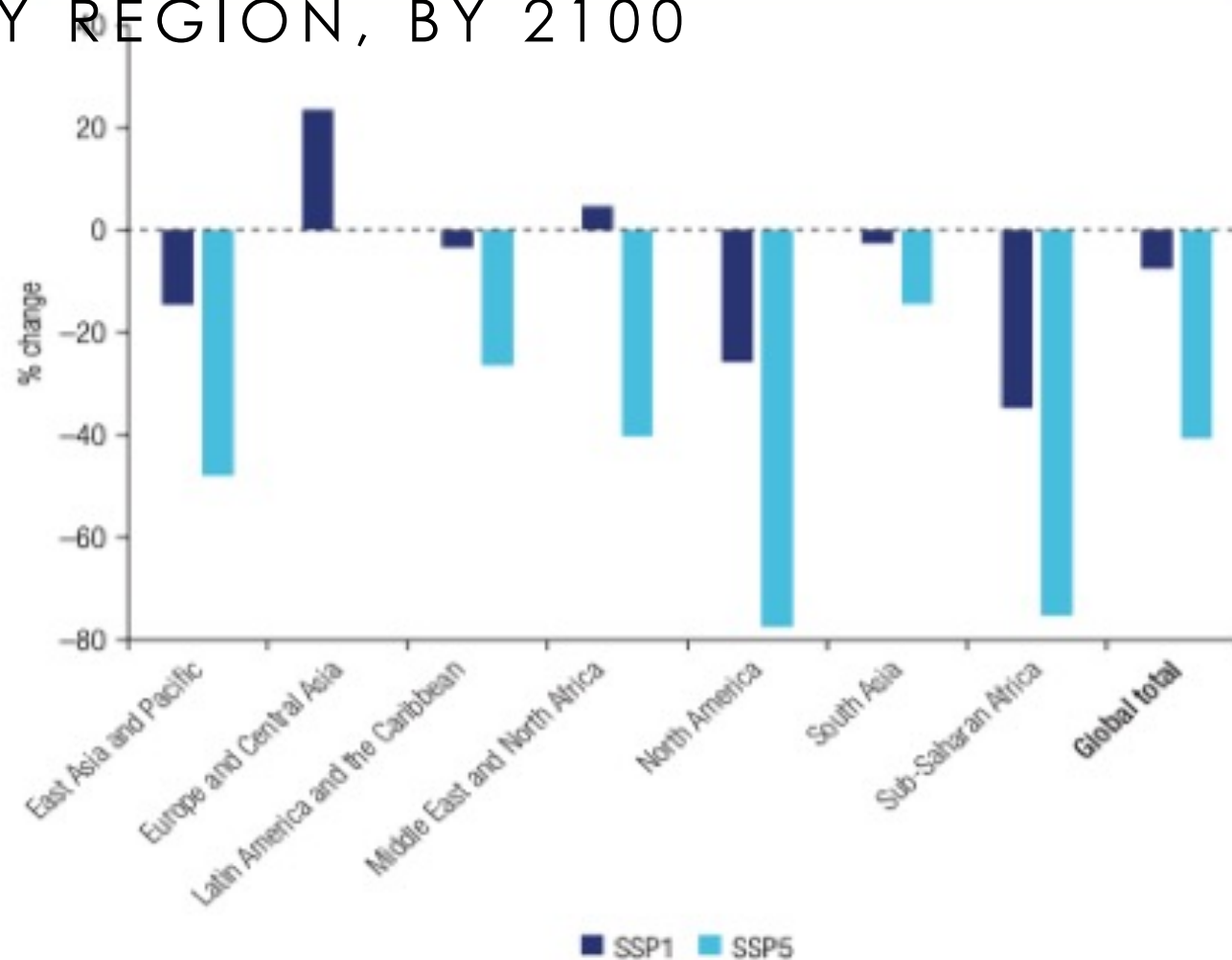
FIGURE 6.3 Shares of Mangroves and Fisheries in Blue Natural Capital, and Share of Blue Natural Capital in Total Wealth, 1995–2018



Source: World Bank staff calculations.

Note: Blue natural capital is the sum of mangrove assets valued for coastal protection services and marine capture fisheries.

IMPACT OF CLIMATE CHANGE ON FISHERIES RELATIVE TO 2018 UNDER ALTERNATIVE CLIMATE CHANGE SCENARIOS, BY REGION, BY 2100



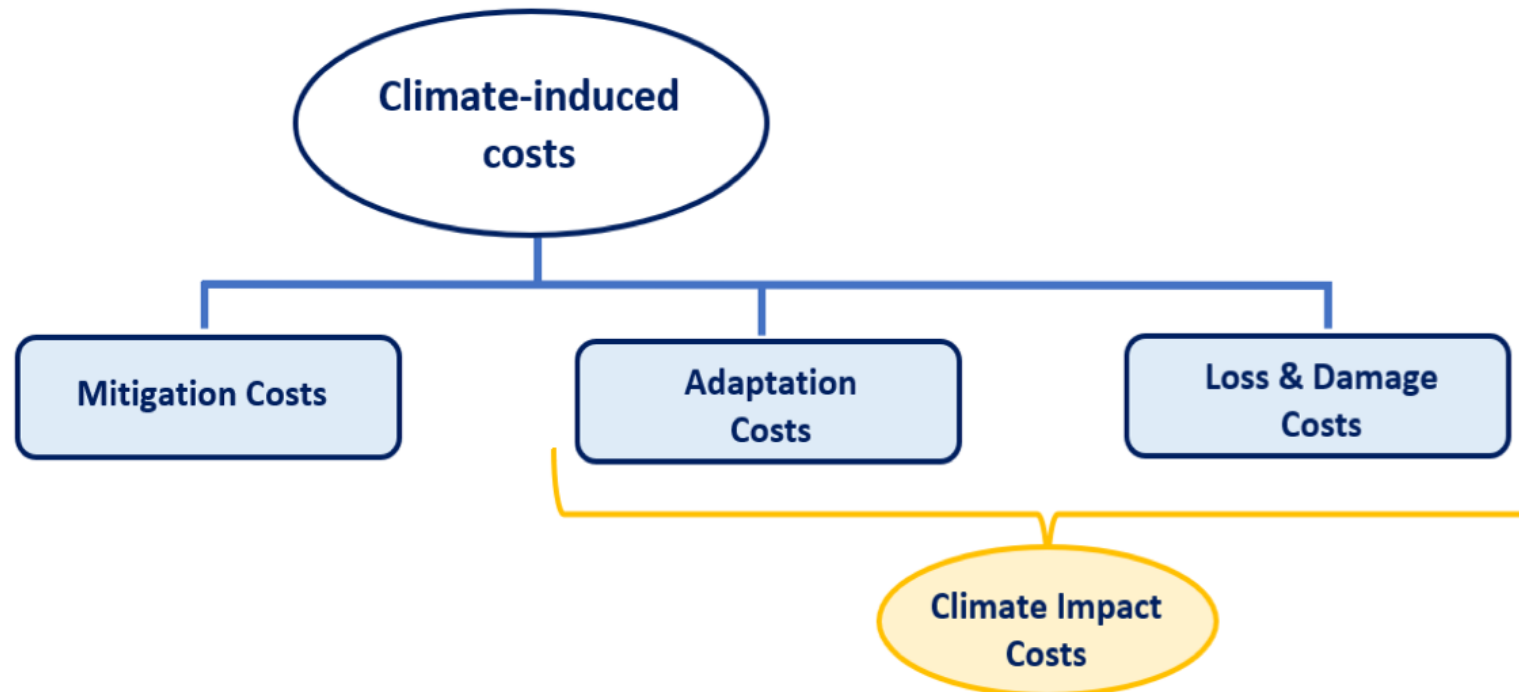
Source: World Bank staff calculations based on Lam and Sumaila 2021.

Note: SSP1 = low-emissions shared socioeconomic pathway; SSP5 = high-emissions shared socioeconomic pathway.

CLIMATE FINANCE – LOSS AND DAMAGE



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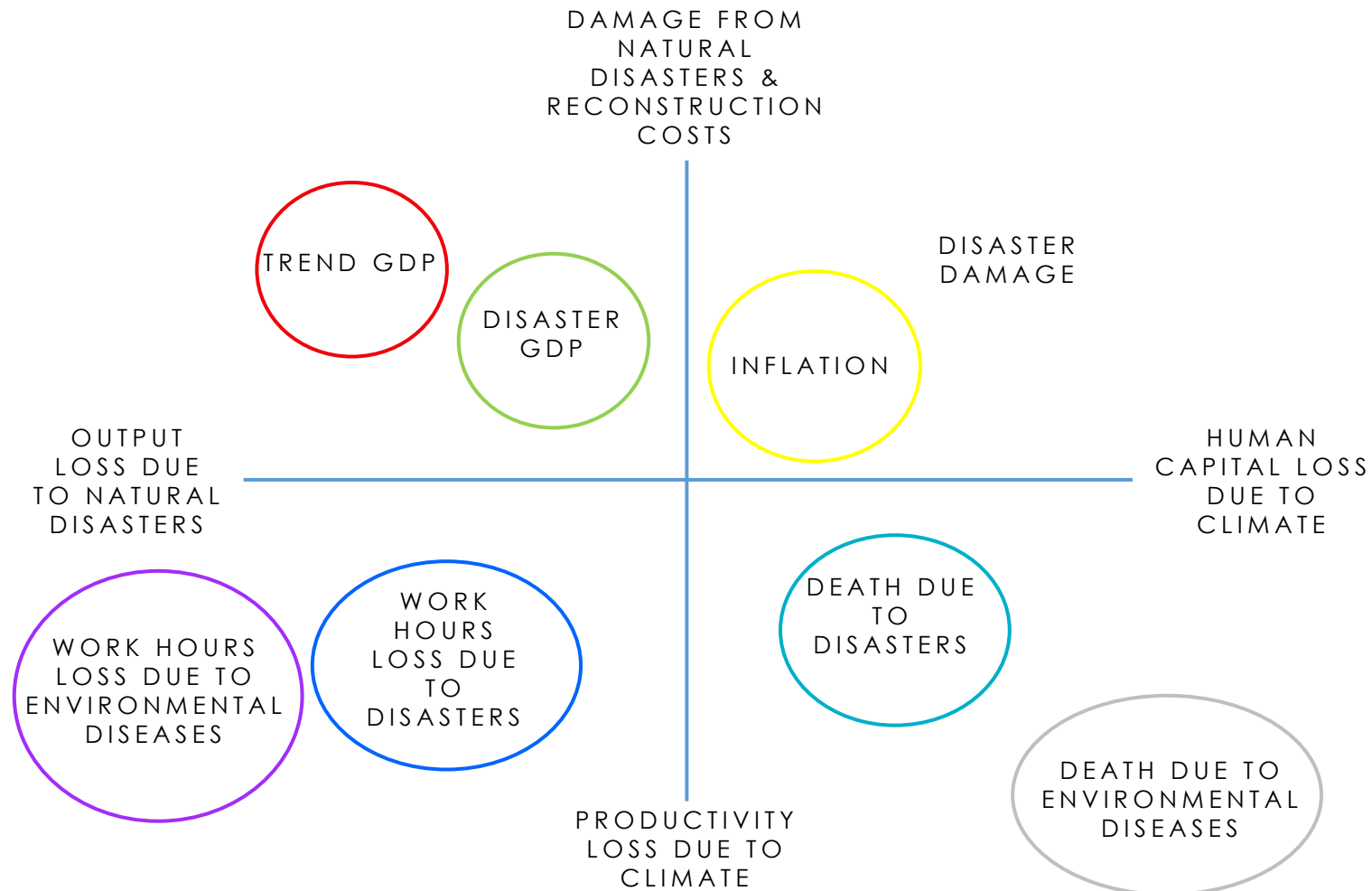


UNEP (2022) estimates that annual adaptation needs (inflation adjusted) are in the range of:

- **US\$ 160-340 billion by 2030** and
- **US\$ 315-565 billion by 2050**

Today, **SIDS** lose on **average 2.1% of their GDP annually in L&D**, and in the aftermath of a disaster, usually experience an increase in their public debt by 9% (Slany, 2020).

SELECTED ESTIMATION METHOD



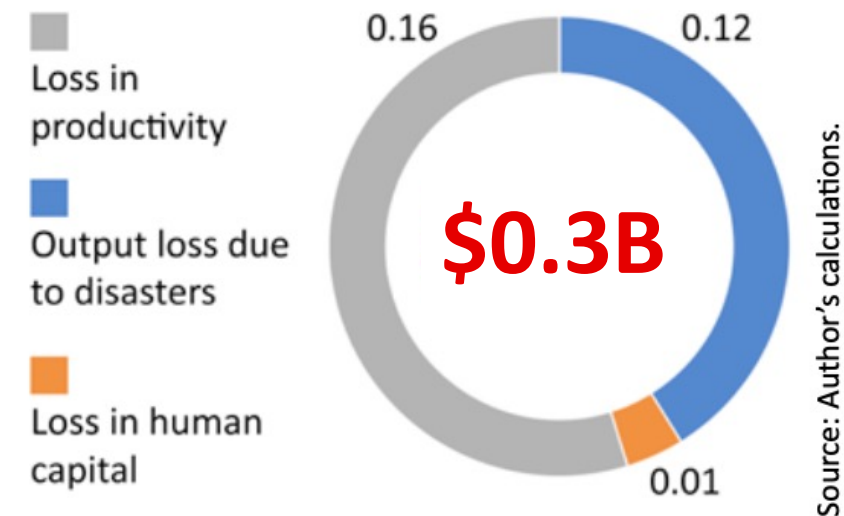
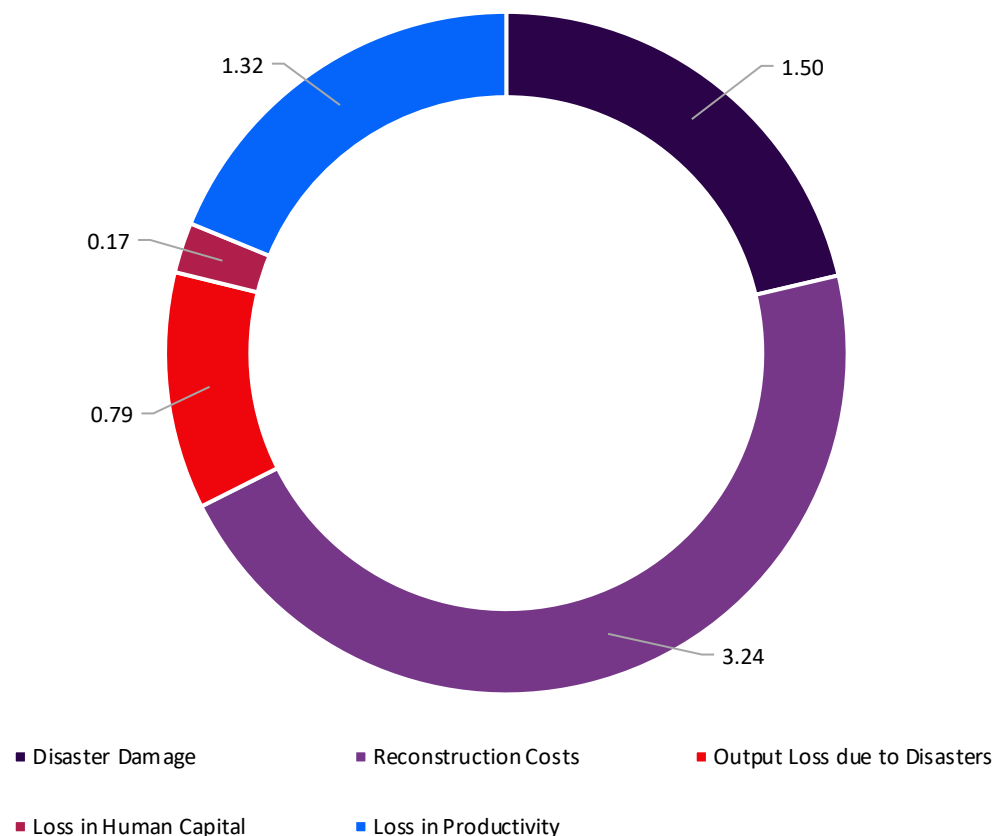
LOSS AND DAMAGE FROM TRIPLE PLANETARY CRISIS SAMOA



National Wealth Approach: Breakdown of
L&D-TPC costs for Samoa, **2013-2018**

\$7B

Estimated for the
period 1964 - 2019



SUMMARY OF SAMOA'S L&D



- The Total Physical Capital (TPC) losses in Samoa from 1964 to 2019 amounted to US\$7.01 billion.
- The economic costs of TPC in Samoa from 2013 to 2018 were US\$0.3 billion, equivalent to 6.1 percent of GDP, with an average annual TPC loss of 1 percent of GDP.
- Fluctuations in natural and produced capital in Samoa during 2013-2018 resulted in a TPC impact of US\$0.69 billion, comprising 14% of GDP or roughly 2.3% annually.
- Loss and damage due to the TPC were estimated at around \$0.19 billion.
- Addressing climate change, pollution, and biodiversity loss individually is inefficient; a **holistic approach** is necessary.
- A TPC approach should complement disaster risk reduction targets, focusing on climate-induced diseases through pollution reduction and awareness, along with addressing water access to mitigate climate impacts like the 2015 drought's output and productivity losses.
- **Protecting Samoa's key target natural capital** is crucial in a TPC approach, given its significant role in driving TPC costs.

MECHANISMS TO FINANCE L&D



Traditional Opportunities

- **Risk Reduction Instruments** – Social protection and humanitarian assistance
- **Risk Retention** – Contingency Finance (savings, funds, borrowing)
- **Risk Transfer** – Catastrophe risk insurance, risk pools, catastrophe bonds

Innovative Proposals

- **International Financial Transaction Taxes**
- **Air Travel Levies**
- **Taxes on Airplane and Ship Fuels**
- **Carbon Taxes**
- **Debt for Loss and Damage Swaps**
- **Issuance of Additional SDRs**

LIST OF ILLUSTRATIVE INTERVENTIONS



Nature-based Watershed Management

Upolu Islands Protected Areas Network (protecting and enhancing biodiversity)

A Samoan islands Trust Fund

Regenerative Tourism

A Resilient Upolu Island Knowledge Platform: Crowd Sourcing Knowledge

Upolu Islands Heritage Sites

Innovative Climate and Nature Financing

Climate Change Gender Action Plan (CCGAP)

Social Entrepreneurship for Climate Resilient in Upolu Islands

Nature-based and Climate Smart Resilient Agriculture

Community Access to Clean Energy

Climate Resilience of Upolu Islands

Zero Plastic Waste Across Upolu Islands

Samoa Environment Management and Conservation Act

Green Infrastructure for Flood Control and Groundwater Recharge



Living Indus Initiative



The Living Indus initiative, a collaboration between Government of Pakistan and the UN, addresses the Triple Planetary Crises outlined by the Secretary-General. It's a key platform uniting stakeholders like government, civil society, the UN, and focuses on protecting the Indus River's future

LIVING INDUS: FUNDING SYNOPSIS



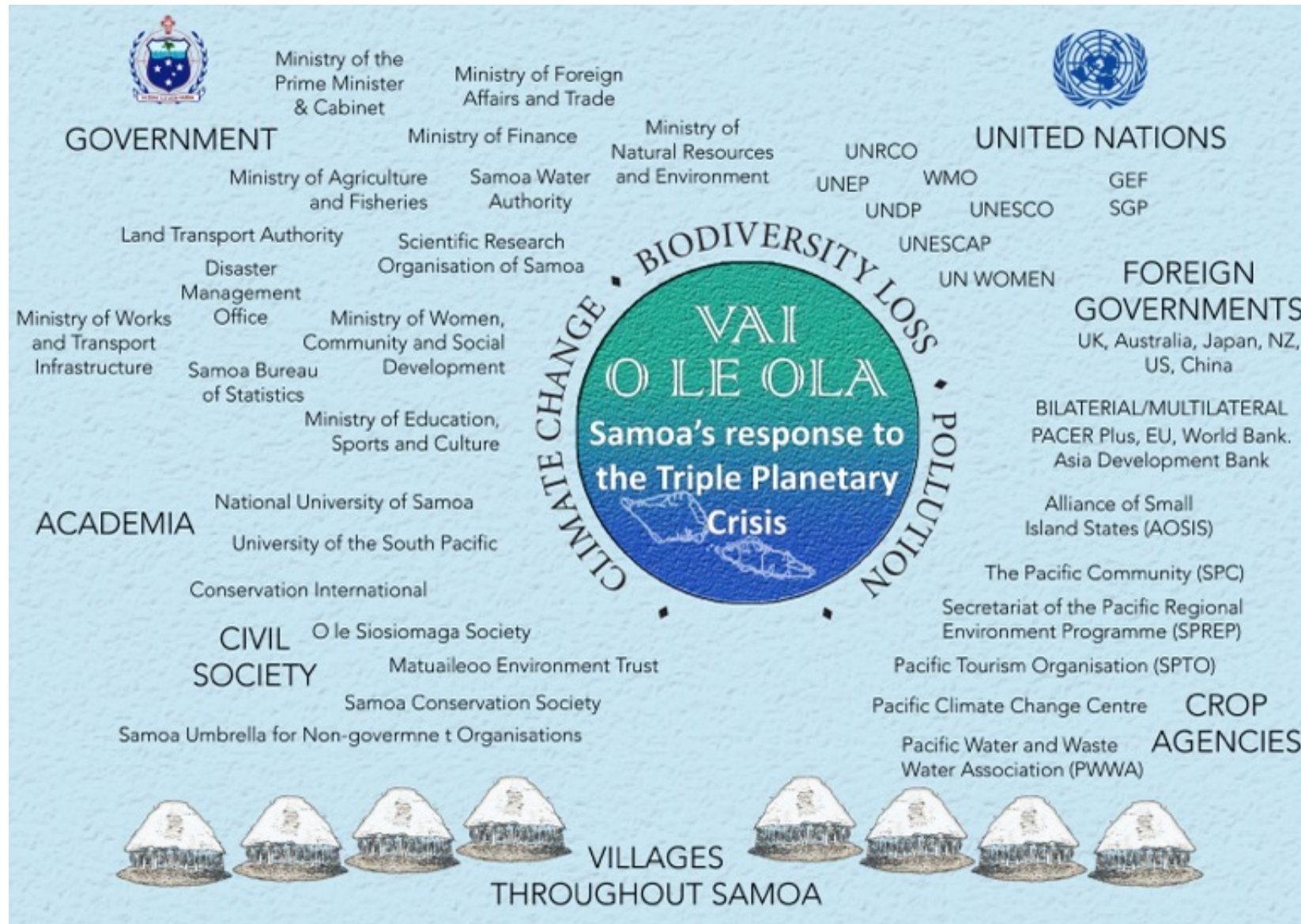
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- The Living Indus aims to raise \$16 billion over a decade from various sources, including climate finance funds, international financial institutions, bilateral donor funding, public sector development programmes, corporate social responsibility, sovereign debt and blended finance, profit driven impact investments, and philanthropy.
- An estimated \$415 million has been received from climate finance funds; another \$600 million is proposed, and the remaining is under research.
- A breakdown of proposed funding from different heads is provided below.

Funding Category	Name	Prospective Funds Distribution (US\$ in million)
Climate Finance Fund	Green Climate Fund (GCF) / Global Environmental Facility (GEF) / Adaptation Fund & Others	3000 M
International Financial Institutions	World Bank (WB) / Asian Development Bank (ADB) / European Investment Bank (EIB) / Islamic Development Bank (IDB) & Others	3000M
Bilateral Donor Funding	European Union (EU) / Foreign, Commonwealth & Development Office (FCDO) / Japan International Cooperation Agency (JICA) / US AID & Others	2000 M
Corporate Social Responsibility	Environmental and Social Governance (ESG) and Nature Based Solutions (NBS)	2000M
Sovereign Debt and Blended Financing	Sovereign Debts and Debt Swaps	2000M
Philanthropy	National, Diaspora & International	2000M
Social Impact Investments	Acumen / Karandaz	1000M
PSDP / ADP	Federal & Provincial	1000M
Total		16000 M

SAMOA COMMUNITY ENGAGEMENT





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Thank you