Dinner Discussion Report:
Promoting Economic Resilience for Small Island Developing States (SIDS) via Debt-for-Adaptation Swaps
Durban, South Africa

Date: Monday, December 5th, 2011

Hosts/Co-facilitators: Governments of Seychelles (Co-Chair of Global Islands Partnership), Ambassador Ronald Jumeau and Grenada (Chair of Alliance of Small Island States), Ambassador Dessima Williams

Discussion:
Opening Remarks: Ambassador Jumeau provided an overview of “Financing adaptation to climate change in Small Island Developing States (SIDS) via Debt for Adaptation Swaps” concept. Ambassador Jumeau explained how this innovative financing mechanism was a high priority for SIDS, given their vulnerability to climate change, including rising sea levels, increased storm intensity, etc. and the lack of sustainable funding for SIDS to address these threats. He also noted that the mechanism/concept had multiple “wins” for SIDS as it would not only provide sustainable financing for adaptation to climate change, but would also help to reduce the debt load of SIDS, which are some of the highest in the world. Ambassador Jumeau also noted how the concept merged multiple UN conventions, including UNFCCC, CBD, and MDGs and would also help SIDS to implement their “Blue Economy” concept (adaptation to climate change, improved fisheries and coastal zone management) within the Rio+20 “Green Economy” framework.

Debt-for-Adaptation Swap Example: Belize
Dr. Colin Young, Director, National Parks, Ministry of Natural Resources, Belize, spoke of Belize’s experience in designing a debt for adaptation swap of their commercial debt, working in partnership with the World Bank and The Nature Conservancy over the past two years. Similar to Ambassador Jumeau’s remarks, Dr. Young explained how this initiative was a high priority for Belize, as a successful swap would provide sustainable financing for Belize to fund adaptation to climate change activities particularly in coastal marine areas, as well reducing Belize’s debt burdens. Dr. Young spoke also of Belize’s existing commitments to protecting and managing its natural resources (with over 20% of terrestrial area and 11% of its marine area under protection currently) and its commitment to increase the marine areas under protection to upwards of 30% as part of the debt swap outcomes.

Moderated Discussion
Ambassador Williams led a discussion in which various questions and thoughts were shared on the concept. Many questions were related to the details of completing a debt swap. Robert Weary and Irene Suarez from The Nature Conservancy, both of whom have experience working on debt swaps, spent time sharing their experiences of negotiating and completing various debt swaps (Tropical Forest Conservation Act debt swaps, funded by the Conservancy and the US government in Belize, Costa Rica, Jamaica, and Guatemala in particular). Robert also shared details on the current debt for adaptation swap that the Conservancy has been negotiating with the government of Antigua & Barbuda over the past year, with the expectation of announcing the completed debt swap at a high level event during the upcoming Rio+20 meeting in June 2012.

The characteristics of a mechanism such as the debt swap facilitate addressing the adverse effects of climate change. The debt swap provides predictable funding over a period of years to address ongoing needs in the face of climate change such as capacity building at different levels; design, monitoring and
evaluation of local/sectoral adaptation plans and monitoring of climate variables. This mechanism also has the flexibility of providing funding for larger initial costs such as a national vulnerability assessment; the design of adaptation strategies including those based on natural solutions or train the trainers on design of adaptation strategies.

In the end, everyone agreed that the concept seemed very promising and that they were interested in staying involved in future discussions of the concept as it progressed. Furthermore, all agreed that the concept, especially once the first swap with Antigua & Barbuda has been completed, deserves to be shared widely in the various upcoming international forums. In the end, a number of potential next steps were identified (see below).

**Next Steps:**

**UNFCCC**

During the UNFCCC session in Bonn, (14th to 25th May) hold a follow up gathering of interested donors and SIDS, focusing on potential deliverables for Rio+20.

Ambassador Dessima Williams suggested presenting Debt for Adaptation Swaps as a viable mechanism to be considered by the Executive Secretary of UNFCC.

**In the lead up to Rio+20**

Rio+20 Intercessional Meetings: Opportunities for coordination with key donor and SIDS missions

Potential follow up gathering of interested donors and SIDS, with focus on potential deliverables for Rio+20 at March 2012 Intercessional Meeting

Hold bilateral meetings in Europe.

Travel with missions (i.e. with Ambassador Joy Grant and Dr. Colin Young from Belize) to potential donor countries, tentatively scheduled for late March 2012.