

**STATEMENT BY THE HONOURABLE LOTOALA METIA**  
**MINISTER OF FINANCE AND ECONOMIC PLANNING OF TUVALU AT**  
**THE SMALL ISLAND DEVELOPING STATES (SIDS) SPECIAL DAY,**  
**18<sup>TH</sup> SESSION OF THE COMMISSION ON SUSTAINABLE**  
**DEVELOPMENT, MONDAY – 10<sup>TH</sup> MAY, 2010, UNITED NATIONS**  
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Thank you Mr Chairman

First, let me join the previous speakers in congratulating you and your other members on the Bureau on your elections. My delegation associates itself to the statements delivered earlier by the Honourable Minister of Finance of Vanuatu in which he presented the Report of the Pacific SIDS. My delegation also aligns itself with the statement delivered by the distinguished representative on behalf of the Alliance of Small Island States (AOSIS).

We wish to commend the Secretary General and the Secretariat for the very informative progress report on the Review of Implementation of the Mauritius Strategy, and to lend our support to this report that will be instrumental in the formulation of a political declaration for the upcoming General Assembly.

My delegation strongly believes that the call for this 5 Years interregional review meeting of the MSI is timely after the whole world, and let alone the most vulnerable Small Island Developing States, have experienced the adverse impacts of the global financial crisis, and the food and fuel crises of 2007 – 2008. The more frequent large scale of natural disasters and the significant increased impact of climate change have also impacted the competitiveness of the SIDS in their respective developmental aspirations. SIDS are far more vulnerable to these global economic and environmental shocks. Our small economies are not resilient to these major impacts. This is clearly a challenge and a hardship to the Small Island Developing States, and as we face such disastrous situations. The international donor community needs to be far more responsive to the particular vulnerabilities of SIDS.

Mr Chairman, since the Intergovernmental Panel on Climate Change released its Fourth Assessment Report, we have learnt that more recent scientific reports suggest that the impacts of climate change are far worse than those considered by the IPCC. Climate change is an urgent matter that must be addressed as a priority. Tuvalu was extremely disappointed with the outcomes of the climate change conference in Copenhagen. The efforts by some major countries to undermine the UN process and introduce a tokenistic Copenhagen Accord was deeply disturbing for us. The subsequent pressure to force countries to sign up to this fundamentally flawed document under the threat of not receiving finance for climate change is deeply disturbing.

Mr Chair, I wish to focus my thoughts on international financial institutions and their role in addressing climate change. We are pleased to note that since the Mauritius Strategy was agreed upon in 2005 most international financial institutions have responded to the growing concern and have increased their financial support for climate change. But saying this we also wish to reflect on what appears to be a systemic failure within these financial institutions to address this issue in a coherent manner.

It would seem logical that if the financing institutions were to be effective in their actions they would focus their attentions in these two areas of concern. Reducing the vulnerability of the most vulnerable and reducing the emissions of the greatest emitters. Unfortunately they do not. We find that the funding policy of all the major financial institutions on climate change is poorly conceived, contradictory and unlikely to achieve substantial outcomes. What we see is an odd mixture of activities funded under the umbrella of climate change which do not seem to follow any form of strategic planning on the funding institutions' behalf.

Let me focus on the issue of adaptation to the impacts of climate change. The current set of projects funded by the various international financing institutions on adaptation appears to lack any strategic thinking or prioritization. We see considerable work in undertaking vulnerability assessments and yet there is a patchwork of financial support for actual adaptation projects on the ground. We need to see a focussed programme by the financial institutions on funding real adaptation projects that protect the most vulnerable, that is small island developing States. We clearly need to see a more strategic approach to funding for adaptation.

For instance Mr. Chairman, last year I mentioned at the 42<sup>nd</sup> Annual Meeting of the Asian Development Bank the need for a regional insurance facility to address the impacts of climate change. To date the only response we have appear to have seen from the Bank is an elaboration of a GIS-based vulnerability assessment programme to be run through one of our marginally effective regional organisations. This is not the response we were expecting. We had hoped that the ADB as a fund management institution would have been able to develop a regional insurance facility.

Mr. Chairman, we had expected more from the international financing institutions. We do not need more reports or vulnerability assessments. We need institutional arrangements for an insurance facility that will service the Small Island Developing States. We again strongly urge that the international financing institutions refocus their efforts to establish such an institutional arrangement.

I would now like to briefly discuss the issue of mitigating greenhouse gas emissions. This is an area where financing institutions suffer from huge contradictions. On the one hand they promote advanced energy efficiency, renewable energy and fuel switching and on the other they promote the development of fossil fuels. It would appear that the efforts to address climate change mitigation are tokenistic. As one example, their investments in carbon capture and storage pilot projects, apart from being extremely expensive, is likely to lock in fossil fuel use and create disincentives for the introduction of renewable energy and energy efficiency technologies.

We are also gravely concerned that major financial institutions are subsidizing the carbon market. We have seen this with the Clean Development Mechanism and pilot programmes under the banner of Reducing Emissions from Deforestation and Forest Degradation (REDD). If the market is to work for climate change it shouldn't be subsidized by international financial institutions. This is poor economics. It is leading us completely in the wrong direction to address one of the greatest environmental threats to humanity.

The Small Island Developing States have always relied on GEF financing mechanisms to support their climate change project requirements. However, GEF's co-financing requirements are difficult if not impossible for many SIDS to meet and this issue needs to be addressed seriously and promptly to allow the smooth implementation of SIDS related projects.

Mr. Chairman, we see that the efforts of the international financing institutions to properly address climate change are at best piecemeal. It is time that the United Nations commissioned a major review of international financial institutions and their role in addressing climate change. We strongly urge that an independent audit is undertaken to review the actions of the major international financing institutions. . Such a review would hopefully create a rational, consistent and effective response to this extremely serious global problem. For the Small Island Developing States, our futures depend on it. If there is to be one major outcome of this 5 year review of the Mauritius Strategy for Implementation, we strongly believe that it should be a climate change audit of the major international financial institutions.

Mr Chairman, particularly to small and far flung States as Tuvalu and vulnerable Small Island Developing States, and the isolated regions, the primary function of the United Nations as enshrined in Article I, is to maintain international peace and security, and to take effective collective measures for the prevention and removal of threats to peace and for the suppression of acts or other breaches of peace. This is crucial as we all know international political stability is fundamental to the sustainable development and survival of all States and in particular of small island developing States. Never before in the history of the UN have the very survival of nations been threatened. We hope that the review of the Mauritius Strategy will bring these security concerns to the forefront of the UN's work and allow us to review the role of international financial institutions.

Thank you.