



## SIDS4 Conference

### *Interactive Dialogue on Enhancing critical forms of financing and aid effectiveness through collaborative partnerships: a conversation*

#### Intervention by Mr Charles Schmit

#### Chargé d'affaires e.p. of Luxembourg to Costa Rica

H.E. Mr Nuno Sampaio,

Honourable Prime Minister Mark Brown,

Thank you for giving me the floor.

Luxembourg is pleased to be part of this interactive dialogue, pertinent to the ongoing discussions revolving around the restructuring of the International Financial Architecture (IFA) and creating a world in which no one is left behind. We know that we face a financing gap of 4 trillion USD to achieve Agenda 2030, and that new and innovative partnerships are needed to close this gap. This is especially crucial for SIDS.

SIDS are disproportionately affected by climate change, and levels of unsustainable debt increase their vulnerability to exogenous shocks. Climate hazards reduce SIDS' GDP growth, and over 40% of SIDS are struggling with reduced fiscal space. These elements coupled with the cost of reconstruction during post-disaster periods constrain public spending.

Critical forms of financing need to be mobilized. Luxembourg has committed to provide climate support for mitigation and adaptation measures under its international climate finance (ICF) strategy. Between 2014 and 2025, Luxembourg has committed itself to providing 340 million EUR in ICF. 209 million EUR have already been disbursed.

Luxembourg's ICF strategy puts an emphasis on SIDS and adaptation funding. Collaborative partnerships have been formed to align with these priorities:

- In Fiji, Luxembourg has provided support to the "Drua Incubator" in 2017. Luxembourg has lent its support to UNCDF in the pilot program on parametric insurance and has equally supported the UNDP small grant program to support business and civil society organizations investing in climate resilience measures.
- In Palau, Luxembourg supports the Blue Natural Capital Financing Facility (BNCF) in a wastewater investment project, which forms part of a public-private, green-grey infrastructure support envelope.
- In Vanuatu, the collaboration with GGGI since 2018 has been extremely fruitful. Luxembourg has been providing over 3 million EUR in donor grants for climate mitigation and adaptation. Together with Vanuatu's National Green Energy Fund, Luxembourg is exploring the establishment of a replication financing mechanism to allow for additional solar pump deployment for communities.
- For the Pacific and Caribbean, Luxembourg has signed a new partnership with GGGI in 2023 – the SIDS-CAP. The 5 million EUR programme will be delivered over 5 years and will seek to mobilize 750 million USD in green and climate finance from public and private sources to investment commitment stage. This may include blue, green and sustainability bond preparation. Green start-ups and entrepreneurs will also be supported under this program.



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Permanent Mission to the United Nations

Luxembourg is committed to creating new partnerships to find innovative solutions to SIDS' vulnerability. Bringing the private sector, start-ups, and public actors together will help us shape an inclusive future for all.

Thank you.

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