

**Statement by the Prime Minister of Jamaica
The Most Honourable Andrew Holness, ON, MP at the
GCF Private Investment for Climate Conference
Incheon, Republic of Korea
October 7, 2019**

Raising the Bar for Private Sector Climate Action

SALUTATIONS

The Executive Director of the GCF, Mr Glemarec

Excellencies

Ladies and gentlemen,

I'm very pleased to be here with you this morning in the very beautiful city of Incheon.

For a small island developing country like Jamaica, climate change is not an academic issue.

With hotter temperatures, coastal encroachment, shorter and more intense periods of rain, longer and more intense periods of

drought, and more frequent and destructive hurricanes, climate change is our daily reality.

For us Climate Change spells disaster. But if we embrace the challenge it could easily mean opportunity. The physical damage and human suffering visited upon countries like the Bahamas, the very small island of Dominica which was totally wiped out by Hurricane Maria and Antigua and Barbuda is well told. The fiscal and economic damage however is not as well known. Climate related shocks, whether sharp and swift hurricanes or lingering and debilitating droughts, have a long-term effect particularly on the economic growth trajectory and the public debt of small developing states and least developed countries.

The problem is compounded by the fact as you all know that Small Island Developing States, notwithstanding that **by virtue of size we are the least cause of the problem, but by virtue of our geography we are among the most vulnerable countries to the effects of Climate Change, but we are also by virtue of the state of development of our**

economy and public institutions, we are among the least able to respond.

Small island developing states and less developed countries are already saddled with high debt, and struggle with low growth, weak public institutions and underdeveloped private sectors which constrain effective policy response to mitigate and adapt to Climate Change.

Within the last decade however, Jamaica engaged a fiscal responsibility programme which reduced our debt from as high as 149% of GDP 7 years ago to 95% of GDP and declining and we are on track to attain our 60% debt to GDP by 2026.

We recognize however, that just one weather event could wipe out not just infrastructure and livelihoods but the many years of austerity and sacrifice to achieve sustainable debt levels. **Climate Change therefore was not only making us physically vulnerable, but also**

fiscally vulnerable. We therefore had to treat Climate Change and the related shocks as a major macro-fiscal risk.

If weather events therefore were going to be more severe, then we needed to build resilient and climate smart infrastructure and mobilize public and private resources to support the effort.

So, we have taken a very holistic view at new, viable and sustainable pre and post disaster arrangements for managing financial risks and disasters. We have developed a broad framework for disaster risk management, including a National Disaster Risk Financing Policy that provides for financial risk protection, including budgetary contingency funds and state contingent debt instruments such as catastrophe bonds, and insurance linked products. We have also established a contingency fund, the National Catastrophic Disaster Reserve Fund and have started to build-up a strong fiscal buffer; while improving insurance of public assets and incorporating disaster risk analysis in public sector investments and overall development planning.

Recognizing the critical role that Finance Ministers play in addressing and preparing for climate crisis nationally, regionally and globally, **Jamaica has joined the Finance Ministers Coalition for Climate Action** to ensure continued knowledge exchange and best practices in planning concrete, effective policy and tax measures to climate-proof our economy.

I am equally pleased to announce we have obtained approval by the Green Climate Fund for readiness support to create the first Caribbean Green Bond Listing, which will undoubtedly place us as the Caribbean country of choice to conduct climate smart and sustainable business.

We recognize that the government's budget will not be enough in ensuring a strong local response to building resilience. However, we also recognize that government has a key role to play as market maker and regulator in mobilizing, incentivizing and partnering with the private sector in financing areas of strategic climate action.

The Government of Jamaica has targeted the energy sector as an area in which it can use its role as market maker and regulator to stimulate private sector financing and investment to allow them to participate in low carbon, green energy solutions. Last April, for the first time, Jamaicans were given the opportunity to purchase shares in the IPO of **the largest wind energy facility in the English-speaking Caribbean, Wigton Windfarm Limited** which has a capacity of 63.2MW and was built by the Government to help diversify Jamaica's energy mix. **Last week, I officially opened what is now the largest solar energy project in the English-speaking Caribbean.** This initiative brought together international and Jamaican firms to finance, develop and operate a 37 MW solar farm delivering the cheapest renewable generated electricity to the grid; and the company is now already seeking to expand.

Today, with these examples Jamaica has achieved 17% renewable energy or rather renewable electricity generation. This places us already in a position close to achieving our original target of 20% of

renewable energy by 2030 and has injected the right confidence to raise our ambition for our next NDC and step up our long term and comprehensive energy transformation. Moreover it has set an example and generated interest in our local capital markets to finance green projects and initiatives not **only because it makes business sense but because it is the right thing to do.** Jamaica will be increasing its renewable footprint in energy and I have challenged our public utility and our public utility regulator to seek to achieve 50% of our electricity generated by renewables by 2030. We have also identified transportation and water as additional areas in which the government will mobilize and partner with private sector finance to achieve carbon reduction and disaster resiliency while at the same time creating valuable economic opportunities – matching our values with valuable investments.

Even as we aggressively pursue our national Natural Disaster Fiscal Strategy, we have not neglected the commitments reflected in our current **Nationally Determined Contribution (NDC) under the Paris Agreement which already commits us to reducing emissions well in**

line with the IPCC 1.5 Special Report; but to realistically achieve this global warming limit the international community must recognize that a transformation is needed in the global financial system in order to provide the right kinds of financing for vulnerable countries.

At the recently held UN Climate Action Summit, and as a co-lead for the Climate Finance and Carbon Pricing track, **I made the point that we urgently need to transform the global financial system.** What does this mean?

It is now clear that the low carbon transformation necessary to curb emissions and stop global warming needs to re-orient economies towards the required investment, employment and redistribution of financial resources and opportunities that are essential to avoid its worst impacts.

Jamaica actively advocates and will continue to advocate for increased and enhanced access to climate finance from both public and private sector sources. In the Caribbean, **we need**

concessional financing, credit enhancement instruments and the right insurance mechanisms to provide the type of blended financing necessary to match private sector funding.

The next era of investment is about resilience and adaptation. In the face of dire warnings and fearsome extreme events, the push to invest in climate solutions may sound to many in the private sector like a plea for charity. **But the financial sector must recognize that investing in adaptation now is imperative. The risks of climate change is the biggest risks that business face but it is also the biggest opportunity of our generation.**

In Jamaica we will continue to do our part locally. We will continue to be fiscally responsible. We will continue to reduce our debt so that we are our own first line of financial response to climate events. We will continue to engage our private sector and attract their assets and resources into climate smart and carbon reducing economic activities.

However, we will continue to advocate to the global community for increased support for institutions like the Green Climate Fund. We will continue to advocate and support greater investment globally in green technologies and we will continue to educate our own people so that they as citizens will choose to consume in ways that are environmentally friendly.

Ladies and gentlemen, I'm grateful for the opportunity to be here with you today and I encourage you to come and visit Jamaica; Jamaica is the best country in the Caribbean to invest.