



High-Level Regional Consultation on Financing for Development in Asia and the Pacific in preparation for the Fourth International Conference on Financing for Development

17-18th December 2024

**Remarks for Hon. Deputy Prime Minister and Minister of Finance
Professor Biman Chand Prasad**

Excellencies, Ladies and Gentlemen

Ni sa bula Vinaka

I am deeply honoured to have been invited to address the Asia Pacific regional consultations in preparation for the 4th International Conference on Financing for Development.

The 4th International Conference on Financing for Development is being held at one of the most difficult moments in recent history. It is a moment for the UN to shine with a renewed sense of purpose.

At no time in post Second World War history has the international environment been as challenging as it is today. The international environment has never been more unwelcoming for the small island states as it is today.

Some of the most severely debt stressed countries are the island states of the Pacific. The harshest impacts of global economic re-engineering are being felt by the poorest communities across the Pacific. The adaptation challenges to runaway climate change is the steepest across the Atoll states of the Pacific – Kiribati, Tuvalu and Marshall Islands.

At no time, outside of war have economies had to face 30 to 70 percent contraction as a consequence of a single cyclone. Fiji, Vanuatu and Tonga have faced this within this decade.

The 4th International Conference on Financing for Development is a far too important a moment for the World. It is imperative that our region prepares well and prepares with precision.

The World is failing on its Global Goals – the SDG's. This is the one plan we have for people, communities and for our planet. There is no Plan B. The two options before the World are to

either secure the global development goals (the SDG's), or to face extreme chaos. There is nothing in the middle. Not this time.

The starting point for the 4th Conference is that we have a global problem that calls for international solidarity and understanding in a way that has not been needed before.

We have seen a worrisome and difficult step back in solidarity and compassion. Ours is not only a world that is more unequal – but a world that has become less inclusive. Only a handful of rich countries have delivered on the zero point seven percent (0.7%) target of their Overseas Development Assistance target agreed to decades ago in Addis Ababa.

Last year alone, the rich world earned over \$1.4 trillion USD Dollars through interest and loan repayments by developing world. This figure is set to rise to well above \$2.0 Trillion per year by 2030.

The SDG and the climate change financing gap is well in excess of \$1 Trillion annually. We cannot continue to expect more talk that do not lead to solutions and listen to more expressions of solidarity that mean little to communities living on the frontlines of climate change.

Ladies and Gentlemen

We know as well that ODA and climate finance alone cannot meet the scale of challenges before the World. A game change across the development-scape is needed. This will need be multi-pronged – involving both private and public sector solutions.

There may be divergent views between the developing countries across the Asia Pacific region on how we get there. There will be divergent views on the way forward between large developing states and small island developing states.

What are the starting points for a new global consensus and strategy to get back on a pathway to achieving the global goals for people everywhere and – not only in the rich world, and not only for elites in the developing world.

A fundamental shift is needed in how existing international development assistance is delivered. We can make existing international development assistance more effective and more impactful.

I encourage a rapid shift to aid on budget. If international development assistance is not on budget – then please do not

hold developing countries to account for weak performance and poor results of international development assistance.

This will shift the needle towards development that is designed, led and implemented by developing countries – not development that is designed for them – not development that implemented for them. This applies to the UN development system; this applies to MDB's; this applies equally to our bilateral development partners.

By 2030, 50 percent of all development assistance should be on budget; and delivered through budget support measures.

But in the transition to 50 percent on budget target, my message to all development partners is ensure that development is locally led. To MDB's, development partners and the UN – build our national systems to accelerate our development efforts.

Stop creating expensive parallel systems for delivery of international assistance. In some countries, we already have what is effectively a 2nd civil service – a civil service paid for by donors; that extracts talent from our Governments and that is accountable solely to donors rather than to Government's and to local communities.

My second message to development partners, is that by the time of the 4th International Conference they should be able to show the timeframes and pathway to the 0.7 Percent target of ODA.

This target should be secured by 2030. Countries should be able to transparently show how they will get there. This is the foundational starting point for restoring trust in the international system.

You are all aware that climate change cuts across the whole of our development pathways. No sector of our economy is left untouched by climate change. The Pacific Islands need the world to return to a pathway of 1.5 Celsius degree temperature increase. We agreed to this in Paris. We need to get on with this.

At 1.5 Degree Celsius, the Pacific island states will be able to maintain stable societies and economies. Breach 1.5 degree C – stability and viability of state systems can no longer be guaranteed.

We have agreed a foundation for climate finance at the recently concluded COP29. We were deeply disappointed but we have secured a positive foundation.

The World will need to commit to and deliver climate finance on a far more substantial scale than the \$300 Billion agreed to in Baku. The 4th Conference is an important moment for us to raise the importance of climate finance on scale and on speed.

This may not matter so much to rich countries – but for island states this is a discussion of an existential nature.

Climate finance on scale and speed matters to the Pacific because time is what we do not have. We can adapt now. We can adapt in the next decade. Beyond that adaptation options become far more complicated and perhaps no longer feasible.

Leading with purpose

I have always been a firm believer that we must lead from the front. Increased ODA and climate finance is a part of the solution. It is not the full solution. As island states, we need to get better at doing our own fair share.

Debt sustainability is a major issue across SIDS. In Fiji, our debt to GDP ratio sits at about 78% - a reduction of nearly 15 percent over the 2 short years in which I have been its finance minister.

Debt management will remain challenging for small states on the frontlines of climate change. We need resources to expand opportunities for human development. We need resources to respond to ever growing impacts of climate change concurrently. We need to service our debts.

Without a differentiated and context aware approach to development in SIDS – our development prospects will be harmed on a business as usual track.

Anyone who argues for business as usual is essentially arguing in support of an international development framework that is quintessentially colonial in nature. International development must be about substantive decolonisation and about expanding our freedoms. It is not so today.

Transforming the International Financial Architecture

A crucial starting point for decolonisation of international development is the fundamental reform of the international financial architecture. Fundamental– not slow incremental!

The compounding and cascading challenges faced by developing nations, including frequent economic shocks, debt

distress, and heightened climate vulnerabilities calls for an international system in which small states have real voice and weight. It calls for a system that acknowledges and builds on the unique challenges that small states face. How can Tuvalu be accorded the same IFI repayment terms as that which is available to Bangladesh or to Turkey?

The 4th F4D Conference must support a significant increase to highly concessional financing that is rooted on vulnerability rather than on debt levels or on income.

The 4th F4D must support a consensus to at least double grant based budget support by 2030. This will help to restore fiscal flexibility and enable governments to respond to urgent priorities. This will strengthen – not undermine our sovereignty.

This UNESCAP meeting is an important moment to relook at the archaic and traditional approaches to capacity building that is locked in development assistance programmes today.

Most of the development resources used by donors on our capacity building is actually spent on building donor capacities – not our national capacities. This applies to the IFI's; this applies to the UN. This applies to the bilateral donors.

The continued tyranny of expensive capacity building for parallel systems must end. If you are to do so because your systems do

not trust our Government's – then this expenditure must not be counted as our ODA.

Fiji and the Pacific small states have called for simplified access procedures to Global Climate Funds. The complex requirements for accessing climate funds should be streamlined.

The sad reality today is that climate funds are largely given to us through internationally accredited agencies and the UN system. They extract resources that are earmarked for our countries. They extract talent from our Government's to deliver their programs. They often bypass our Government's and ignore our communities.

The Pacific cannot become a reef of failed and shipwrecked climate programs that have been designed and implemented for us. Decolonise climate finance.

Reenergising the private sector

ODA and climate finance on their own will not cut it. The financing hole across the SDG's is simply too large now. We need to scale private sector investment.

Mobilising private sector investment is less of a constraint to large developing countries such as Egypt and India. It is a far greater challenge for small island states - lacking in market size.

A useful starting point will be to establish more context aware financing channels for SME's. Tailored financing mechanisms that empower our small and medium enterprises (SMEs) to take greater charge for delivering our SDG's must be an important part of the global response.

We need to encourage the private sector through creative public-private partnerships that work in contexts of high vulnerability and that work with the unique and specific disadvantages that small states face. I would like to learn about efforts other countries are undertaking in this regard.

The 4th F4D must deliver a comprehensive outcome for debt restructuring. It will be a monumental failure without this. There is no sugar coating this.

Fiji will encourage greater consideration for medium term debt suspension agreements in response to external shocks and in the aftermath of catastrophic climate events.

Finally, the Pacific has called for significant international support to Pacific Resilience Facility - our homegrown, region-specific initiative aimed at building our financial reserves for disaster preparedness and to fund our resilience. Support us to help ourselves. Why should this be so difficult?

Ladies and Gentlemen

The 4th Financing for Development Conference is our global moment to reset the global economy – in ways that makes it inclusive and sustainable. We need to get this right or we lose our one shot to return the international system to a pathway of security and sustainability. Fiji will do everything it can to ensure that international solidarity meets this moment.

Vinaka Vakalevu.