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**UNFCCC COP28 Side Event**

**“The Role of the Multidimensional Vulnerability Index (MVI) in Leveraging Finance for Resilience Building.”**

**Subtitle:**

**The Time has Come to Acknowledge the Plight of**

**Vulnerable Countries & Territories.**

Dubai, United Arab Emirates, **10 December 2023 at 18.30 hrs**.

SE Room 6

**Summary**

**Many countries and territories across the globe which face grave and mounting threats related to climate change are not eligible for much of the funding habitually provided by many of the world’s most important donor institutions and organizations. Though progress has been made in recent years to rectify this, many remain underfunded, and increasingly vulnerable. This event will underscore these inequalities and their impacts and explore the relevance and applicability of better adapted methods for making funding available to those who need it most.**

**Background**

* The predominant and conventional manner of identifying countries and territories most vulnerable to climate change lacks adequate precision and overlooks many which truly warrant and require support. This can be observed in the various international agreements, and is mainly due to two reasons.
	+ Until the United Nations adopted a definition that standardized the concept of vulnerability, this concept was inadequately defined.
	+ The second reason is related to the **difficulty of establishing an index to capture the multiple manifestations of climate change** and to determine if one country or territory is more vulnerable than another. Relevant research is now making it possible to measure the multiple dimensions of vulnerability, particularly climatic vulnerability.
* Typically, small islands and territories have equally small carbon footprints, but often face the greatest threats. **SIDS are responsible for only 0.2% of the global carbon emission and yet suffer most from the impact of climate change.**
* In December 2019, OACPS (Organisation of African, Caribbean and Pacific States) Heads of State and Government at their 9th Summit in Nairobi, Kenya, “expressed concern about the exclusion of many Small Island Developing States (SIDS) from concessional financial resources\* on the basis of their status as middle and high-income countries and the persistent use of per capita GNI (Gross National Income) as a criterion for determining access eligibility. **They called for the establishment of a vulnerability index as a criterion to be used for accessing finance**”.
* In 2021, the United Nations mandated a high-level panel to better define the concept of vulnerability and a universal measure of it. This universality concerns both the three dimensions of vulnerability (economic, social and climatic) and the countries to which it applies, i.e. all of them.

\* “concessional finance” is below market rate finance provided by major financial institutions, such as development banks and multilateral funds, to accelerate development objectives.

* A team at Ferdi has been assisting the United Nations by providing technical support to further this process. This work has been based on Ferdi's long-standing work on vulnerability, and in particular on the climatic dimension with the Physical Vulnerability to Climate Change Index (PVCCI).
* Since October 2022, the OACPS has progressed with work to develop an OACPS Multidimensional Vulnerability Index (OMVI) and OACPS Multidimensional Resilience Index (OMRI). The results show that SIDS, Least Developed Countries (LDCs) and Landlocked Developing Countries (LLDCs) are the most vulnerable and least resilient compared to OECD Members and High-Income countries.
* The EU overseas countries and territories represented by OCTA and the UK overseas territories represented by UKOTA are likewise often not eligible for many of the climate resilience related financial support mechanisms that are habitually available to many similarly climate change impacted countries and territories. More equitable methods of channeling critical funding to these overseas countries and territories must be adopted to support their efforts to increase their resilience to climate change and integrate carbon emission reduction policies and technologies.
* It is time the world listens to the voices of the countries and territories which are most vulnerable to climate change.

Following the release of the [IPPC 6th Report](https://www.ipcc.ch/report/sixth-assessment-report-cycle/) last March, the [upcoming UNFCCC COP28](https://www.cop28.com/) offers a strategic opportunity for these topics to be addressed but also a window to engage with relevant strategic stakeholders, especially from both the private and public Finance sectors.

 5 organizations working to support climate vulnerable countries and territories have joined forces to organize a high-Level side-event on the 10th of December in Dubai: FERDI, Green Overseas Programme (GO Programme), OACPS, OCTA and UKOTA.

Together these organizations are working to support the health and wellbeing of millions of people, hundreds of countries and territories, and the natural resources upon which they all depend.

**Objectives**

The main objectives of the event:

* **Identify barriers and challenges** faced by vulnerable countries and territories in their efforts to access climate finance and to discuss ways to enhance their capacity to utilize financial resources most effectively.
* Discuss the role of the Multidimensional Vulnerability Index (MVI) in enhancing access to green finance (for countries & territories) and how the MVI can inform and facilitate financial support for same. One question in particular is whether, in the face of climate change, we should consider a universal indicator like the MVI or an indicator constructed in the same spirit but more focused on the **climatic dimension of vulnerability**.
* Showcase and **explore innovative and transformative financing mechanisms**, instruments and approaches that can mobilize public and private funds, such as green bonds, climate funds, impact investments, and blended finance.
* Promote the integration of climate considerations into financial systems, including banking, insurance, investment, and capital markets, to incentivize sustainable investments and align financial flows with the climate objectives of targeted countries and territories.
* Discuss strategies for **capacity building, knowledge sharing, and technical assistance** to strengthen institutional capacity, project design, and project implementation for effective climate financing.

**Key Themes and Topics**

The main themes and topics that will be covered in the side event are:

* Existing international financing instruments for climate change adaptation and mitigation and the challenges that vulnerable countries and territories face in accessing them.
* Innovative approaches in green finance and the way in which access to them can be improved.
* The importance of vulnerability assessments in the context of climate change and their role in prioritizing support and resources for adaptation and mitigation efforts for target countries and territories.
* The link between vulnerability and green finance and the MVI as an important tool to access green finance.
* The way in which MVI can serve as a decision-making tool for financial institutions, donors and governments, and inform decisions on resource allocation and project selection for climate-related initiatives across target countries and territories.

**Target audiences**

* Finance and Environmental Ministers and/or representatives from countries and territories that are likely to be affected by climate change
* Representatives from UN institutions
* Representatives of public & private donor organizations, public and private institutions
* Civil society representatives

**Expected Outcomes**

The expected outcomes of the side event for target countries and territories may include:

* Heightened understanding of the importance of climate finance to enable vulnerable countries and territories to adapt to and mitigate the effects of climate change.
* Increased awareness of the difficulties these countries and territories face in accessing concessional finance for resilience building against the effects of climate change.
* Enhanced understanding of the relevance of the Multidimensional Vulnerability Index for target countries and territories to access innovative forms of climate finance.
* Increased knowledge about innovative green finance mechanisms and the ways in which target countries and territories may gain access to them.
* International coalition building and partnerships in advocating for the streamlining of vulnerability criteria in the lending practices of international financial institutions, governments, and the international donor community.

**Side Event Format**

90 minutes of talks, panel debates and series of questions from the audience, followed by a communal cocktail:

* Introductory remarks focusing on the science related to the threats and challenges which vulnerable countries and territories face related to Climate Change and how to more effectively measure Vulnerability to better allocate limited financial resources to those who need it most.
* Organized / mediated panel discussion between and amongst a select, but representative, number climate scientists, high level representatives of vulnerable countries and territories, representatives of large donor organizations, and closing remarks which incorporate the beginning of a roadmap for integration of MVI and similarly adapted methodologies for supporting access to financial support for vulnerable countries and territories.
* The session will be **mediated by the Director of the Green Overseas** (GO) Programme, an EU funded Programme which is missioned with supporting climate change resilience and energy transition across the 25 OCTs of the EU and the UK.
* The panel mediator (GO Programme Director) will give structure to the panel discussion by inviting the assembled representatives to address a series of pointed questions chosen to bring to light the heart of the problems/challenges, and to incite the assembled panel members to **elicit and describe possible, realistic, and implementable solutions** which will contribute meaningfully to closing the financial “gap”, providing the requisite climate finance for vulnerable countries and territories which, for the time being, remain ineligible for finance available to others facing similar climate change related threats.