



## Innovative Financial Instruments for Public Debt Management in the Caribbean

### Webinar on Debt for Climate Swaps

Tuesday 22 June 2021; 08:00 - 10:00 CST/ 15:00 - 17:00 BST

#### Background

The world is facing a triple crisis of debt, climate change and biodiversity loss. The impacts of the COVID-19 pandemic on the economic system have increased volatility in developing country markets, where high levels of debt make them vulnerable. The pandemic could severely undermine current responses to these crises, which were already inadequate to address their scale. Systemic change is urgently needed to support debt sustainability through the pandemic and to ensure consistent and long-term progress towards tackling these interconnected and complex global challenges<sup>1</sup>.

The idea of a “debt-for-climate” swap was first conceived during the 1980s by the then Deputy Vice President of the World Wildlife Fund, Thomas Lovejoy, in the wake of the Latin American debt crisis. Now, debt for climate swaps are being widely discussed as an instrument to manage mounting public debts, climate change challenges and COVID-19 recovery. Traditionally, these instruments represent an exchange of the existing debt contract with a new one, where the previous contract is normally “written down”, or discounted. The discount or foregone debt service proceeds would then be used in an agreed upon manner usually to fund climate or environmental projects.

Belize as a small island developing state (SIDS) in the Caribbean region also faces these issues. Climate change impacts experienced in the country to date include sustained droughts, floods, increased coastal erosion and changing precipitation patterns. Combined, these climate change and related phenomena significantly affect many environmental, physical, social and economic systems within the country. These adverse effects are expected to increase in the future, thereby threatening the physical and social infrastructure in Belize.

Belize’s annual average loss from wind-related events and floods averages just under US\$123 million, or 7 percent of Gross Domestic Product (GDP). This amount includes total direct and indirect losses to the public and private sector, on average in any given year over the long run. Of that US\$123 million, roughly US\$88 million is the estimated replacement value associated with direct physical damage. Additionally, the Government of Belize will experience direct damage to its assets amounting to about US\$30 million (1.5 percent of GDP). On average, these costs are expected to exceed US\$1,857 million, or more than 105

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<sup>1</sup> Tackling the triple crisis Using debt swaps to address debt, climate and nature loss post-COVID-19, IIED Issue Paper, September 2020 <https://pubs.iied.org/sites/default/files/pdfs/migrate/16674IIED.pdf>

percent of GDP over 100 years. That is, even before climate change, there is a 1 percent probability in any year that a disaster will impose direct and indirect losses of more than 105 percent of GDP<sup>2</sup>.

In 2019, Belize recorded a positive GDP growth during the first quarter, but drought contributed to a recession by the second half of the year. The COVID-19 pandemic gave no room for Belize's economy to recover and by the end of December 2020, the public debt had risen to 125.5% of the GDP compared with 98% of GDP in 2019<sup>3</sup>. Tackling the COVID-19 pandemic has forced the Government of Belize to increase their health and pandemic response expenditure while facing a significant loss of revenue especially from the tourism sector. The dual impacts of climate change and the pandemic have exerted additional pressure on the country's economy which is likely to heighten the country's debt levels.

Belize, during its tenure as the Chair of the Alliance of Small Island States (AOSIS), presented the challenges in debt servicing and called for action at the seventy fourth session of the United Nations General Assembly. Belize is now considering debt swaps as an important solution to tackle debt, climate and biodiversity losses related issues.

As a result, the Government of Belize has requested the Commonwealth Secretariat to aid the design and implementation of a "Debt for Climate/Nature Swap Mechanism" for the country covering the aspects of enhancing awareness and building capacities among stakeholders. The Government of Belize had implemented a "Debt-for-Nature Swap" in 2001, however, as knowledge and capacity gaps have been identified around debt for nature/climate swaps, they are now attempting to bridge these knowledge gaps with the development of new expertise and knowledge in partnership with the Commonwealth Secretariat.

Recognising this important request, the Commonwealth Secretariat is proposing a two-hour webinar with the Government of Belize to enhance awareness and knowledge as well as provide clarity on the potential of Debt for Climate Swaps as an option for managing rising debt levels while investing on climate action.

## Objectives of the Webinar

The proposed webinar is aimed at enhancing the level of awareness and knowledge involving key stakeholders for the Government of Belize. These include the Ministry of Finance and Economic Development, Ministry of Sustainable Development, Climate Change and Disaster Risk Management and the National Office of Climate Change. Principles, potential and experiences of relevant Commonwealth member countries, experiences from experts and modalities of Debt for climate/nature Swap will be discussed at the webinar. The Commonwealth Secretariat is expecting to mobilize and convene experts from the Secretariat and other professional agencies to share technical knowledge and experiences pertaining to debt for climate swap as an instrument to manage debt while financing climate actions.

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<sup>2</sup> World Bank Group. 2018. Advancing Disaster Risk Finance in Belize. World Bank, Washington, DC. © World Bank. <https://openknowledge.worldbank.org/handle/10986/29748> License: CC BY 3.0 IGO.

<sup>3</sup> Economic Update, March 2021, Ministry of Finance, Government of Belize

## The Webinar Format

The event is scheduled to be a ***two-hour session*** as detailed in the proposed agenda. The webinar will take place online using the Blue Jeans Events platform. The meeting joining details and instructions will be shared in due course.

The webinar will be covering technical aspects of debt for nature/climate swaps and experiences from Belize and other Commonwealth member countries. The webinar will have a combination of high-level inputs, panel discussions and interactive question and answer sessions.

## Expected Outcomes

The proposed webinar is expected to achieve the following outcomes:

1. Enhanced understanding of debt for climate/nature swap mechanisms
2. Learning from the experiences on debt for climate/nature swaps of Belize and other countries. This will cover the requirements, partnerships, effectiveness, procedures and challenges in implementing debt for climate/nature swaps.
3. Understanding of the gaps, potential collaborations and next steps of the way forward in designing and implementing program on debt for climate/nature swaps for Belize
4. Connecting Government officials with relevant technical experts and expert agencies and develop collaboration.

## Participants

The participants for the webinar are expected to be from the Government of Belize including the institutions responsible for public debt management, climate change and the environment sector as well as Respective Government Focal Points from the Caribbean Commonwealth Member States. Experts from different local and international organizations will also be invited to share their insights and experiences. The proposed list of entities that will be represented at the webinar is shown in the agenda. Commonwealth Secretariat including Commonwealth National Climate Finance Advisors and their respective Government Supervisors will also participate and share their experiences from member countries.

## Agenda

Topic and Speakers	Timing (BST)
<b><u>The Inauguration</u></b> <ul style="list-style-type: none"> <li><b>Welcome Address by <i>Hon. Orlando Habet</i></b> The Minister of Sustainable Development, Climate Change and Disaster Risk Management, Government of Belize</li> <li><b>Opening Remarks by <i>Hon. Christopher Coye</i></b> Minister of State in the Ministry of Finance Economic Development and Investment, Government of Belize</li> <li><b>Keynote Address by <i>Dr Arjoon Suddhoo</i></b> The Deputy Secretary General of The Commonwealth</li> </ul>	15:00-15:15 (15 mins)
<b><u>An Introduction to Principles and Models of Debt-for-Climate/Nature Swaps</u></b> <ul style="list-style-type: none"> <li><b><i>Mr. Unnikrishnan Nair</i></b>, Head of Climate Change, The Commonwealth Secretariat</li> </ul>	15:15-15:25 (10 mins)
<b><u>Country Experiences on Debt for Climate/Nature Swaps</u></b> <ul style="list-style-type: none"> <li><b>Lessons from Belize's 2001 Debt-for-Nature Swap</b> <i>Mr. Edilberto Romero</i>, The Executive Director, Programme for Belize</li> <li><b>Experiences from Antigua and Barbuda on Designing a Debt-for-Climate Swap Mechanism</b> <i>Mr. Michai Robertson</i>, Policy Officer, Department of Environment, Ministry of Health, Wellness and the Environment, Government of Antigua and Barbuda</li> <li><b>Lessons from the Ongoing Implementation of Debt-for-Nature Swap in The Seychelles</b> <i>Mr. Patrick Payet</i>, Secretary of State of the Ministry of Finance, Trade and Investment, Government of Seychelles</li> </ul>	15:25-15:55 (30 mins)
<b><u>Facilitated Q&amp;A Discussion</u></b> <b>Moderated by <i>Mrs. Pamella McLaren</i></b> - Adviser and Head, Debt Management Section, The Commonwealth Secretariat	15:55-16:05 (10 mins)
<b><u>The Debt-for-Climate/Nature Swaps; Opportunities and Way Forward for the Caribbean Region</u></b> <ul style="list-style-type: none"> <li><b>Enabling Conditions to Structure a Debt Conversion</b> <i>Mr. Robert Weary</i> - Former Deputy Director of The Nature Conservancy, Chief Executive Officer of Aqua Blue Investments</li> <li><b>A Scenario Analysis of the ECLAC Debt-for-Climate Adaptation Swap Initiative</b> <i>Mr. Sheldon McLean</i> - Coordinator, Economic Development Unit, Sub-regional Headquarters for the Caribbean, United Nations Economic Commission for Latin America and the Caribbean (UNECLAC)</li> <li><b>Debt-for-Climate: 3-party Funding Mechanism for Debt Relief and Climate Action Support in Developing Countries</b> <i>Mr. Andrey Chicherin</i> - Head of Innovation, Technology and Co-funding Platforms, Green Climate Fund</li> </ul>	16:05-16:40 (35 mins)

<b>Discussant: <i>Mr. Vintura Silva</i></b> - Head of UNFCCC Regional Collaboration Centre for the Caribbean	
<b><u>Facilitated Q&amp;A Discussion</u></b> <b>Moderated by <i>Mrs. Pamela McLaren</i></b> - Adviser and Head, Debt Management Section, the Commonwealth Secretariat	16:40-16:50 (10 mins)
<b><u>Closing Remarks and Way Forward</u></b> <ul style="list-style-type: none"> <li>• <b>Dr. Lennox Gladden</b>, Chief Climate Change Officer, National Climate Change Office, Government of Belize</li> <li>• <b>Dr. Ruth Kattumuri</b>, Senior Director, Economic, Youth &amp; Sustainable Development Directorate, The Commonwealth Secretariat</li> </ul>	16:50-17:00 (10 mins)
<b>Event Moderator: <i>Mr. Unnikrishnan Nair</i></b> , Head of Climate Change, The Commonwealth Secretariat	

## Speaker Bios

### Dr Arjoon Suddhoo, Deputy Secretary-General



Dr Arjoon Suddhoo is Commonwealth Deputy Secretary-General with a broad remit working within the Commonwealth Secretariat at its Marlborough House headquarters in London.

Dr Suddhoo is a national of Mauritius, and has had a distinguished career as a scientist, in academia, and in commerce. He was most recently Executive Director of the Mauritius Research Council, a role he combined with being chair of the board of Air Mauritius and chair of the Mauritius Renewable Energy Agency (MARENA).

Earlier in his career, Dr Suddhoo was Head of Research and Planning at the Mauritius Tertiary Education Commission, and prior to that worked in research and development as a scientist for Rolls Royce Aerospace.

### Hon. Christopher Coye



Hon. Christopher Coye is the Minister of State in the Ministry of Finance, Economic Development, and Investment of the Government of Belize. He attended the University of Texas at Austin where he received a M.S. in Economics (1994). In 1997, Mr. Coye attained his LLB (Hons) from the University of West Indies.

Prior to being Minister of State, Mr. Coye's law practice included: Commercial Law, Banking, Finance, Real Estate, Foreign Investment, Tax Planning, Asset Protection Planning, Estate Planning, Intellectual Property,

Trademarks, Patents, Copyrights, Civil Litigation, Probate, Debt Collection, Offshore Companies, Trusts and International Finance.

Mr. Coye has 9 years of experience in law as well as other major institutions located in Belize. He is an active member in organizations such as: Integrity Commission (Chairman), International Financial Services Commission (Member), Belize Offshore Practitioners Association (President), Karl Heusner Memorial Hospital Authority (Member of the Board of Directors), Belize Bank International Limited (Director of International Financial Services Division), and the International Tax Planning Association (Member).



### **Hon. Orlando Habet**



Hon. Orlando Habet serves as the Minister of Sustainable Development, Climate Change & Disaster Risk Management, Government of Belize. Mr Habet has an associate degree in Animal Husbandry, a Bachelor's Degree in Dairy Production Science and a Master's Degree in Animal Breeding and Genetics. He has used his educational background and training both in the public and private sectors and has travelled extensively representing Belize.

### **Mr. Patrick Payet**



Mr Patrick Payet is currently the Secretary of State of the Ministry of Finance, Economic Planning and Trade. Prior to taking over this role in April 2018, Mr Payet was previously the Principal Secretary for Finance from September 2013. He has an Honours Bachelor's degree in Accounting and Finance from the University of Manchester, and a Master's degree in Leadership and Strategy from the Institute of Public Administration in Ireland, obtained through the Seychelles Young Leaders Programme in 2009. He is also an ACCA affiliate. Mr Payet has also held the post of Chief Finance Officer and Director of Financial Planning in the Ministry of Finance before his promotion to the positions of Deputy Comptroller General in 2009, and Comptroller General in January 2013. Mr Payet is also on several boards and committees within Government and working with the private sector on several reforms initiatives which include the Chairperson of the AML/CFT committee. Mr Payet has also led the Seychelles' team on several financing initiatives especially the First World Blue Bond.

### **Dr. Lennox Gladden**



Dr. Lennox Gladden is the Chief Climate Change Officer within the National Climate Change Office of the Ministry of Sustainable Development, Climate Change and Disaster Risk Management of the Government of Belize. He acts as the UNFCCC Focal point of Belize.

## Dr Ruth Kattumuri



Dr Ruth Kattumuri is Senior Director of Economic, Youth and Sustainable Development Directorate at the Commonwealth Secretariat. She has extensive experience working with premier international institutions in senior management, sustainable development, public policy impact and public-private partnerships.

At the London School of Economics (LSE), Dr Kattumuri founded and has been Co-Director of the India Observatory, an Associate of the Grantham Research Centre for Climate Change, and a Distinguished Policy Fellow. She has engaged with Climate Change policy with the highest ministerial level in India and China for over fifteen years. She has also been a Director of Asia Research Centre at the LSE and has been a Visiting Professor at various Universities in Asia including in China and India.

Formerly, as professor of Computer Science and Statistics at the University of Madras, India, Ruth has pioneered efforts toward innovation and advancement of information technology for the country during the early years of its development. Dr Kattumuri leads trans-disciplinary evidence-based research, policy impact and private sector leadership on various aspects of sustainable and inclusive development including climate change; entrepreneurship; technology and innovation.

## Mr. Edilberto Romero



Mr. Edilberto Romero is the Executive Director at Programme for Belize. He has a bachelor's degree in Sustainable Agriculture from the EARTH University, Costa Rica, and a master's degree in Natural Resource and Environmental Economics from the University of Concepcion, Chile.

He has worked with NGOs promoting sustainable agriculture, sustainable tourism, renewable energy and natural resource management since 1994. He has been working with Programme for Belize since 1997 and has functioned as PFB's Executive Director since 2002. Programme for Belize is a non-profit, non-government organization whose mission is to conserve biodiversity and promote the sustainable development of Belize's natural resources through the proper management of the Rio Bravo Conservation and Management Area and other lands entrusted to it.

He serves and has served as member of various community service projects and organizations, including the Rotary Club of Orange Walk. He founded The Association of Protected Areas Management Organization and serve as Chair for six years. APAMO, an association that advocates for and contributes to the sustainability and proper management of Belize's protected areas for the benefit of all stakeholders. He has served as Chairman of the Belize Nature Conservation Foundation (BNCF), formerly the PACT Foundation. He has been involved in the US Government-Government of Belize Debt for Nature Swap, since 2001 and has served as Chairman of the TFCA-Debt for Nature Swap Oversight Committee. Edilberto has been involved in the Rio Bravo Carbon Sequestration Project since 1999. Under his leadership, and in partnership with The Nature Conservancy, the project's 1.9 million tons of carbon units was verified, certified and registered under the Voluntary Carbon Standard



### Mr. Michai Robertson



Michai Robertson is currently an Advisor (Climate, Oceans, and Legal) for the Alliance of Small Island States ('AOSIS'). He is also a Policy Officer within the Department of Environment of Antigua and Barbuda. In this post, he is responsible for international and domestic environmental law and policy matters that includes climate finance, and loss and damage. Moreover, Michai is a primary Focal Point for the Department to the Green Climate Fund in its role as a direct access Accredited Entity.

He also acts in the capacity of a Lead Negotiator on Climate Finance for AOSIS, Advisor to the SIDS Board Seat of the Green Climate Fund as well as an Alternate Member for the Latin America and Caribbean region on the Paris Agreement Implementation and Compliance Committee.

He holds a Master of Laws (LLM) in Environmental Law and Policy from University College London, and a Bachelor of Laws (LLB) from Oxford Brookes University.

### Mr. Unnikrishnan Divakaran Nair



Mr. Unnikrishnan Divakaran Nair, is the head of Climate Change at the Commonwealth Secretariat, looking after the climate change programme of the Secretariat. Before joining the Commonwealth, he led the Global Green Growth Institute (GGGI) India and was responsible for facilitating the strategic delivery and execution of GGGI initiatives in country. Prior to that, he served the United Nations Framework Convention on Climate Change (UNFCCC) Secretariat in Bonn as the officer responsible for the climate finance and National Adaptation Plans (NAP) process for Least Developed Countries (LDCs).

Unnikrishnan also had a long stint with GIZ India, as Senior Adviser, managing the climate finance and natural resource management vertical under Indo-German bilateral cooperation.

UnniKrishnan is a development professional with an educational background in agriculture and climate science, with over 20 years of experience in the areas of Climate Change Adaptation & Mitigation, Project Development and Implementation, Policies on Climate Finance, International Accreditation to Climate Funds including the Green Climate Fund (GCF) and expertise in climate vulnerability and livelihood issues in Agriculture, Water and Forestry in the Rural Development Context of India and LDCs. He has worked with a range of organizations from the civil society to community-based organizations to private sector, bilateral and multilateral agencies.

### **Mrs. Pamela McLaren**



Mrs Pamela McLaren is Adviser and Head of the Debt Management Unit, Commonwealth Secretariat. She joined the Secretariat in October 2013. She provides technical assistance in debt management through policy advisory support and capacity building activities to strengthen and reform debt management in Commonwealth member countries.

Prior to joining the Secretariat, she served as a debt manager at the Bank of Jamaica and the Ministry of Finance, Jamaica. She was instrumental in setting up the Debt Management Unit in the Ministry of Finance and had a key role in the execution of Government of Jamaica bond issuances in the domestic and

international markets.

### **Mr. Robert Weary**



Mr. Weary is the Founder and CEO of Aqua Blue Investments, a company that focuses on impact investment opportunities to improve ocean health. These investments include debt for nature swaps, infrastructure investments, and other Blue Economy investments.

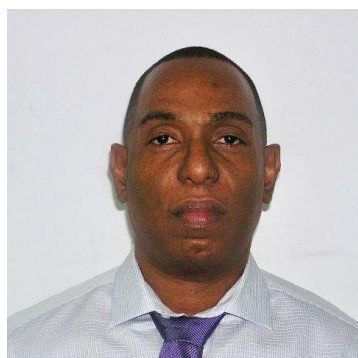
Prior to this, Rob worked for The Nature Conservancy (TNC) for nearly twenty-two years, leading an initiative to assist Small Island Developing States and coastal countries, using the issuance of Blue Bonds, to finance debt-conversions to fund marine conservation and ecosystem-based adaptation to

climate change. The first such debt-conversion (approx. US\$22 million) was concluded in February 2016 with the Seychelles. In 2019, Rob raised \$40 million in grant funds to staff a team that developed additional debt-conversions totalling over \$2+ billion for several countries in the Caribbean, Latin America, and Africa.

Rob's prior experiences with TNC includes work on numerous debt-for-nature swaps under the Tropical Forest Conservation Act in Latin America and the Caribbean as well as the design and establishment of an eight country US\$175 million regional endowment (Caribbean Biodiversity Fund) and the associated national-level trust funds, resulting in hundreds of millions of dollars in sustainable financing for conservation projects in those countries.

Rob holds a BA in Foreign Affairs from the University of Virginia and a master's degree in Public and International Affairs, with a focus on Social and Economic Development, with a Certificate in Latin American Studies, from the University of Pittsburgh. He lives in Charlottesville, Virginia with his wife Megan and daughter Eloise.

### **Mr. Sheldon McLean**



Mr. Sheldon L.A. Mc Lean is currently the Coordinator of the Economic Development Unit at the United Nations Economic Commission for Latin America and the Caribbean (UN ECLAC), based at the Sub-Regional Headquarters in Port-of-Spain which has responsibility for 25 Caribbean countries - 13 of which belong to the ACP Group. Mr. Mc Lean has also served as Regional Trade Policy Advisor to the Caribbean Community Secretariat ; Trade Specialist with both the Ministry of Trade and Industry and the Permanent Mission of Trinidad and Tobago

to the United Nations in Geneva, Switzerland; as well as Research Associate with the then Caribbean Regional Negotiating Machinery (CRNM).

Mr. Mc Lean has over 20 years of work in the areas of trade and related development policies; regional integration; structural transformation and economic diversification; debt and finance; private sector development; and economic growth and resilience and has authored numerous analytical and research publications on current and emerging trade and development issues for small economies. Mr. Mc Lean was also recently selected to participate in the Manufacturing Sector and the Retail and Distribution Sector Sub-Committees of Trinidad and Tobago's Prime Ministerial Post-COVID-19 Economic Recovery Committee. Mr. Mc Lean is a graduate of the University of the West Indies, St. Augustine Campus, having earned both a BSc. Agricultural Economics and MSc. Agricultural Economics: Agricultural Economics and Policy Development from that institution.

#### **Mr. Andrey Chicherin**



Andrey Chicherin is leading the Innovation, Technology Transfer and Co-Funding Platforms team of the Private Sector Facility of the Green Climate Fund (GCF). Prior to GCF, he had worked for over 18 years as an investment and finance professional with regional authorities, private companies and international organizations in countries from Eastern Europe, Asia and Africa. He has extensive investment banking and financial advisory experience gained at Gazprombank, Deloitte and other financial institutions in Russia, and several years of legal practice with the Moscow office of Skadden, Arps, Slate, Meagher & Flom LLP. Andrey holds an MBA in Finance from Columbia Business School and degree in law (with Honors) from the Moscow State University.

#### **Mr. Vintura Silva**



Vintura Silva heads the UNFCCC Regional Collaboration Centre for the Caribbean and is also part of the Caribbean MRV Hub team. He has been with the UNFCCC secretariat since 2008. Before his current posting, he led the UNFCCC Regional Collaboration Centres for Africa, Latin America and coordinated the office for Asia Pacific. Prior to joining UNFCCC, Vintura has worked as an international consultant on climate change mitigation and national GHG inventories. He has completed his doctoral studies in International Business Administration and holds master's degrees in international business administration, Industrial Chemistry and Environmental Chemistry.