



# NATADOLA ROADMAP TO INCLUSIVE GREEN FINANCE IN THE PACIFIC



## I. BACKGROUND OF THE PROPOSED REGIONAL ROADMAP

Climate change poses a fundamental and life-threatening challenge to island nations in the Pacific. These nations are constantly exposed to disaster threats as a result of rising sea levels caused by melting glaciers, more frequent and intense cyclones, and unpredictable rainfall patterns leading to droughts and floods. Pacific nations, who are confronted with these vulnerabilities, are at the forefront of international discussions, urging global cooperation to combat climate action.

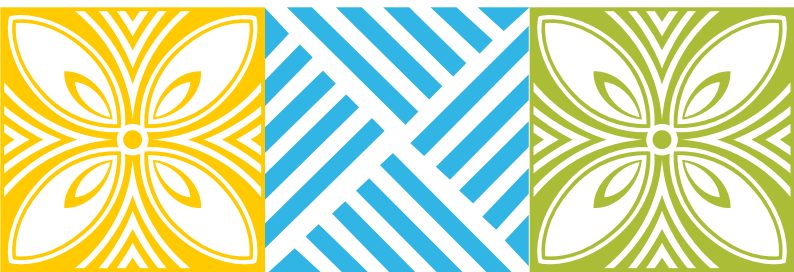
AFI members in the region are also spearheading efforts to explore financial inclusion as a mechanism to facilitate climate action. In 2019, AFI members committed to the [Sharm El Sheikh Accord on Inclusive Green Finance \(IGF\)](#), acknowledging the disproportionate impact of climate change on low-income populations and the need for solutions. Recognizing the evolving global policy landscape and the crucial role of central banks and regulators in climate financing especially for the most vulnerable populations, the Accord was updated in 2022 at the AFI Global Policy Forum in Dead Sea, Jordan.

These Pacific Island nations are leading the way in implementing groundbreaking IGF policies. Countries such as Fiji and Vanuatu have included disaster resilience into their regulatory frameworks. The Reserve Bank of Fiji has made significant strides by including green elements into surveys that assess the demand for financial services. This enabled them to comprehend the susceptibility of households and their strategies for dealing with natural catastrophes.

This innovative approach has been adopted by many AFI members.

The importance of IGF as a cornerstone of national financial inclusion strategies is deeply ingrained in the Pacific region, inspiring adoption in other regions as well. Bank of Papua New Guinea's groundbreaking Inclusive Green Finance Policy, the first in the region, includes a green taxonomy that resonates an inclusive approach to green financing wherein micro, small, and medium enterprises (MSMEs) are considered.

The Natadola Roadmap to IGF Implementation in the Pacific stands as a pioneering effort in the AFI network to translate the Sharm El Sheikh Accord into concrete regional initiatives, a model that other regions are looking forward to.



## II. OVERARCHING PRINCIPLES

### PRINCIPLE 1: COLLABORATION AND SHARED RESPONSIBILITY

Emphasize the importance of collaboration among member states, stakeholders, industry partners, and donors. Collective action should be prioritized to leverage shared resources and knowledge, ensuring that all parties contribute to and benefit from the roadmap's initiatives.

### PRINCIPLE 2: DIVERSITY AND INCLUSIVITY

Ensure that the initiatives and actions are inclusive and equitable, addressing the needs of all population segments, particularly the most vulnerable. Diversity among countries, populations and stakeholders are considered in the roadmap.

### PRINCIPLE 3: SUSTAINABILITY AND RESILIENCE

Actions should aim for long-term impact, integrating environmental considerations and operational sustainability into financial practices and policies. Actions should be geared towards building more resilient financial systems while contributing to resilience-building for low-income populations.

### PRINCIPLE 4: CAPACITY BUILDING AND KNOWLEDGE SHARING

Prioritize capacity building and continuous knowledge exchange among all stakeholders. This involves regular training, peer-to-peer learning, and dissemination of best practices to keep pace with evolving challenges and opportunities.

### PRINCIPLE 5: ADAPTATION, MITIGATION, AND INNOVATION

Foster an environment that encourages innovation to adapt to the changing climate. Leverage technological innovations especially for the financial sector to promote climate change mitigation and adaptation.

### PRINCIPLE 6: PROPORTIONALITY AND NATIONAL PRIORITY

Recognize the diverse capacities, capabilities, and immediate priorities of each member state. Ensure that collective actions are balanced with the sovereign priorities and capacities of individual members.

## III. ULTIMATE GOAL

The Natadola Roadmap to Inclusive Green Finance in the Pacific aims to foster cooperation and partnership among financial regulators, financial institutions, national actors, development partners, and other key stakeholders in the region towards a more sustainable and resilient financial sector. This is to ensure that MSMEs and vulnerable populations have access to financial services to adapt to and strengthen their resilience against the impacts of climate change and facilitate their transition to more eco-friendly activities.

As signatories to the Sharm El Sheikh Accord on IGF, the PIRI members reaffirm their commitment to the accord. Through this pioneering roadmap, PIRI members identify actionable pathways for the region to advance IGF, setting a precedent for regional cooperation and implementation.

## IV. STRATEGIC OBJECTIVES AND ACTIONS

In reaffirming Pacific members' commitment to the Sharm El Sheikh Accord, the members shall prioritize the following strategies and actions in the region:

### STRATEGIC OBJECTIVE 1: DEVELOP A COLLABORATIVE AGENDA ON INCLUSIVE GREEN FINANCE BASED ON A SHARED VISION

Given similar climate vulnerabilities among members in the region, members will endeavor to:

- > Foster a shared vision, mission, and purpose, ensuring learning and improvement as a collective without leaving any member state or party behind. Recognize proportionality and support one another based on their capacity, capabilities, and immediate priority.
- > Reflect the shared policy priorities and objectives of members in the region.
- > Work collaboratively on policy issues that are of utmost importance to the members, where members will endeavor to promote a regional agenda on IGF through knowledge development and leadership. PIRI has pioneered the discourse on disaster resilience as an important component of IGF which has since been acknowledged and integrated into AFI's IGF workstream. Additionally, integrating green elements in demand side surveys to capture vulnerabilities and coping mechanisms of households.
- > Members will continue their leadership on knowledge development that will contribute to resilience building and adaptation of vulnerable groups.

### STRATEGIC OBJECTIVE 2: DEEPEN UNDERSTANDING AND DISSEMINATE KNOWLEDGE ON INCLUSIVE GREEN FINANCE IN THE PIRI PLUS REGION

IGF has progressed over the last few years and examples can already be seen in the region. Under this objective, members in the region will:

- > Empower stakeholders through peer-to-peer exchanges facilitated either through AFI's diverse platforms or other regional cooperation channels.
- > Continue to build their capacity and expand their knowledge of the evolving regulatory issues surrounding climate change and financial inclusion.
- > To ensure that peers in the region can catch up on these developments, peer support through peer learning activities and sharing insights among members in the region are encouraged. Such peer learning activities and exchanges can be facilitated under AFI platforms or arranged bilaterally between members.

### STRATEGIC OBJECTIVE 3: COLLABORATIVE PARTNERSHIPS TO ACCELERATE INCLUSIVE GREEN FINANCE IMPLEMENTATION IN THE PIRI PLUS REGION

Adopting to work as a single unit, members will:

- > Convene key stakeholders across the region to cultivate collaborative partnerships that drive inclusive green finance. The members recognize that partnerships and collaboration among various stakeholders are key to advancing IGF in the region and ensuring that resources flowing into the region are maximized and that members benefit equally.
- > Promote transparency and equitable access to resources from international funders by ensuring that bilateral and regional partnerships supporting IGF implementation are discussed and reported in the AFI PIRI platform.

The AFI PIRI platform is critical in fostering strategic partnerships and collaboration among stakeholders in the region. A strategic partnership on IGF in the PIRI Plus Region aims to avoid duplication, establish goodwill for posterity, and ensure transparency, leading to overall net positive outcomes for all stakeholders.

#### STRATEGIC OBJECTIVE 4: ESTABLISH MECHANISMS FOR POOLED AND SHARED RESOURCES

Resources are very vital in IGF implementation. To establish equitable sharing of resources, members will:

- > Establish mechanisms for pooling and sharing of resources (funding, technical expertise, talents, and capacities) among member states. This aims to enhance better management, effective and efficient use of resources, collective growth, and improvement.
- > Ensure equitable rights and privileges for all members, regardless of size, pace, status, or progress, to support and commit to achieving needed growth proportional to their priorities and goals.

#### STRATEGIC OBJECTIVE 5: ELEVATE MEMBER EXPERIENCES AND LEARNINGS TO THE GLOBAL DISCOURSE ON CLIMATE ACTION AND FINANCIAL INCLUSION

- > Promote IGF in the regional and global discourse on financial inclusion, climate change, green finance and financial stability. As such, the members shall commit to advocating for IGF where possible and on various channels, especially to global standard-setting bodies.
- > Bringing IGF policy examples from the Pacific to regional and global discussions will help increase global recognition of financial inclusion as a tool for climate action. Participation in discussions to call for proportionality in global standards to avoid financial exclusion promotes more inclusive approaches to standard setting.

Financial inclusion is a critical element of the global climate discourse as low-income populations have limited access to resources to adapt to the changing climate or to transition to green activities. Additionally, financial exclusion may become one of the unintended consequences of climate policies as screening processes may become more stringent given added due diligence.

## V. EXPECTED OUTCOMES AND INDICATORS

EXPECTED OUTCOMES	INDICATORS
SO1: Policy issuances and policy priorities identified by PIRI members	<ul style="list-style-type: none"> <li>• Number of regional IGF policies/frameworks issued</li> <li>• Number of collaborative activities/projects on IGF formed through PIRI</li> <li>• Documentation or case study of best practices adopted and/or developed by members</li> </ul>
SO2: Increased knowledge and understanding of IGF among members in the PIRI Plus Region	<ul style="list-style-type: none"> <li>• Number of peer support activities conducted by members</li> <li>• Number of training sessions and workshops on IGF</li> <li>• Level of participation and engagement in knowledge exchange platforms</li> </ul>

<p>SO3: Collaborative partnerships developed among stakeholders</p>	<ul style="list-style-type: none"> <li>• Number of coordination meetings among regional stakeholders facilitated by members</li> <li>• Partnerships and collaborations formed between members and regional stakeholders (funders or private sector partners)</li> <li>• Amount of funding and resources mobilized through partnerships</li> </ul>
<p>SO4: Enhanced Resource Management and Collective Growth</p>	<ul style="list-style-type: none"> <li>• IGF policy development and improvement metrics of individual member states proportional to their priorities and goals</li> <li>• Established mechanism for pooled and shared resources and the equitable distribution based on opportunities among member states</li> </ul>
<p>SO5: Increased recognition of IGF works in the PIRI Plus Region</p>	<ul style="list-style-type: none"> <li>• Number of regional or global events where members speak on IGF</li> <li>• IGF policies and initiatives developed by members in the region</li> </ul>

## VI. MONITORING AND REPORTING

The AFI Pacific Islands Regional Initiative (PIRI) shall lead the monitoring and reporting of the activities and developments in this roadmap and regularly discussed during regular meetings.

