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**Strengthening PICs ability to access
and manage climate change
financing**

Reporting for the Resources Working Group

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CONTENT

1. Who is the Resources Working Group?
2. Leaders, Ministers and Pacific Climate Change Roundtable
2. The problem
3. Multi-tiered approach in response
 - a. Strengthened CROP collaboration and support
 - b. Access to International Climate Change Finance
 - c. Options Assessment – challenge and options
 - d. Examples of modalities in practice
 - e. Assessing optimum mix of modalities in country context
4. Observations going forward

2




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Resources Working Group of the PCCR

Coordinators: PIFS & SPREP



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Leaders, Ministers, PCCR direction

1. Over the last few years PIF Leaders stressed the urgent need for improved access to and management of climate change financing.
2. The PCCR RWG 2011 provided guidance on how to respond – structure of Options Paper
2. Climate Change Financing Options Paper considered by Forum Leaders and Economic Ministers in 2011
 - Climate change and development effectiveness
 - Budget support and trust fund arrangements
 - Regional funding arrangements
 - Capacity supplementation and institutional strengthening
3. Leaders tasked the Pacific Islands Forum Secretariat to set out in detail how national and regional options could work in practice.

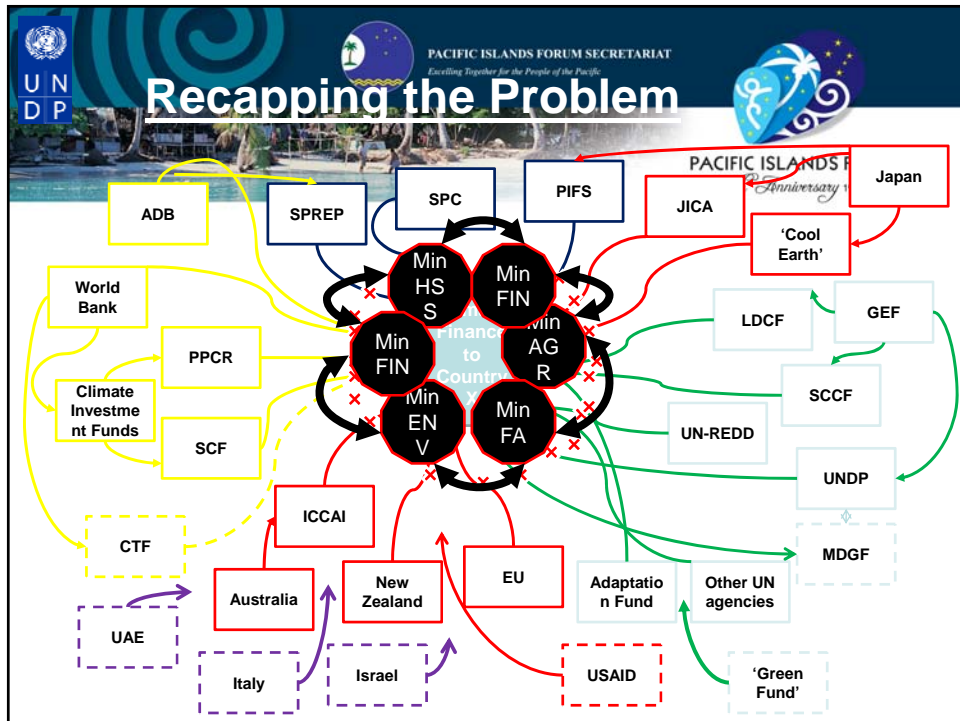
4



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KEY CHALLENGES FOR PICS

- **Access to international financing.** The Global funding structure and architecture is messy, complex and requires specialist knowledge and capacity to access. Mitigation focused.
- **Access to bilateral funding - Improving development effectiveness and donor harmonisation.** Significant source of funding for CC from bilateral donors. Highly fragmented, many players and outside country systems (75%).
- **Enabling environment – policy and institutional and strength of national systems.** effectively mainstreaming climate change, including in M&E.
- **Capacity constraints in the region** – PICS internal; donor capacity; regional organisations.
- **Maximising mitigation, adaptation and development efforts.** Mitigation efforts and resources offer clear co-benefits in key development areas.





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Multi-Tiered Response

1. Support for PICs and AOSIS in UNFCCC COP negotiations particularly under Climate Finance
2. Potential funding arrangements – Options Paper
3. Documenting practical experiences with a range of modalities
4. Country specific assessment of options
 1. Pacific Climate Change Finance Assessment Framework (PCCFAF),
 2. Nauru case study – Applying PCCFAF
5. Strengthened collaboration and cooperation amongst CROP and other stakeholders
6. Regional Technical Support Mechanism

7



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Improved Access to International Climate Change Finance

1. Direction from UNFCCC COP to GEF
2. GEF specific programme for Pacific Island Countries (GEF PAS, now GEF STAR)
3. Adaptation Fund – RIE, NIE support
4. Accessing Climate Investment Fund – Country & Regional Pilots
5. Building the Green Climate Fund (GCF)


8



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Climate Financing Options Paper

1. Supported key findings of SPREP commissioned report of 2011 – technical backstopping and potential for regional fund
2. Challenges for Pacific Island Countries and Territories
3. General assessment of options at:
 - i. national, level - budget support, trust fund arrangements, NIE
 - ii. sub-regional, regional levels - technical backstopping mechanism (PCCR), sub-regional or regional fund potential; and
 - iii. international level – SIDS friendly Green Climate Fund design, SIDS friendly modalities.



Options Paper
Improving Access to and Management
of Climate Change Resources

MAIN REPORT
September 2011

9



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Practical Experiences with Modalities Relevant for Climate Financing


1. Budget support – Samoa
2. National Trust Fund – Tuvalu
3. Sub-regional Fund – Micronesia
4. National Development Bank – Palau
5. National Implementing Entity – Cook Islands
6. Regional Implementing Entity – SPREP
7. Multilateral Implementing Entity – Solomon Islands and UNDP




Pacific experiences with
modalities relevant for
Climate Change Financing

"Leaders realized that climate change requires the high
ambition focus on the Sustainable, security and well-being
of the people of the Pacific."
Pacific Islands Forum Climate Change Ministerial 2011

10


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Pacific Climate Finance Assessment Framework

1. Build on existing global and regional assessment tools and frameworks
2. Further refined through Nauru Case Study, exploring 6 key dimensions:
 - Sources of Climate Finance
 - Policies and Plans
 - Institutions
 - Public Financial Management and Expenditure
 - Human Capacity
 - Development Effectiveness



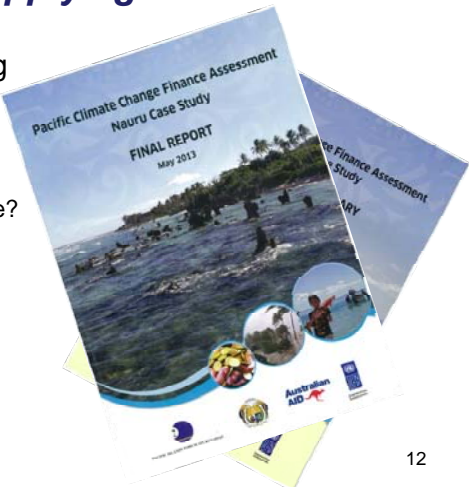
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Nauru Case Study - Applying the PCCFAF

1. A comprehensive assessment of Nauru's climate change financing dimensions.
2. Contextualizing CCF for Nauru
 1. Where are major sources coming from now (81% bilateral)? Into future?
 2. How are these resources delivered? Budget support, projects?
 3. Strength of National systems to articulate, guide and M&E climate change intervention
 4. Practicality of different modalities of delivery



12



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Strengthened CROP collaboration on climate change


1. CROP Executives established Sub-Committee on Climate Change
2. Underpinned by Working Arm on CC at officials level (WACC)
3. Statement outlining collaborative support in response to climate change



13



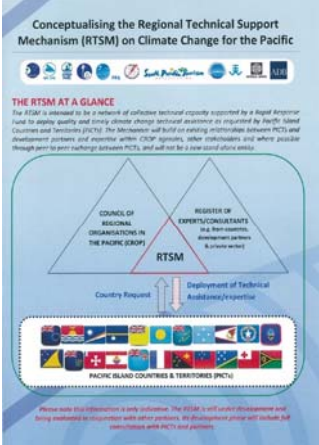
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Regional Technical Support Mechanism


1. Technical assistance – increasing absorptive capacity of Pacific Island Countries and Territories
2. RTSM and associated rapid response fund – funded by Climate Investment Fund
3. CROP, ADB and World Bank to begin development by mid 2013



14



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Observations

- ❖ Consideration must be given to **complexities at the source as well as to country systems** and capacity to implement.
- ❖ **Donors must be more transparent about their allocations of CCF and ODA** to ensure predictability for PICs.
- ❖ **Targeted intervention in CCF, must be shaped by country specific circumstances** and guided by their own national systems.
- ❖ The ability to harness and effectively use climate change financing will benefit from **strengthened national systems and increased use of those systems** by development partners.
- ❖ **Capacity constraints in the Pacific region present a significant challenge** which we must collectively try to address with flexible and innovate approaches.
- ❖ **A range of modalities to deliver climate change resources will continue.** PICTs will therefore need to draw on a range of options to improve access to and management of these resources.
- ❖ **RWG can play an important role in moving forward** beyond studies to implementation

15



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Thank You

On behalf of the Resources Working Group