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Weaving hands together on Climate Finance Readiness: DFAT/GIZ and Pacific Islands Forum Secretariat

When Many Hands Make Light Work — Bolstering Pacific Forum Countries Public Finance Management Systems For Enhanced Access And Management Of Climate Finance

The current and future onset of climate change impacts and extreme weather events will bring about much disruption — both expected and unexpected — to our Blue Pacific Continent. Thus, climate change mitigation and adaptation in our region will require enormous financial resources in the year's to come.

Pacific Forum Countries, most especially within the UNFCCC Paris Agreement processes, have continued to urge international financial institutions to ramp up the mobilization, timeliness and volume of financial resources to developing countries. The intention being that it will enable them to strengthen their ability to respond effectively to the adverse effects of climate change. These calls have been heard, and have recently opened up new funding opportunities for Pacific Forum Countries to access.

However, the ability of Pacific Forum Countries to access these funds, have been constrained by weaknesses in national Public Finance Management systems.

What Are We?

In recent years, the global community agreed to address a major challenge: limiting the effects of climate change by reducing global greenhouse gas emissions, while adapting to its impacts by committing to specific actions at the national and regional level.

Each country that is party to the Paris Agreement sets out its own national strategy to catalyze climate resilience, thereby ensuring country ownership and achievable commitments. These strategies are entrenched in international commitments, such as the *nationally determined*

contributions (NDCs). Such a transformational process, while it presents investment opportunities, also requires reinforced financial resources from all sources, as well as galvanized capacity.

The Pacific Islands Forum Secretariat, the Australian Department of Foreign Affairs and Trade (DFAT), and the German Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ) have partnered on climate finance readiness, and confronted the challenges faced by Pacific Forum Countries by their side, with remarkable outcomes to-date.

The *Climate Finance Readiness for the Pacific* (CFRP) Project, funded by DFAT and implemented by GIZ, was established in 2016 to contribute towards boosting capacity within targeted institutions' Public Financial Management systems and expenditure analysis. All of which are necessary intervention points that align with the climate funds regionally specialised fiduciary criteria.

This boost in capacity also includes promoting collaboration between the private sector and Pacific Forum Government's at all levels, such as in governance, and blending climate and disaster considerations into business plans, while aligning to national priorities

Where Are We?

The *Climate Finance Readiness for the Pacific* (CFRP) Project is housed at the Pacific Island Forum Secretariat within the established Resilience Team, to bolster assistance to Pacific Forum Countries that need to strengthen their national systems capacities, in order to then effectively access and manage climate finance.

Who Are We?

At present, the *Climate Finance Readiness for the Pacific* (CFRP) Project provides strategic support to five members of the Pacific Forum Countries namely: Kiribati, Samoa, Solomon Islands, Tuvalu and Vanuatu.

This community of weaving of hands, where many hands have indeed made light work, has further opened up new opportunities to fuse climate change into the Public Expenditure and Financial Accountability (PEFA¹) Framework — an international methodology used to measure the performance of a country's Public Financial Management system.

Within the CFRP Project community, the following support has been offered to five (5) of our Pacific Forum Countries:

- Identification and determination of key fiduciary accountabilities within the Public Financial Management machinery that requires rapid enhancement, in order to meet the standards of climate finance criteria, particularly for the Green Climate Fund and the Adaptation Fund;
- Assessment support to integrate climate change (adaptation and mitigation) strategies into national budget processes;
- Advancing capacity within key national institutions in order to coordinate access to adaptation and mitigation funds, by peer-to-peer learning and mentorship; and
- Strengthening private sector engagement with national Government's to determine investment and employment opportunities.

1 <https://www.pefa.org>

How have we woven

Kiribati: Assessing Climate Finance Capacity Readiness

**Benjamin Tokataake - Secretary,
Kiribati Ministry of Finance & Economic Development**

Kiribati has benefitted greatly from the CFRP Project. No one knows the harsh reality of daily receding shorelines from climate change impacts, like we do here in the low-lying islands of the Pacific.

Building resilience within the small confines of our national Public Financial Management system has helped us to be more focussed and determined in our developmental efforts.

Kiribati is highly vulnerable to climate change. The average sea level has risen 3.2 millimetres per year, since 1993. This is catastrophic for Kiribati. In order to reduce the country's vulnerability, bolstering the national Public Financial Management system, to efficiently and effectively manage public funds particularly for climate change related strategies, is critical.

Kiribati has taken an active role in progressing its national climate change priorities, while simultaneously faced with intense capacity

constraints in planning, budgeting, and treasury management. These constraints presented hurdles to the development and management of multi-sectoral climate change projects or programme's. Further, they undermined the country's ability to directly access multilateral climate finance such as the Green Climate Fund and the Adaptation Fund.

The CFRP Project assisted the Government by conducting a joint-climate finance readiness assessment with both the USAID ISACC Project and the Climate Ready Project. The assessment

found that Kiribati's national treasury operations required enhancements in some key functions, in order to meet the climate finance fiduciary requirements.

To support the improvement efforts, the CFRP Project supported the Ministry of Finance and Economic Development by developing an operational manual consolidating and outlining processes that encompass instructions, procedures and rules, based on the Public Finance Act. This was important for a whole-of-Government effort to improve planning, budgeting and treasury management, and to mainstream climate change into the national Public Finance Management process.

The CFRP Project also supported the Pacific Financial Technical Assistance Center (PFTAC) in conducting a PEFA Self Assessment for the Government. It therefore provided an opportunity for the CFRP Project to introduce climate finance within the context of the planned Public Finance Management reforms.

Samoa: Amplifying Awareness on Climate Finance and boosting government collaboration with the private sector

**Hobart Va'ai - Chief Executive Officer,
Samoa Chamber of Commerce & Industry Inc**

The private sector of Samoa looks forward to progressing the CFRP Project into fruition. We commend our Government for working in genuine partnership with the private sector to implement successful climate finance readiness projects.

Climate change is one of the most pressing issues of our time and we thank our Government for supporting private sector inclusiveness, to face this issue head on.

Climate change is already affecting all economic sectors in Samoa, and may cause more frequent and extreme rainfall, longer droughts, increased air and water temperatures, and sea level rise.

The Government has made compelling progress in addressing its national climate change priorities through its national and sectoral plans. Samoa is not alone in the challenges faced by other Pacific Forum Countries, such as capacity constraints in

financing, planning and the technicalities around climate change finance. The Ministry of Finance along with the CFRP Project, in partnership with the USAID ISACC Project, and the Climate Ready Project convened a climate finance workshop in 2017, with the participation of all sectors in Samoa.

One major outcome of the workshop was the understanding that Government collaboration with the private sector required strengthening. This gave rise to the CFRP Project supporting a

private sector mapping exercise to identify key areas requiring closer engagement between the two stakeholders, as well as the identification of potential climate change investment opportunities.

The mapping exercise has since been completed, and recommended that a short-term Technical Assistant work with the Samoa Chamber of Commerce, to continue the momentum of engagement built between the private sector and Government, in the area of climate project development and management. More critically, the short-term Technical Assistant is tasked with enhancing knowledge on how to access climate change resources, in particular the Green Climate Fund and the Adaptation Fund.



our hands together?



Solomon Islands: Bolstering Climate Finance Capacity at the Ministry of Finance and Treasury

**Mckinnie P Dentana - Permanent Secretary,
Solomon Islands Ministry of Finance and Treasury**

We cannot express our gratitude enough to the CFRP Project. We thank the CFRP Project for helping with the establishment of the Climate Finance Unit within the Ministry of Finance and Treasury.

This has greatly supported our efforts to improve the country's readiness to directly access, and effectively manage climate finance.

Tank lu Tumas!

The Solomon Islands is also very vulnerable to the adverse effects of climate change. To that end, the Government has prioritized confronting the impacts of climate change with ambitious policies that scale up resilience.

The Government recognized that its own national climate finance landscape was a highly complex one, creating inter-institutional confusion and the doubling up of coordination

on the ground. Notwithstanding the effort required to understand who was actually responsible for climate change finance activities.

The CFRP Project supported the Government by conducting a scoping exercise to determine the aptitude capability of the Ministry of Finance and Treasury. The outcome of the scoping process was the establishment of a Climate Finance Unit (CFU) within the Ministry, with senior officials

accountable for synchronizing all climate change finance activities across Government and, most importantly, facilitating the Government's intention to access the Green Climate Fund and the Adaptation Fund.

This recently established capacity has significantly strengthened the Ministry's technical skills, and improved institutional coordination of the implementation of climate change policy actions across Government, with the Solomon Islands climate finance accreditation process well underway. It is anticipated that more staff will be recruited by the Ministry, as the Solomon Islands realizes the increasing strategic opportunities from climate finance.



Tuvalu: Boosting oversight capabilities

**Faiva Moresi - Chief Executive Officer,
Tuvalu Ministry of Finance**

The Government of Tuvalu would have found it very difficult to realize our accreditation as a National Implementing Entity for the Adaptation Fund, without the tremendous and unwavering support of the CFRP Project.

Knowing as we do, our vulnerability in the face of climate change uncertainties, we are deeply grateful for the many hands of the CFRP Project coming together to make our work light, and with such an amazing outcome for the people of Tuvalu.

Tuvalu is extremely vulnerable to the adverse impacts of climate change, climate variability and extreme weather events. The country requires a considerable amount of financial resources to reduce its vulnerability, and to scale up its resilience quickly.

The Government has developed a set of strategic priorities to enlarge Tuvalu's commitments in response to climate change, both in terms of current and future vulnerabilities and projections. These priorities stimulate accountability and national coordination, to reduce the current and projected climate change impacts and risks.

The CFRP Project supported the establishment and strengthening of the Internal Audit Unit (IAU) capacity within the Ministry of Finance, by developing an Internal Audit Risk Framework as required by climate finance institutions, particularly the Green Climate Fund and the Adaptation Fund. This Framework guides the operations of the IAU, in accordance with the *International Standards for the Professional Practice of Internal Auditing*, which will significantly bolster the Government's internal controls.

The IAU will support an effective audit capacity, that enables the Government of Tuvalu to fulfill

its developmental and climate change finance objectives, in a cost-effective manner. This work was also complemented by additional CFRP Project support towards improving aid management, by consolidating Overseas Development Assistance (ODA), and developing a processing framework to guide the effectiveness of aid management, going forward.

This support by the CFRP Project aided the Ministry of Finance such that it became accredited as a *National Implementing Entity for the Adaptation Fund* in May 2019.



Vanuatu: Enhancement of private sector linkages with government to enhance transparency in procurement

**Letlet August - Director General,
Vanuatu Ministry of Finance and Economic Management**

Our Government has been very fortunate with the support provided by the CFRP Project towards mapping private sector activities aiming to identify investment opportunities, and identifying where engagement improvement is necessary beyond lip service alone.

It takes active and meaningful processes, and we are thankful to the Project for helping with a lot of the alignment needed.

Vanuatu is accelerating its actions to reduce vulnerability to climate change and disaster risks, and curb greenhouse gas emissions.

The Government's national policy on 'Climate Change and Disaster Risk Reduction' was endorsed in 2015, and acknowledged the pivotal role of Vanuatu's private sector in contributing to the national climate change agenda. The policy also advocated for the involvement of the private sector at all levels,

including in governance and in partnerships, in order to embed climate change considerations in business plans.

The Vanuatu Government had emphasised the need to improve its partnership with the private sector for investment in climate change adaptation and mitigation activities.

In response, the CFRP Project supported a mapping exercise of the private sector nationally by consolidating all activities, in order to increase

awareness of climate finance and, critically, to identify investment opportunities and potential areas of collaboration.

The mapping exercise helped inform the Government of Vanuatu of the appropriate actions needed to improve engagement and capacity to enhance access to climate finance. This led to the development and launch of an e-portal procurement platform, aimed at improving the transparency of procurement processes within Government. The CFRP Project supported the development and launching of the e-portal procurement platform.

