

Report on Melanesia's Sub-Regional Private Sector Workshop on Accessing Climate Finance and Improving Public-Private Partnership

9-10 April 2018, Port Moresby, Papua New Guinea



Background

Pacific Islands Forum Leaders have identified that climate change is the single largest threat to the welfare and livelihood of people in the Pacific. This is despite the fact that Pacific Island Countries (PICs) collectively emit just around 0.03% of the global greenhouse gas emissions. Five out of the 16 highest ranked countries in the 2016 World Risk Report are PICs (Vanuatu, Tonga, Solomon Islands, Papua New Guinea and Fiji). According to the World Bank Pacific Possible 2017 Report, adaptation cost for coastal protection in PICs will require up to USD 234 million per year by 2020 and USD 285 million per year by 2040, on a best case scenario. In line with this, Pacific Islands Forum Leaders and Economic Ministers continuously reaffirmed the need for timely and simplified access to scaled-up financing for the Pacific.

Currently, governments in the Pacific are gaining more access to project and readiness resources from the Green Climate Fund (e.g. USD 297 million approved for nine projects in the Pacific and USD 6 million for readiness support). Despite the strong interest, at present the private sector tends to play a peripheral role in climate change and their access to GCF resources is limited (only exception is EIB's GEEREF NeXt Project where Papua New Guinea signed up to). No PIC private sector entity has accessed the GCF Private Sector Facility. This is an issue pre-2020 and post-2020 recognising that private sector will play a significant role in mobilising climate finance globally, under the Paris Agreement, and their active engagement is critical to the successful implementation of a country's nationally determined contribution (NDC).

At the regional level, the Framework for Resilient Development in the Pacific (FRDP) recognises the critical role of private sector in ensuring its implementation; and does this by giving clear direction on building public-private partnerships, building resilience within businesses, and supporting community preparedness to climate change and disasters. Notwithstanding, a critical

gap exists around information sharing and coordination, both between public and private sectors and within the private sector themselves.

In recognition of these challenges, the Secretary General of the Pacific Islands Forum Secretariat, Dame Meg Taylor, identified the need to convene three sub-regional private sector workshops on accessing climate finance, as the beginning of an ongoing process.

The Melanesia's sub-regional private sector workshop on accessing climate finance was the first and convened in Port Moresby on 9 – 10 April 2018. The meeting provided a platform for businesses and GCF NDAs of the four Melanesian countries (Fiji, Papua New Guinea, Solomon Islands and Vanuatu) to increase their awareness of, and access to climate finance and options for public-private partnership and investment. A total of about 50 participants representing governments, chamber of commerce, SMEs, the Melanesia Spearhead Group (MSG) Secretariat and the Green Climate Fund (GCF) participated at the workshop. It was organised by the Pacific Islands Forum Secretariat, with funding support from the USAID Climate Ready Project and Papua New Guinea's Climate Change & Development Authority (CCDA). The Green Climate Fund was represented by Senior Structured Finance Specialist of the Private Sector Facility, Mr. Andreas Lunding, who delivered a presentation on the work of the GCF, moderated a panel discussion of private sector entities and participated as a panelist in the 'way forward' session.

The workshop was officially opened by Papua New Guinea's Minister for Environment, Conservation and Climate Change, Honourable John Pundari.

Key issues

Generally, the workshop was found to be very valuable to the participants and partners. Through various presentations and panel discussions, participants had the opportunity to better understand the global climate finance landscape and learnt about the financing opportunities through the GCF and its Private Sector Facility. National Designated Authorities also provided an update on their country priorities for GCF readiness support and project pipeline, which generated a lot of interest from the private sector. Case studies from Solomon Islands, Vanuatu and Papua New Guinea, including lessons learnt on how to leverage private sector engagement and building climate resilience through public-private partnerships (PPP) were shared by private sector representatives. A domestic PPP model in Papua New Guinea for community and climate resilience was also presented to demonstrate successful collaboration between the public and private sectors.

At the end of the workshop, participants were requested to provide some feedback on key challenges and opportunities that hinder any effective collaboration between public and private sectors. These are summarised below:

- Accessing climate finance provides an opportunity to foster public-private partnership.
- Private sector has many valuable contributions and will require the support of national governments and other partners to progress activities, at the same time trying to stay afloat in volatile business markets.
- There is a need to understand the various linkages from the international, regional and national policy spheres.
- Issue of cumbersome process to access climate finance and time taken for the approval of project proposals – the Simplified Approval Process (SAP) is welcomed.

- Businesses are already investing in low-carbon, climate resilient development initiatives from their internal resources – need to leverage climate finance.
- Scale of funding up to USD 10 million (micro) is still significant for most businesses in the Pacific, and therefore, requires private sector to work collaboratively – pooling of expertise and resources, forging consortiums and exploring multi-country programs.
- All countries in Melanesia are in the process of developing GCF Country Strategic Frameworks – opportunity to include private sector interests in project pipelines and country priorities. Need good relationship with NDAs – direct access and sub-contracting.
- GCF readiness support plays a role in strengthening stakeholder engagement, including consultation with the private sector.
- Need for governments to addressing barriers to private sector finance through policy and regulatory reforms.
- Building climate resilience and reduced emission through innovative PPP that leverage funding capacity and know-how of the private sector is critical.
- Appraisal of project proposals needs to take into special context of Pacific SIDS.
- Encouraging to note that GCF readiness grants could be used to strengthen capacity, stakeholder engagement, including development of tools to support national processes.
- Importance of addressing gender and social considerations in the project preparation phase and implementation of projects.
- The need to engage private sector at the beginning of the project development cycle to build confidence that can sustain longer-term public-private partnerships.
- Need for increased awareness for the private sector on the roles/needs of NDAs and AEs to be able to have a targeted approach.
- Build capacity of the private sector on the step-by-step process to write proposals.

Way forward

Outcomes from the Melanesian workshop informed the recent Forum Economic Ministers Meeting (FEMM) in Koror, Palau, in April 2018.

In support of strengthening private sector engagement in low carbon, high resilient development initiatives in the Pacific, Pacific Forum Economic Ministers ‘*requested partners to support additional private sector workshops in Micronesia and Polynesia, and tasked the Pacific Islands Forum Secretariat to develop an options paper for private sector access to climate finance, including a donor database, for consideration in the next Forum Economic Ministers Meeting*’ in 2019. This will also benefit from the private sector mapping identified in some countries’ GCF readiness programs. In addition, governments have also “*agreed to provide a status report in the next FEMM on how respective governments are addressing the specific barriers to private sector engagement*”. This is a key step for strengthening the public-private partnership and relationship in the Pacific.

Working to stimulate private sector access to climate change funds, could be a catalyst for additional investment to achieving sustainable development goals (SDGs). Therefore, PIFS would welcome further support from the GCF Board to fund the two additional sub-regional private sector workshops for Polynesia and Micronesia.