



COP 23 Side Event: Accessing and Managing Climate Change Finance: Experiences from the Pacific Region

Monday 13th November 2017

4:45pm – 6:15pm, Rm 6, Davos 332

Brief and talking points for Jesse Benjamin, Director-General, Ministry of Climate Change Adaptation, Meteorology, Geo-hazards, Environment, Energy and Disaster Management, Government of Vanuatu

Background

1. The Pacific Climate Finance side event is a joint initiative between SPC, PIFS, SPREP, GIZ and Pacific island country governments; Fiji, Palau, Solomon Islands and Vanuatu. The event aims to: (i) share experiences from the Pacific region on the successes and challenges of implementing key recommendations from the national climate change finance assessments; (ii) foster information exchange on approaches and best practices to progress the implementation of climate change finance assessment recommendations that lead to countries' readiness; (iii) build awareness and support for the national climate finance assessments in particular for non-state actors such as the private sector and civil society.
2. The format of the side event will be a panel discussion which will run for 1 ½ hours. The session will start with an overview of the programme and introduction of speakers. The panel will include senior officials from Pacific island country governments and regional intergovernmental agencies from the Pacific. The list of speakers and moderator is outlined below:
 - **Moderator:** *Dr Audrey Aumua, Deputy Director General, Pacific Community (SPC)*
 - **Opening Remarks:** *Meg Taylor, Secretary General, Pacific Islands Forum Secretariat (PIFS)*
 - **Speaker 1:** *Aiyaz Sayed-Khaiyum, Attorney General & Minister of Economy, Ministry of Economy, Government of Fiji*
 - **Speaker 2:** *Dr Melchior Mataka, Permanent Secretary, Ministry of Environment, Climate Change, Disaster Management & Meteorology, Government of the Solomon Islands*
 - **Speaker 3:** *Jesse Benjamin, Director General, Ministry of Climate Change Adaptation, Meteorology, Geo-hazards, Environment, Energy and Disaster Management, Government of Vanuatu*
 - **Speaker 4:** *Joe Aitaro, Climate Change Finance Coordinator & Adviser to the GCF Board for SIDS, Government of Palau*



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- **Wrap up and Concluding Remarks:** Kosi Latu, *Director General, Secretariat of the Pacific Regional Environment Programme (SPREP)*

3. Following the Solomon Islands representative's remarks, Vanuatu will be invited to speak. Each panelist will be given 10 minutes to highlight their country experiences and lessons learned in undertaking and implementing climate change and disaster risk finance assessments.

You may wish to use the key points outlined below in your presentation and discussion.

Introduction

Climate change is a major threat to Vanuatu. As a Small Island Developing State (SIDS), and located in the Pacific Ocean's "Ring of Fire", it is one of the most vulnerable countries in the world to the adverse effects of climate change and geological disasters.

Climate Change and Disaster Risk cause irreparable loss and damage. For example Tropical Cyclone Pam in 2015 cost Vanuatu around 64 percent of GDP and a number of human lives.

The Government of the Republic of Vanuatu has mainstreamed climate change throughout its policy framework from the highest level National Sustainable Development Plan 2016 – 2030 through to Sector strategies and community development plans. Vanuatu is building an enabling environment with legislation and institutional strengthening, as well as technical capacity building to support national, sub-national and community resilience activities.

The Government's climate priorities include simplified access to scaled-up climate change finance for resilient development, capacity building, transfer of technology, support for climate smart agriculture, private sector engagement, traditional knowledge and gender mainstreaming.

To implement these priorities Vanuatu requires additional technical and financial support. While some international climate change finance is flowing, there are challenges associated with the stringent access and reporting requirements.

Recently Vanuatu has undertaken a Climate Public Expenditure and Institutional Review which has identified successes and gaps in its efforts to accelerate climate action while implementing the Sustainable Development Goals and the Paris Agreement.

Climate Finance

Most of the financial resources for climate change action in Vanuatu derive from external sources, although flows are currently not sufficient to meet adaptation/mitigation needs nor address loss and damage.

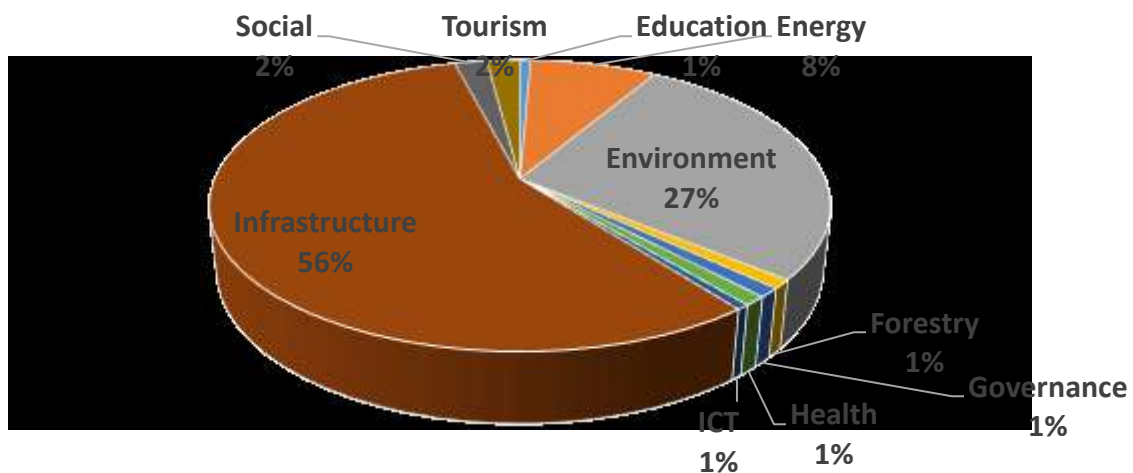


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Over the past 3 – 5 years, approximately 21.4 billion Vatu (~USD200 million) was approved for climate change related activities¹ in Vanuatu from a wide range of sources, including grants, loans and technical advisory services.

Of the climate change finance accessed in recent years 89% has focused on adaptation with 9% allocated to mitigation activities. The other 2% was related to disaster risk reduction and supporting mechanisms for mitigation and adaptation such as capacity development, institutional and systems strengthening and governance. A large share of climate change financing has been focused on infrastructure (56%). This is due to cyclone recovery programmes and investment in major roads and wharves improvement works. Other sectors such as environment (27%) and energy (8%) received a fair share of financing while the tourism, social, energy, health, education, forestry, governance and ICT sectors received between 1% and 3% of the total funding.



➔ Experiences and Challenges

- On-ground agencies find that current climate finance flows are inadequate to meet Vanuatu's climate adaptation, mitigation or loss & damage needs.
- A coordinated effort among climate, aid coordination and finance agencies is essential for climate finance governance. Vanuatu's National Advisory Board on Climate Change & Disaster Risk Reduction (NAB) is an innovative coordinating mechanism to ensure effective cooperation.
- Government does not yet have a robust system for tracking funds and assistance channelled outside Government financial systems (e.g. through NGOs, via technical assistance, or as private sector investment). While multiple climate finance modalities are desirable, without

¹ A number of large multi-million dollar resilient infrastructure projects contribute towards this figure, although they are not fully climate-focused.



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proper tracking processes, Vanuatu's finance flows are prone to double counting, imprecise definitions and inconsistent budgeting.

Public Finance Management & Reforms

Public Financial Management reform is being undertaken in Vanuatu to achieve direct access to global climate funds. Access to the Adaptation Fund (AF) and the Green Climate Fund (GCF) can only be achieved through an Accredited Entity (AE) that meets stringent fiduciary standards as part of the accreditation process.

Vanuatu is seeking accreditation as National Implementing Entities (NIE) by strengthening already robust PFM systems including finance planning, budgeting, procurement, controls, auditing and reporting – among other things – and specialized fiduciary requirements in the form of project management procedures.

The Government of Vanuatu's PFM System is well regarded, having displayed a willingness to pursue and implement significant reform. Reviews include a 2013 Public Expenditure and Financial Accountability (PEFA) Assessment and more recently in 2015 a PEFA Self-Assessment. A new Public Financial Management (PFM) Reform Roadmap, 2017-2021 addresses many of the weaknesses identified during these assessments.

→ Experiences and Challenges

- Vanuatu is seeking National Implementing Entity status to the Green Climate Fund. It plans to meet the required fiduciary and safeguards standards by pulling frameworks and policies from across a range of government departments including Finance, Environment, Women's Affairs, Meteorology and others.
- Vanuatu has developed a Climate Finance Roadmap which includes an Accreditation action plan, including PFM reforms.
- Tracking climate finance within Public Finance across all agencies is difficult, specifically to correctly identify and code climate change related spending through the existing Charter of Accounts.

Governance of Climate Change in Vanuatu

Vanuatu's National Advisory Board on Climate Change & Disaster Risk Reduction (NAB)² is the supreme policy making and advisory body for all disaster risk reduction and climate change programs, projects, initiatives and activities.

The NAB develops DRR and CC policies, guidelines and positions, Advises on international and regional DRR and CC obligations, Facilitates and endorses the development of new DRR & CC

² www.nab.vu



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programs, projects, initiatives and activities, Acts as a focal point for information - sharing and coordination on CC/DRR, as well as Guides and coordinates the development of national climate finance processes.

The NAB includes representation of the Department of Finance and Treasury, the Aid Coordination Unit of the Prime Minister and the Department of Foreign Affairs. The NAB has membership of a range of partners including the private sector, civil society, academia and technical agencies.

Government has also established a Ministry of Climate Change in 2013 which brings together agencies focused on environment, meteorology, disaster, energy and geohazards. The NAB and the Ministry of Climate Change is legislated by a new and innovative Climate Change Act³ which provides a legal mandate for multi-sector and multi-partner climate change governance.

➔ Experiences and Challenges

- The National Advisory Board on Climate Change & Disaster Risk Reduction is legally mandated to ensure cooperative governance from Government, private sector, civil society, academia and technical agencies.
- A special Climate Finance Working Group of the NAB was established to provide oversight on Vanuatu's climate finance aspirations and ensure partner collaboration.
- Due to the remote nature of many islands, ensuring connectivity from national to provincial level climate governance has been challenging. In this regard community and provincial disaster and climate committees have emerged as the key structures for decision-making at the subnational level.
- While private sector and NGOs are members of the NAB, there is a need for targeted capacity building and engagement with these actors to become more fully involved in climate governance and policy making.

Acknowledgements

Government of Vanuatu would like to thank especially our development partners for a coordinated and cooperative approach to supporting climate reforms. By organizing joint missions, value-adding activities, and through regular communication, Government is able to effectively manage the implementation of its climate policy aspirations. The projects involved in this consortium include:

- Pacific Islands Forum Secretariat
- SPC/USAID Institutional Strengthening for Pacific Islands to Adapt to Climate Change Project
- GIZ/DFAT Climate Finance Readiness of the Pacific Project
- The Vanuatu-GIZ Green Climate Fund Readiness Project



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- UNDP Pacific Risk Resilience Program
- USAID Climate Ready Project