

Twenty Third SPREP Meeting of Officials

4-6 September 2012
Noumea
New Caledonia

Agenda Item 9.2.4: SPREPs role in assisting Members to access climate change financing – and other international climate support mechanisms

Purpose

1. To update Members on developments since the 2011 (22nd) SPREP Meeting on climate change financing as well as related issues arising from the United Nations Framework Convention on Climate Change (UNFCCC) negotiations process.

Background

Kyoto Protocol Adaptation Fund and related support

2. The 2011 (22nd) SPREP Meeting was informed on the process that the Secretariat was pursuing to seek accreditation as a Regional Implementing Entity of the Kyoto Protocol Adaptation Fund (AF). The Secretariat has been in close contact with the AF accreditation panel and has provided extensive information in response to detailed questionnaires from the Panel. The process of applying to be a REI has been beneficial for the Secretariat and has generally strengthened its capacity.

3. The AF Board will meet in June 2012 to decide on the applications and it is expected that a verbal report will be made to the 23 SM if the decision is available. The Secretariat will also prepare, in due course, a document on the accreditation process as a guide to Members that wish to seek accreditation as National Implementing Entities (NIE), as the process is near identical. In this regard the Secretariat stands ready to assist Members with further advice and support should they wish to seek national accreditation as NIE.

4. Should the Secretariat be successful in attaining accreditation, it is recognized that further work will be required to strengthen mechanisms within the Secretariat to assist Members. In this regard, the Secretariat has been engaging with the Frankfurt School-UNEP Collaborating Centre (FS) in the context of the UNEP National Climate Finance Institutions Support Programme, also known as Fit for Funds. This was established in 2010 to help developing countries access climate funding and also plan, finance and implement climate change projects and actions. The initiative is supported by the Government of Germany and several technical partners, and emphasizes that the major barrier to climate finance in many developing countries is not the supply of funds, but rather the insufficient supply of attractive projects from developing countries and also the limited capacity of national institutions to absorb and deploy the funds.

5. The cooperation with FS is aimed at building capacity for financing issues related to climate change at SPREP and in support of national level activities. The approach is to tailor needs in the region to the requirements for fiduciary standards and good project management that fit the provisions for various funding opportunities such as the Kyoto Protocol Adaptation Fund, the Global Environment Facility and others.

6. One of the major objectives of the Fit for Funds programme is tailored capacity building with a strong focus on institutional and operational capacities and development, such as skills, processes and procedures to enable institutions to access climate finance while satisfying donor requirements. The FS assessed SPREP's existing capacities and the major challenges SPREP is facing when applying for direct access to climate funds. SPREP will then be better placed to provide services to the region in the form of project development and management support, as well as providing advice on requirements for direct access. FS prepared a report and the Secretariat reviewed this report with FS, with a view to developing a capacity building plan, which will cover a number of areas, including: (a) monitoring and evaluation; project development and design; reviews of procedures and regulations; and design of prototype trust funds. The final details of the programme will be finalized with FS by July 2012. There are clear synergies between the work of the AF on capacity and other climate change projects administered by SPREP such as the second phase of International Climate Change Adaptation Initiative (ICCAI) under AUSAID and the Pacific Pilot Project for Climate Resilience (PPCR) by the World Bank/ADB, particularly in relation to monitoring and evaluation as well as mainstreaming.

7. SPREP has also offered to include other CROP agencies in the FS training and capacity building programme, and this was welcomed at the June 2012 CROP CEO meeting.

8. Attaining accreditation will only be the first step in the process. SPREP will assist Members through various means, including documenting the accreditation process. In addition SPREP will continue to engage with Members and the AFB in supporting submission of projects from Member countries as well as NIE applications.

United Nations Framework Convention for Climate Change – International Mechanism to Address Loss and Damage

9. Members at the 2011 (22nd). SPREP Meeting directed the Secretariat to provide assistance to Members in the further development of the work programme on Loss and Damage, including convening a regional meeting on loss or damage, and assisting countries to provide input into the September 2011 submissions to the UNFCCC. The Meeting also called on partners and donor agencies to identify opportunities for assisting Members to provide further input into the UNFCCC work plan on Loss and Damage.

10. In the United Nations Framework Convention for Climate Change (UNFCCC) negotiations SPREP supports PICs with technical advice and support in the various meetings. Upon request from delegations, focus was given to the adaptation as well as financing areas. A related topic is the establishment of an international mechanism to address loss and damage from the adverse affects of climate change. A decision on this is expected to be made at COP 18, in Doha, December 2012. As such, this has been identified as one of the priority issues for both AOSIS and the Pacific region.

11. Establishment of this International Mechanism, if it occurs, could become a source of financing for climate change adaptation in combination with disaster risk reduction, as well as separate financing for a solidarity fund for unavoidable losses due to slow onset climate change impacts like sea level rise and ocean acidification.

12. In preparation towards the decision to be made on this in Doha, PICs were successful in securing the nomination of Kiribati to host the SIDS meeting on loss and damage, scheduled for late August 2012. An oral update on the outcomes of this meeting will be provided to the 2012 SM. Additional input to Doha will be a Technical Paper requested by AOSIS, to be prepared by the UNFCCC Secretariat on Slow Onset climate events, including sea level rise.

UNFCCC – Green Climate Fund

13. The Green Climate Fund was established at COP 16 held in Cancun, Mexico 2010. The COP decided to establish the GCF given the urgency and seriousness of climate change, to make a significant and ambitious contribution to the global efforts towards attaining the goals set by the international community to combat climate change.

14. The Fund will operate in a transparent and accountable manner guided by efficiency and effectiveness. The Fund will play a key role in channelling new, additional, adequate and predictable financial resources to developing countries and will catalyse climate finance, both public and private, and at the international and national levels. The Fund will pursue a country-driven approach and promote and strengthen engagement at the country level through effective involvement of relevant institutions and stakeholders. The Fund will be scalable and flexible and will be a continuously learning institution guided by processes for monitoring and evaluation. The Fund will strive to maximize the impact of its funding for adaptation and mitigation, and seek a balance between the two, while promoting environmental, social, economic and development co-benefits and taking a gender-sensitive approach.

15. The Fund will also provide simplified and improved access to funding, including direct access, basing its activities on a country-driven approach and will encourage the involvement of relevant stakeholders, including vulnerable groups and addressing gender aspects.

16. However, in the latest UNFCCC meetings, the intention to operationalize the Green Climate Fund in 2012 has been somewhat hampered by a lack of agreement in certain regional groups as to the membership, which has prevented the GCF from meeting due to a lack of quorum. While this does raise concerns, there were productive discussions during the most recent meeting (June 2012). While concerns remained among developing countries about the gap between fast start financing (up to 2012) and longer term financing commitments (from 2020) and the commitment to allocating US\$100 billion a year by 2020, developed countries did seek to assure that there will be no gap and reassured commitment to the US\$100 billion.

17. Concerns about long-term finance include: lack of clarity regarding funding sources and the pathway for scaling-up finance; access modalities; timeframe; and questions regarding the adequacy of US\$100 billion. Regarding fast-start finance, questions were raised in Bonn as to whether it complied with the principle of new and additional funding and called for some form of assessment of lessons learnt from implementation. It will also be important to consider the inter-linkages between finance and different components of the financial mechanism including: measuring, reporting and verification of support and funding for developing countries; and funding for mitigation, and adaptation for LDCs and non-LDCs.

Recommendations

18. The Meeting is invited:

- to **note** this report as well as the oral report on the outcomes of the Adaptation Fund Board and the recent SIDS expert meeting on Loss and Damage by the Secretariat;
- to **direct** the Secretariat to continue its support for Pacific Island Countries Members in the UNFCCC negotiations, and to disseminate relevant information on the Mechanism on Loss and Damage; and
- to **direct** the Secretariat to continue to provide support to Members on climate change financing through the continuation of the cooperative efforts with the Frankfurt School on Fit for Funds.

25 July, 2012