AFTER PARIS: CLIMATE FINANCE IN THE PACIFIC ISLANDS

Strengthening collaboration, accelerating access and prioritising adaptation for vulnerable communities

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EFATE, VANUATU. Wolda Edward, 52, helps cleaning his neighbour's house yard after Cyclone Pam. Photo: Vlad Sokhin/Panos/OxfamAUS.

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EXECUTIVE SUMMARY

Pacific island countries are working hard to address the escalating realities of climate change, including the impact on land, livelihoods, and on the food and water security of their most vulnerable communities. The need for accessible, predictable, adequate and appropriate financial support to meet the climate crisis is urgent and growing.

Access to climate finance — international funding to support climate action in developing countries — is a matter of global justice: those who have contributed least to the causes of climate change are typically the most vulnerable to its impacts, and have the least resources to respond.

As wealthy industrialised nations, and the largest members of the Pacific Islands Forum, Australia and New Zealand have a particular responsibility to support the needs of their Pacific neighbours. Greater collaboration and collective action among all actors, from the global to the national and local, is necessary to improve access to climate finance.

New research commissioned by Oxfam and resulting in this report, After Paris: Climate finance in the Pacific islands, takes stock of the climate risks facing the Pacific region, and considers these risks in relation to commitments under the Paris Agreement, the complex nature of existing financial flows, current commitments from Australia and New Zealand, and the range of challenges that must be overcome to ensure support reaches those most in need.

Based on interviews with a range of government, civil society and community representatives, this report makes recommendations for urgent action across 11 strategic areas, including improving access to the Green Climate Fund (GCF), aligning support with the plans and priorities of Pacific island countries, prioritising civil society and community initiatives, developing new and innovative sources of funding, and improving reporting and transparency.

After Paris: Climate finance in the Pacific islands updates and extends the findings and recommendations from the 2012 Oxfam research project Owning Adaptation in the Pacific: Strengthening governance of climate adaptation finance. Of major concern since Oxfam's 2012 report is the escalation of climate change impacts, as predicted by climate scientists. These have included destructive cyclones like Cyclone Pam in Vanuatu and Cyclone Winston in Fiji, as well as sea-level rise and the adverse impact of the powerful 2015–2016 El Niño on food and water resources.

Climate change presents an increasingly existential challenge to people in the Pacific region. Over the coming decades, large numbers of Pacific people — and in some cases entire nations — face displacement from their homes and livelihoods. These realities are yet to be met by a sufficient increase in the scale and accessibility of financial resources. Australia has failed to increase its contribution to international climate finance in line with the goals of the Paris Agreement or in keeping with stronger commitments from other developed nations. Pacific governments understandably remain concerned over the adequacy, predictability and accessibility of funding. Climate finance is generally provided from Official Development Assistance (ODA) budgets but neither Australia nor New Zealand have increased their ODA to support these new commitments in addition to existing aid priorities. Overall, the responsibility of Australia and New Zealand to contribute to the climate financing needs of their Pacific island neighbours remains unmet and underfunded.

While the findings in this report place particular responsibility on Australia and New Zealand, there are recommendations for a range of actors, including Pacific regional agencies, Pacific governments, non-government organisations (NGOs), researchers and the private sector. Collaboration and collective action among all actors can empower Pacific governments and their most vulnerable citizens to build resilience to climate change — in line with the goals of the Paris Agreement. Mobilising a broad constituency of actors, from the global to the local level, is essential to meet the profound challenges that climate change poses to communities living in the Pacific region.

EFATE, VANUATU. Marina Kalo, 30, mother of 5 children, with her daughter Ester, 3 (right) and her niece Leilani, 8 (left) near one of the houses Pang Pang village that was destroyed by Cyclone Pam. Photo: Vlad Sokhin/Panos/OxfamAUS]

SOUTH TARAWA, KIRIBATI. Children playing on a rusty shipwreck in Betio. The ship was lifted by king tides and crashed into the seawall in February 2015. Photo: Vlad Sokhin/Panos/OxfamAUS]

ESCALATING AND DISPROPORTIONATE COSTS FACING THE PACIFIC

Pacific island countries are on the frontline of the global climate crisis and experience more damage to their livelihoods, wellbeing, economic prosperity and security than other regions.

In the low-lying atoll nations of Kiribati, Tuvalu, Tokelau and the Marshall Islands, and in individual islands within the Papua New Guinea archipelago, the northern Cook Islands, the Federated States of Micronesia and the Solomon Islands, communities already face severe challenges as rising seas contaminate fresh-water supplies, destroy food crops and erode land. Large numbers of people face displacement over the coming decades.

Many Pacific island countries, including the Solomon Islands, Vanuatu, Fiji, Tonga and the Federated States of Micronesia, lie in the path of tropical cyclones. In February 2016, Cyclone Winston, the strongest cyclone ever recorded in the Southern Hemisphere, devastated parts of Fiji with damage and losses amounting to one fifth of Fiji's Gross Domestic Product (GDP). One year earlier, Cyclone Pam tore through Vanuatu, affecting more than 70% of the population.

A high proportion of Pacific island people live in rural and remote areas and rely on subsistence farming and fishing.

They are strongly affected by shifting rainfall patterns, as well as the impact of a warming and acidifying ocean on marine life. The El Niño of 2015–2016 compounded these pressures, with many Pacific island countries continuing to suffer significant consequences. Damage to coral reefs and other marine ecosystems poses a serious threat to food security. People living in urban centres also face challenges with flooding and access to fresh water, especially those living in squatter settlements on hillsides, floodplains and other vulnerable locations.

Climate change and disasters have a disproportionate impact on the poorest members of the community, and on women and children. Even with much stronger global action to reduce carbon pollution, Pacific communities will face significantly greater impacts over the coming decades. Pacific governments are already subject to large climate-related financial costs from their national budgets.

Pacific leaders have consistently identified climate change as the greatest threat to the livelihoods, security and wellbeing of their people, and as one of the greatest challenges for the entire world. Leadership from Pacific island countries was instrumental in securing strong outcomes in the Paris Agreement, including agreement that we must pursue efforts to limit the global average temperature rise to 1.5°C, a strong focus on national and global actions to adapt to climate impacts, inclusion of a stand-alone article on loss and damage (the impacts of climate change to which it is impossible to adapt), and commitments to ensure increases in the scale and accessibility of climate finance.

Yet while the Paris Agreement provides a solid foundation for action, realising its goals requires a dramatic increase in both the pace of global emissions reductions and the provision of support to vulnerable communities.

Beyond the scope of this research, it must be recognised that protecting the rights of Pacific people will require measures in addition to greater access to climate finance. While relocation will invariably be a peoples' option of last resort, the ability to migrate will be a necessary part of some Pacific communities' survival in the face of climate change. Australia and New Zealand should be at the forefront of developing long-term solutions for those at risk of climate-induced displacement and ensure people are able to migrate with dignity.

DRANA SETTLEMENT, RAWASA, FIJI. Cyclone Winston impacted approximately 540,400 people across Fiji. 44 people were killed and 30,369 houses, 495 schools and 88 health clinics and medical facilities damaged or destroyed. PHOTO: Adi Kautea Nacola/OxfamAUS.

TAKING STOCK OF FINANCIAL COMMITMENTS AND FLOWS

In 2010, developed countries formally agreed to mobilise USD $100 billion a year in public and private funds by 2020 to support climate action in developing countries. In 2015, the Organisation for Economic Cooperation and Development (OECD) reported developed countries had mobilised USD $62 billion in international climate finance in 2014 — almost two-thirds of the way to the USD $100 billion goal. However, the assessment was sharply criticised by many developing countries who pointed out that existing development assistance had been re-characterised as climate finance, and that the claimed total included, among other things, the full value of loans, rather than representing an actual net transfer of support.

In addition, although there is a long-standing commitment to balance funding between mitigation (reducing carbon pollution) and adaptation (building resilience of communities to impacts), the OECD assessment affirmed that the vast majority of climate finance so far has gone to mitigation programs. Further analysis by Oxfam concluded only USD $4–$6 billion in public grants for adaptation had been provided in 2014.

The Paris Agreement builds on existing climate finance commitments. Among other measures, it commits developed countries to taking account of the priorities and needs of countries that are particularly vulnerable to climate change, and recognises the need for public and grants-based funding for adaptation. Governments also agreed to set a new higher target for international climate finance by 2025.

Yet despite these new international commitments, Pacific island governments and communities remain justifiably concerned about the adequacy and predictability of funding, the need to prioritise funding for adaptation, and the many barriers that hinder access to international climate funds.

At the global level, there is growing evidence that current climate finance targets are well below the level of need. In its latest Adaptation Gap Report, the United Nations Environment Programme (UNEP) estimates the cost of adapting to climate change in developing countries could rise to between USD $280–$500 billion per year by 2050.

But while concerns remain over the scale of international climate finance commitments, Pacific island countries also face significant challenges in accessing available funding, owing to their small size and the complexity of funding arrangements. This report explores several issues relating to access and quality of climate finance in the Pacific, and the measures that can improve access and ensure more support reaches the most vulnerable communities.

The report also provides detailed analysis of current commitments from Australia and New Zealand. Australia, while it has been proactive in improving access to the GCF for Pacific island countries, has not increased its overall contribution of international climate finance since 2010. Australia's annual contribution of around AUD $200 million is weak when compared to commitments from other wealthy developed nations. France, Germany, United Kingdom (UK) and the United States (US) have significantly increased their climate finance commitments, while several developing nations, including China, have also begun contributing.

Oxfam argues that Australia's total contribution to international climate finance should reach at least AUD $3.2 billion per year by 2020, with at least half being public funding for adaptation. To date, Australia's funding has prioritised climate change adaptation and Least Developed Countries (LDCs) but there is an increasing emphasis on the private sector to contribute to climate finance, which raises concerns over the ongoing priority for adaptation in vulnerable communities, especially when those at greatest risk from climate change are the least able to attract private investment.

Similar concerns are raised over the adequacy and effectiveness of New Zealand's climate finance contributions. Like Australia, New Zealand's climate finance is drawn exclusively from their existing Overseas Development Assistance (ODA) budget, prompting criticism that it does not constitute support beyond existing aid commitments. New Zealand's climate finance has also been heavily skewed towards renewable energy programs. Since 2013 the proportion of New Zealand's climate finance dedicated to adaptation has dropped to 20%. Multiple interviewees for this report urged a rebalancing of New Zealand's climate finance portfolio and greater investment in resilience-building programs.

ELEVEN STRATEGIC AREAS FOR ACTION

01 IMPROVING ACCESS TO THE GREEN CLIMATE FUND (GCF)

The GCF is a core funding mechanism of the Paris Agreement. Its arrival marks a significant evolution in the climate funding landscape, with the GCF poised to be the central pillar of the multilateral climate finance regime.

The GCF has 'country ownership' and a 'country-driven approach' as core principles. Realizing these principles, and fully aligning funding with countries' and communities' development priorities and needs, will mean enabling funding decisions to be made at the national level, with a deeper engagement of local stakeholders in the design and implementation of GCF programs.

The GCF's Readiness Program provides opportunities for Pacific island countries to build their capacity to access and manage GCF funding, including strengthening coordination and consultation within the country, and preparing proposals.

However, directly accessing GCF funding involves a rigorous accreditation process. Presently, no Pacific government or national institutions are accredited to access the GCF; they must work through existing accredited entities. The Secretariat of the Pacific Regional Environment Programme (SPREP) is the only accredited regional organisation in the Pacific. Other accredited entities include the Asian Development Bank (ADB) and United Nations Development Programme (UNDP). While Pacific island countries may embrace opportunities in the near term to access funding through these existing accredited entities, a major priority is the accreditation of national institutions.

Progress is being made but considerable work is required to realise the principle of country ownership, to enable all Pacific island countries to access GCF funds, and to ensure the GCF delivers for the region's most vulnerable communities. Priorities include increasing the flow of readiness support, in particular for strengthening National Designated Authorities (NDAs) — the focal points within countries for engaging with the GCF and ensuring that programs align with national priorities — and consultation and engagement with non-state actors already engaged in climate action on the ground.

Australia, as current Co-chair of the Board of the GCF is well placed to help ensure the GCF provides effective support to Pacific island countries and communities. The Australian Government has been proactive in this regard, and organised a regional workshop in early August 2016. The decision to hold a meeting of the GCF Board in Samoa in December 2016 provides a further important opportunity to improve Pacific islands' access to the GCF.

02 SETTING REGIONAL PRIORITIES

Some interviewees for this research report argued there is a need for a major transformational regional initiative to be proposed to the GCF, and other climate finance providers, rather than a series of piecemeal projects. Given such a major project could take up a large proportion of available funding, it would need to be inclusive of diverse national circumstances and priorities.

A key question is: Which regional organisation could best lead in the development of such an initiative? The Framework for Pacific Regionalism (FPR), created by the Pacific Islands Forum, offers one possible mechanism. However, there are ongoing debates in the region about whether the Pacific

Islands Forum should be the key decision-making body for climate policy, given differences between Australia, New Zealand and Pacific island countries.

A process for developing a regional initiative would need to involve strong collaboration between national, sub-national and community representatives, and coordination among inter-governmental agencies. It must be inclusive of non-self-governing territories in the Pacific, who are not full members of multilateral and United Nation (UN) agencies.

03 INDCS: CONVERTING CLIMATE PLANS INTO ACTION

In the lead up to the Paris Agreement, countries submitted Intended Nationally Determined Contributions (INDCs), which outlined their climate action plans and contribution to the new global agreement.

In addition to actions that reduce carbon pollution, Pacific governments were among the many countries that included plans for climate change adaptation in their INDCs, signalling that adaptation and resilience building are an urgent priority.

INDCs enable countries to set their own priorities for climate action. If further developed into concrete projects and programs, they will aid developing countries to direct resources where they are most needed. Australia and New Zealand can support Pacific island countries to convert INDCs into financial investment strategies, which in turn will help catalyse action and additional resources, and keep up the momentum after Paris.

04 RESETTING THE BALANCE BETWEEN ADAPTATION AND MITIGATION FUNDING

Balancing support for mitigation (reducing carbon pollution) with adaptation (building resilience of communities to impacts) remains a central issue in international climate finance.

Pacific island countries contribute negligibly to global carbon pollution yet are acutely vulnerable to the impacts of climate change. While many Pacific island countries are implementing ambitious renewable energy programs — in part due to the advantages of renewable energy in increasing energy access and reducing fuel costs — many have expressed interest in accessing funding for climate change adaptation as a greater priority.

Successive decisions under the United Nations Framework Convention on Climate Change (UNFCCC) have called on developed countries to channel a substantial share of public funds to adaptation activities. The Paris Agreement states: "The provision of scaled-up financial resources should aim to achieve a balance between adaptation and mitigation." While some finance providers — including Australia — have struck a balance, many others have not. At the global level, the vast majority of international climate finance flows to mitigation projects.

The Paris Agreement places unprecedented importance on climate change adaptation but stops short of establishing a quantified goal for adaptation funding. Among recommendations for closing the enduring adaptation finance gap, this report encourages members of the Pacific Islands Forum to support global targets for public adaptation finance. By 2020, the New Zealand government should reach a 50/50 split in its funding for mitigation and adaptation respectively, in contrast to the current 80/20 split.

05 MANAGING THE DIVERSITY OF FUNDING SOURCES

Presently, support for climate action in the Pacific region is channelled through a complex array of funds and programs. This includes multilateral funds such as the Global Environment Facility (GEF), the UNFCCC's Adaptation Fund, the Climate Investment Funds (CIFs) — implemented by the multilateral development banks (MDBs) — and the new GCF, as well as many bilateral aid programs.

Given the geographic, demographic and cultural diversity of the region, and suitability of different funds and programs to different needs, there is value in maintaining some diversity in available funding sources.

However, the drawbacks of this multitude of funding sources are that finding the most suitable source becomes more difficult and the different administrative requirements and timeframes impose additional reporting burdens on recipient countries. Furthermore, many existing funding mechanisms are not designed to take into account the small size and capacity constraints of vulnerable Pacific island countries.

Overcoming the challenges posed by this complex funding environment, and ensuring effective and efficient support to vulnerable communities, will require greater coordination and cooperation among development partners, including multilateral climate funds, bilateral aid providers and international non-government organisations (INGOs). Greater coordination will avoid the duplication of initiatives, streamline administrative requirements and share the experiences of better practice.

06 ALIGNING PRIVATE-SECTOR INITIATIVES, ADAPTATION AND LOCAL OWNERSHIP

The Australian and New Zealand Governments have emphasised a greater role for the private sector in their development assistance programs and stressed that a key role of public climate finance should be to catalyse private sector investment. While the private sector will undoubtedly have a central role in building the sustainable and resilient economies of the future, today's heavy emphasis on private investment raises questions about the extent to which international climate finance will be matched to countries' and communities' needs and priorities.

Those at greatest risk from climate change are the least able to attract private investment. And, whereas renewable energy programs can provide attractive business propositions, climate change adaptation is more reliant on public funding as it does not provide the same short-term return on investment.

Focussing on private investment, as a means to increase international climate finance and meet current and future commitments, needs to be matched with environmental and social safeguards designed to achieve inclusive and sustainable development. It needs to prioritise support for locally owned enterprises, and recognise that meeting the adaptation needs of vulnerable communities will continue to depend on adequate public financing.

07 PRIORITISING CIVIL SOCIETY AND COMMUNITY INITIATIVES

Adapting to climate change depends, above all, on action at the local level. This action must ensure access to climate change information, support solutions that are right for the local context, enable communities to build on their strengths, and ensure affected communities have a voice in national adaptation planning.

Much work at this grassroots level is conducted by non-government, community and faith-based organisations who work directly with those whose lives are affected. In the past, the Australian Government has provided small grants for community-based initiatives.

Programs, such as the Vanuatu NGO Climate Change Adaptation Program, have enabled strong collaboration between INGOs, local partners and national governments, and have made an important contribution to building community resilience. At a time when governments are seeking value for money and effective use of development assistance funding, programs such as Australia's Community Based Climate Change Action Grants (CBCCAG) should be extended.

Among further suggestions for prioritising local action, this report recommends increasing access to climate finance for provincial or local governments, and supporting effective community engagement processes that allow participation by diverse groups of people.

08 INTEGRATING GENDER, YOUTH AND VULNERABILITY

While climate change affects everyone, some people are more vulnerable than others. Poor communities are more severely affected than higher-income communities, due partly to their greater dependence on natural resources and limited means to adapt.

Women, young people and men are also affected by climate change in different ways. These groups experience different risks, vulnerabilities and levels of resilience. At the same time, each has a critical role in responding to climate change.

Women typically bear the larger responsibility for tasks that are made more difficult by climate change while having unequal access to resources and decision-making processes. Yet women also play a critical role in responding to climate change through, among other things, their essential skills and knowledge in natural resource management.

Climate-related programs must be built on a solid understanding of the varied vulnerabilities and capacities within communities. This report outlines a number of initiatives for better engaging women, young people and men, especially from rural and outer-island communities. Recommendations include more detailed research into how climate change affects these three groups in different ways — especially in the multilingual and diverse societies of Melanesia — and promoting equal opportunities for women and young people to provide input and participate throughout the design and implementation of climate programs.

09 DEVELOPING NEW AND INNOVATIVE SOURCES OF FUNDING

The gap between current international climate finance flows and the level required to meet present and future needs is large and growing. Public finance is crucial for programs where it is difficult to attract private investment, including many adaptation and resilience-building initiatives.

Internationally, there has been extensive discussion of potential new mechanisms for raising international climate finance. These include financial transaction taxes, levies on international transport emissions and revenues from domestic and international carbon markets.

The debate on innovative sources of climate finance is yet to have a significant public profile in Australia and New Zealand. Nonetheless, new sources of funding are urgently needed to start filling the adaptation finance gap, to supplement ODA budgets and to ensure the provision of climate finance does not see funding diverted from other aid priorities.

Members of the Pacific Islands Forum should investigate the costs and benefits of a range of new revenue streams that can help scale-up finance for adaptation and climate resilience.

10 PHASING OUT SUBSIDIES FOR COAL AND FOSSIL FUELS

Under the Paris Agreement, countries have committed to making all finance flows "consistent with a pathway towards low greenhouse gas emissions and climate-resilient development". One of the first challenges is to phase out fossil-fuel subsidies.

In 2015, the International Monetary Fund (IMF) estimated that global fossil-fuel subsidies amount to USD $5.3 trillion a year, dwarfing current flows of international climate finance.

In addition to subsidising their own fossil-fuel industries, Australia and Japan have argued that international financing for high-efficiency coal plants should also be considered a form of climate finance. Such a move would distort the already constrained climate-financing package away from crucial adaptation needs in Pacific island countries and work against efforts to mitigate climate change. In contrast, New Zealand is working to encourage the elimination of fossil-fuel subsidies.

In addition to phasing out fossil-fuel subsidies within its own jurisdiction, the Australian Government should join New Zealand, other members of the Pacific Islands Forum, businesses and civil society in advocating for global fossil-fuel subsidy reform.

11 IMPROVING REPORTING, TRANSPARENCY AND LEARNING

Effective climate action needs to be built on sound information, evidence, feedback and learning. Significant work is required to improve the reporting and transparency of international climate finance commitments. As a start, developed country governments must provide timely, disaggregated information on the types of funding available (including grants and loans), different funding channels used (including bilateral ODA and contributions to multilateral funds), allocations for adaptation and mitigation, and on funds pledged, approved and dispersed. Though it is beyond the scope of this research, there is also a need for robust methodologies to account for private-sector investment.

Improving outcomes also depends on effective monitoring and evaluation of existing programs and the sharing of lessons. All actors, including governments, civil society and the private sector, can contribute to a culture of learning between climate finance providers and recipients, thereby improving the effectiveness of climate finance for those most in need.

SOUTH TARAWA, KIRIBATI. ▶
Tinaai Teaua, a member of Kiribati Climate Action Network (KiriCAN) stands in front of mangroves planted near Bonriki International Airport. Throughout the Pacific, communities are working hard to build their resilience to the impacts of climate change. Mangroves help to protect the coast and are an important habitat for marine life.
PHOTO: Vlad Sokhin/OxfamAUS.

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Introduction

One of the central pillars of the global response to climate change has been the allocation of the financial resources required to make the transition to a low-carbon economy and adapt to the adverse effects of existing global warming.

A matter of global justice, there has long been recognition that wealthy industrialised countries should support developing nations in this transition, using public and private resources to provide technology, technical assistance and funding.

This is especially important for Least Developed Countries (LDCs) and Small Island Developing States (SIDS), which lack the capital base and foreign investment for climate change mitigation and adaptation, but which are often on the climate frontline. With limited emissions from transport and energy sectors, many SIDS have lobbied especially for easier access to adaptation funding.

The United Nations Framework Convention on Climate Change (UNFCCC), first signed in 1992, commits developed countries to provide assistance to "developing country Parties that are particularly vulnerable to the adverse effects of climate change in meeting the costs of adaptation."[1]

Twenty-three years later, in December 2015, countries met in Paris for the 21st Conference of the Parties (COP21) to the UNFCCC. More than 190 countries agreed global warming must be kept to "well below" 2°C and that serious effort must be made to limit it to 1.5°C. Achieving that goal will require a transformation of our carbon-reliant world to one that produces zero net carbon emissions by the second half of this century. Based on current trends, the world is on track to warm by a catastrophic 2.7 to 3.4°C. Such levels of warming will pose profound threats to food and water security throughout the region and pose an existential threat to some low-lying Pacific atoll nations.

In Paris, countries made pledges to cut emissions based on Intended Nationally Determined Contributions (INDCs), which require more ambitious commitments every five years. A long-term adaptation goal was agreed, which places an expectation on all countries to build climate resilience and develop National Adaptation Plans (NAPs) (with their efforts regularly communicated to the global community and progress assessed in a global stocktake every five years). The need to respond to loss and damage — a longstanding concern for Pacific island countries — was formally anchored in the new climate change regime.

Climate finance has been one of the central pillars of the global negotiations. At the Cancun Climate Change Conference in 2010, industrialised countries pledged a global annual target of USD $100 billion in public and private funds by 2020 to support developing countries in their work on adaptation and mitigation. In Paris, key decisions were taken on this objective. The preamble to the Paris Agreement "strongly urges developed country Parties to scale-up their level of financial support, with a concrete roadmap to achieve the goal of jointly providing USD $100 billion annually by 2020 for mitigation and adaptation while significantly increasing adaptation finance from current levels."[2]

Under Article 9 of the Agreement, signatories pledge “to ensure efficient access to financial resources through simplified approval procedures and enhanced readiness support for developing country Parties, in particular for the LDCs and SIDS, in the context of their national climate strategies and plans.”[3]

Despite these pledges, however, many of the concerns raised by Pacific governments and communities remain after Paris. These concerns surround the adequacy and predictability of funding, the lack of priority given to funding for adaptation, and the many barriers that limit access to international funding mechanisms. Pacific governments continue to demand that climate finance should be as effective as possible in meeting the needs of their citizens and achieving the goals set out in the Paris Agreement.

In an interview, Kosi Latu, Director General of the Secretariat of the Pacific Regional Environment Programme (SPREP) noted: “The Paris Agreement was very positive, but the same major concerns remain on climate finance. Pacific people want to see things happen. Crucially, they want clarity on where the USD $100 billion per year by 2020 is coming from, assurances adaptation finance will increase, and [that] public funds are additional to Official Development Assistance (ODA), predictable and grant based.”[4]

As such, there remains many unanswered questions on climate finance, in particular on adaptation. Governments have a range of opportunities to address this unfinished business, including at COP22 in Marrakesh. Members of the Pacific Islands Forum must ensure that vulnerable communities in the islands can access the necessary resources, and continue their work to develop global funding mechanisms that are adapted to the realities of LDCs and SIDS.

This research report, *After Paris: Climate finance in the Pacific islands*, updates and extends the findings and recommendations of the 2012 Oxfam research project *Owning Adaptation in the Pacific: Strengthening governance of climate adaptation finance*.[5] The 2012 report drew on observations from participants in workshops in Vanuatu, Tonga and Papua New Guinea, together with a large cross-section of interviewees from governments, regional agencies and civil society organisations.

This new report also discusses issues of development effectiveness in line with the new universal Sustainable Development Goals (SDGs) and the new Sendai Framework for Disaster Risk Reduction. These separate United Nations (UN) frameworks were agreed in 2015 along with the Paris Agreement, and should form a central element in the debate on post-Paris funding priorities, as these additional overarching frameworks inform the overall development agenda.

This report outlines the current context for climate finance in the Pacific islands following the signing of the 2015 Paris Agreement and makes recommendations for action in 11 strategic areas, which will accelerate access and effectiveness of climate finance for the most vulnerable to climate change.

How to use this report

Part one of this report looks at the state of climate finance in the Pacific region after the negotiation of a global climate agreement in Paris in December 2015.

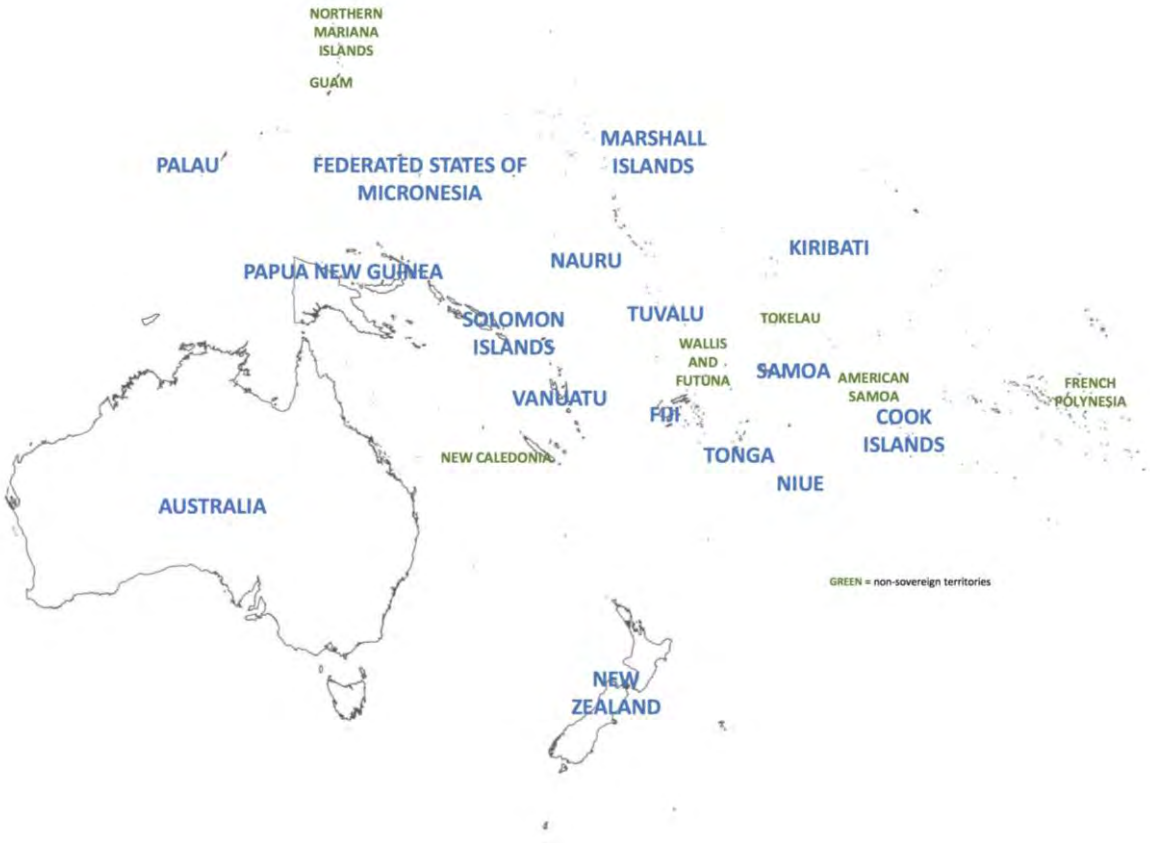
After looking at escalating and disproportionate costs facing the Pacific region, it briefly describes decisions taken in Paris on climate finance. It outlines the context of policies made by Pacific governments on mitigation and adaptation, and the importance of climate finance in the Pacific response. The report then briefly describes the landscape of climate finance in the Pacific, outlining the role of the new Green Climate Fund (GCF), before summarising the policies of the two largest members of the Pacific Islands Forum — Australia and New Zealand. (More detailed analysis of Australia and New Zealand's climate finance commitments is provided in Appendices 2 and 3.)

Part two of this report looks at a number of challenges that limit the effective use of international climate finance in the Pacific islands, and possible responses.

It suggests how funding sources and mechanisms can be improved at the global, regional, national and community-level to address concerns raised by Pacific governments and communities. The report outlines 11 strategic areas for improvement, and makes specific recommendations under each area for action by Pacific governments, civil society, the private sector, researchers and international development partners.

Readers of this report are encouraged to use the lists of suggested recommendations as a starting point to generate new ideas and to translate into concrete plans for collaborative action. A table combining all of the recommendations across the 11 strategic areas can be found in Appendix 1.

Map of Pacific island countries and territories



List of acronyms

ADB	Asian Development Bank
AIIB	Asian Infrastructure Investment Bank
AusAID	Australian Agency for International Development
CBA	Community-based adaptation
CBCCAG	Community-based Climate Change Action Grants
CEDAW	Convention on the Elimination of All Forms of Discrimination Against Women
CIF	Climate Investment Fund
COP	Conference of the Parties to the UNFCCC
CRC	Convention of the Rights of the Child
CROP	Council of Regional Organisations of the Pacific
CSO	Civil Society Organisation
DFAT	Department of Foreign Affairs and Trade (Australia)
EU	European Union
FPR	Framework for Pacific Regionalism
FSF	Fast-Start Finance
GCF	Green Climate Fund
GDP	Gross Domestic Product
GEF	Global Environment Facility
IUCN	International Union for Conservation of Nature and Natural Resources
INDC	Intended Nationally Determined Contribution
INGO	International Non-government Organisation
KPAF	Kyoto Protocol Adaptation Fund
LDC	Least Developed Country
LDCF	Least Developed Countries Fund
MDB	Multilateral Development Bank
MFAT	Ministry of Foreign Affairs and Trade (New Zealand)
MRV	Monitoring, Reporting and Verification
MSME	Micro-, Small- and Medium-sized Enterprises
NAP	National Adaptation Plan
NAPA	National Adaptation Program for Action
NDA	National Designated Authority
NGO	Non-government Organisation
NZAID	New Zealand Agency for International Development
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
PICAN	Pacific Islands Climate Action Network
PIDF	Pacific Islands Development Forum
PRIF	Pacific Regional Infrastructure Facility
REDD	Reducing Emissions from Deforestation and Degradation
RSE	Recognised Seasonal Employer
SBSTA	Subsidiary Body for Scientific and Technical Advice
SCF	Standing Committee on Finance
SDGs	Sustainable Development Goals
SIDS	Small Island Developing States
SPC	Secretariat of the Pacific Community
SPREP	Secretariat of the Pacific Regional Environment Programme
SWP	Seasonal Work Program
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
VCAN	Vanuatu Climate Action Network
VHT	Vanuatu Humanitarian Team

Part one: Background

Escalating costs, Paris commitments and current finance flows

1. Escalating and disproportionate costs facing the Pacific

As a result of climate change, people in the Pacific region are suffering disproportionately more damage to their livelihoods and economic prosperity than other regions. Compared to larger nations in Africa and Asia that can support programs for tens of thousands of people, most Pacific governments, non-government organisations (NGOs) and other agencies must help small village communities in remote archipelagos, at much greater expense per capita.

Eight Pacific nations are among the top 20 countries in the world with the highest average annual disaster losses, calculated by Gross Domestic Product (GDP).[6] These countries are already ranked among the lowest on the UN Human Development Index — from Fiji at 90 to the Solomon Islands at 156. In contrast, Australia was ranked second and New Zealand ninth out of 188 countries in 2014.[7]

These losses are set to increase, based on projections of adverse impacts from cyclones, sea-level rise, ocean acidification and changing rainfall patterns in coming years.[8] Damage to reef ecologies and marine ecosystems will have particularly severe consequences for Pacific communities that rely on fisheries for nutrition, jobs and food security.

Pacific island countries experience up to four times higher sea-level rise than the global average. While other regions averaged 0.32cm sea-level rise per year, the tropical Western Pacific, where a large number of small islands are located, experienced 1.2cm per year.[9] The World Bank estimates average sea-level rise will be about 79cm above average levels recorded from 1980 to 1999 if global temperatures increase by 2°C by 2100. If there is a 4°C warming, however, they expect sea levels to rise by nearly one metre.[10] Other recent studies predict this figure will be much higher.[11]

Even with meaningful action to reduce emissions now, significant sea-level rise and climate impacts are unavoidable this century. Higher sea levels and related climate impacts in the Pacific threaten the habitability of coastlines where most people live, especially on low-lying atolls which have an average elevation of only two meters above sea level. Increasingly, this is forcing people to relocate to less vulnerable locations.

Pacific island people are understandably reluctant to permanently move from their ancestral homes. Yet climate change is already forcing communities to relocate, often with little assistance, to new environments that can leave them less well off.[12] Over the next few decades, large numbers — and in some cases entire nations — may be displaced from their homes and livelihood bases by sea-level rise and other climate impacts.[13] As the scale of relocation is set to rise, the global community must urgently ensure the rights of displaced Pacific communities are not put at risk.

Pacific governments are already paying large climate-related costs from their national budgets. For example, Tonga's contribution to global emissions is negligible yet its INDC

submission notes that damage from destructive cyclones cost, on average, 20% of their GDP over the past six years while 30% of their ODA was used to save the coastline from constant soil loss.[14]

Agriculture in the region is already stressed due to factors such as urbanisation and population growth. But food production in many island nations is predicted to decline further due to climate change, leading to concerns about the economy as well as household food security, and the knock-on effect on poverty. The largest losses are projected for sweet potato in Papua New Guinea — in excess of 50% in just over 30 years under a medium emissions scenario.[15]

> ***"Climate disasters in the last year chewed up more than 5% of national GDP and that figure continues to rise. We are working to improve and mainstream adaptation into our national planning, but emergencies continue to set us back. The nation experienced a severe drought in 2013 and last year* [in 2014] *massive tidal surges caused extensive flooding of coastal villages and left hundreds of people homeless."***
>
> Tony de Brum, Climate Ambassador for the Republic of the Marshall Islands.[16]

New research from the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) has concluded the impacts of climate change are now a predominant economic concern.[17] The scale of damage is rising, and it is often the poorest people with the fewest assets who have the most to lose.

Disasters, such as storm surges and floods, have a disproportionate impact on the poorest members of the community, especially women and children. For example, research by International Union for Conservation of Nature and Natural Resources (IUCN) has shown that 2009 flooding in Fiji exacerbated existing poverty levels and impacted on families' ability to pay school fees.[18] The report found 77% of flood-affected sugarcane families would fall below Fiji's poverty line and about 42% of flood-affected farms were expected to struggle to provide their families basic food needs.

In February 2016, the strongest cyclone ever recorded in the Southern Hemisphere, Cyclone Winston, devastated parts of Fiji with gusts up to 325kms per hour. The cyclone impacted approximately 540,400 people, equivalent to 62% of the country's total population. 44 people were killed and 30,369 houses, 495 schools and 88 health clinics and medical facilities damaged or destroyed.[19] Only about 2% of those significantly impacted had insurance, making it difficult for people who lost everything to get back on their feet. The damage and losses from Winston amounted to FJD $199 billion (not including the value of destroyed environmental assets and losses in environment services), around one fifth of Fiji's 2014 GDP.[20] To put this into perspective, if Australia experienced damage worth one fifth of its GDP from a disaster, it would amount to around AUD $300 billion (an amount 33 times greater than the cost of all natural disasters Australia in 2015).[21]

Climate change is exacerbating the damaging effects of the warm phase of the El Niño Southern Oscillation (ENSO) — a combination which threatens to overwhelm governments' capacity to respond and people's ability to cope. The impacts of the 2015–2016 El Niño, possibly the strongest on record, will be felt well into 2017. It fuelled drought in Vanuatu, which is still recovering from Cyclone Pam. The cyclone alone caused damage worth 47% of Vanuatu's GDP (nearly 2.5 times the GDP New Zealand spent on damage caused by the Canterbury earthquakes).[22] At time of writing this report, five countries in the Pacific region

are still experiencing serious El Niño impacts, with many people at risk from water shortages, food insecurity and disease across the Pacific region.[23]

As developing nations, Pacific island countries are reliant on international assistance to address the rapidly escalating damage to infrastructure, agriculture and ecosystems, and to complement their own initiatives to promote resilience and protect livelihoods. International climate finance is a central resource in addressing these challenges and in supporting countries to adapt to their new climactic conditions.

2. Taking stock of current commitments and flows

2a) The Paris Agreement

In Paris, developed countries reaffirmed the objective formally adopted in Cancun in 2010 to jointly mobilise USD $100 billion per year of public and private finance by 2020 for climate mitigation and adaptation in developing countries. The Paris Agreement also strongly urges those countries to significantly increase their funds for adaptation beyond current levels (see Table 1).

As detailed in section 2d, below, there is growing evidence the current funding target is insufficient to meet global needs for mitigation and adaptation. Despite this, countries must set a timetable to reach the target by 2020, and to maintain at least that amount each year until 2025. In Paris, countries pledged to review the global climate-funding target by 2025 — nearly a decade from now — but this commitment comes in a separate "decision text" rather than in the binding agreement.

No quantified global target for adaptation finance was established in Paris, for the period before 2020 or beyond, which would have given vulnerable Pacific island countries greater predictability with which to plan and take action.

Adaptation involves responding to the impacts of climate change and managing ongoing risks. Adaptation measures can vary across a range of sectors including: livelihoods of people, communities and regions; health, culture and wellbeing of people; food and water security; or protection of ecosystems. Climate change adaptation must be integral to broader development efforts, but global warming also poses additional and compounding threats to communities that move beyond existing development challenges.[24]

The lack of any specific quantified commitments to increase adaptation funding remains a major problem given the enduring imbalance between adaptation and mitigation in existing climate finance flows. Most interviewees for this report reaffirmed that climate financing must be adequate, sustainable and predictable, with quantified goals for adaptation finance.

In a shift away from the long-standing focus on the historic responsibility of developed (UNFCCC Annex 1) countries[25], the Paris Agreement encourages other countries "to provide, or continue to provide, such support voluntarily."[26] Non-OECD countries like Korea, Indonesia, Mexico and Chile have made small commitments to the new Green Climate Fund (GCF). In the Pacific, where China, Indonesia, India and mid-level developing countries are expanding South-South relations, this has the potential to extend financing beyond traditional partners like Australia, Japan, the European Union (EU) and New Zealand. China has already pledged climate funding for smaller developing nations and provided bilateral support to many Pacific island countries.

Table 1: Climate finance and adaptation in the Paris Agreement

	Agreed in Paris	Pending matters
Climate finance	USD $100 billion per year goal extended up to 2025.[27] New goal to be set for post-2025, with $100 billion as a floor.[28] Developed Parties are strongly urged to "scale-up their level of financial support, with a concrete roadmap" to achieve the $100 billion goal by 2020. [29]	*Roadmap specifications*: The commitment to a climate finance roadmap to enhance pre-2020 ambition[30] needs to be developed during 2016 and decided on at COP22. *Agreeing what counts:* The Subsidiary Body for Scientific and Technological Advice (SBSTA) is to develop modalities for the accounting of climate finance.[31] *Further transparency*: The Standing Committee on Finance (SCF) is tasked with enhancing monitoring, reporting and verification (MRV) tools and producing a second biennial assessment of climate finance flows in time for COP22.[32]
New pledges	Developed countries (above 2014 levels by 2020): USD $11 billion from developed countries[33]; USD $10 billion from MDBs.[34] South-South flows (no timescales): More than USD $3.2 billion in South-South flows, including China's USD $3.1 billion pledge.[35]	*Specifying accounting criteria of new pledges:* It is unclear how much will go to adaptation as most pledges did not state figures (specific commitments related to adaptation are needed). Some countries' pledges are mostly loans and estimates of projected mobilised private finance are optimistic. There is a need to establish quality and accounting criteria for all new contributions, including South-South climate cooperation flows.
Adaptation finance	Developed Parties are strongly urged to "significantly increase adaptation finance commitments from current levels".[36] Achieve a balance between adaptation and mitigation.[37] Mention of "the need for public and grant-based resources for adaptation". [38] The GCF is to expedite support for LDCs and other developing country Parties for the formulation of NAPs.	Need to establish quantified goals for adaptation finance (both pre- and post-2020) to address the enduring imbalance and ensure scaled-up support.
Qualitative adaptation goal	Long-term global goal aimed at "enhancing adaptive capacity, strengthening resilience and reducing vulnerability to climate change".[39] Parties will have to submit adaptation communications outlining planning processes and actions.[40] Adaptation included in the transparency framework and the five-year global stocktake of progress.[41]	Up-scaling and adjusting adaptation finance to respond to long-term adaptation needs. Adaptation Committee, the LDCs Expert Group and the SCF need to inform on implementation of their mandate[42] to develop methodologies, and make recommendations on: • taking steps to facilitate the mobilisation of support for adaptation in developing countries in line with anticipated temperature increases;[43] and • reviewing the adequacy and effectiveness of adaptation support.[44]

Source: Oxfam Briefing Note (2016) 'Unfinished business: How to close the post-Paris adaptation finance gap'.

2b) Understanding the landscape — climate finance flows to the Pacific

Pacific governments face a complex array of funding windows through which they can apply for climate finance (see Figure 1). Funding reaches the Pacific region through Multilateral Development Banks (MDBs), especially the World Bank and Asian Development Bank (ADB); Multilateral climate funds, like the Kyoto Protocol Adaptation Fund (KPAF) or Global Environment Facility (GEF); and regional programs by the Secretariat of the Pacific Community (SPC), SPREP and others.[45] There are a range of bilateral initiatives that provide resources to Pacific island countries, including Japan's pledges at the regular Pacific Area Leaders Meetings (PALM), or the European Commission's Global Climate Change Alliance (GCCA).

Funding also reaches the Pacific through programs by churches, international non-government organisations (INGOs), the Red Cross and foundations in partnership with climate finance providers and other sources. There are small but growing levels of South-South cooperation too, with developing countries contributing technology, nutrition programs and other initiatives.

In line with the signing of the Paris Agreement, the establishment of the GCF is the most recent and significant shift in the climate funding landscape. The GCF is poised to be the central pillar of the multilateral climate finance architecture but there are still crucial issues about how it interrelates with other regional and multilateral financing institutions.

With a new secretariat based in Seoul and the World Bank serving as its interim trustee under the guidance of the UNFCCC COP, the GCF will be a major channel for climate funding to developing countries in coming years. Learning from previous funding mechanisms, it promotes a balanced allocation of resources for mitigation and adaptation.

The GCF's strategic vision centres on "promoting the paradigm shift towards low-emission and climate-resilient development pathways" and "supporting the implementation of the Paris Agreement within the evolving climate finance landscape."[46]

The GCF Board first met in August 2012. It has 24 members with equal representation of developed and developing countries. From Oceania, Ewen McDonald — Deputy Secretary of Australia's Department of Foreign Affairs and Trade (DFAT) — serves as Co-Chair of the Board, alongside South Africa. DFAT official Sally Truong is currently taking his place on the Board representing Australia and New Zealand. Ambassador Ali'ioaiga Feturi Elisaia, Samoa's Permanent Representative to the UN, currently serves as a representative on the Board for SIDS.

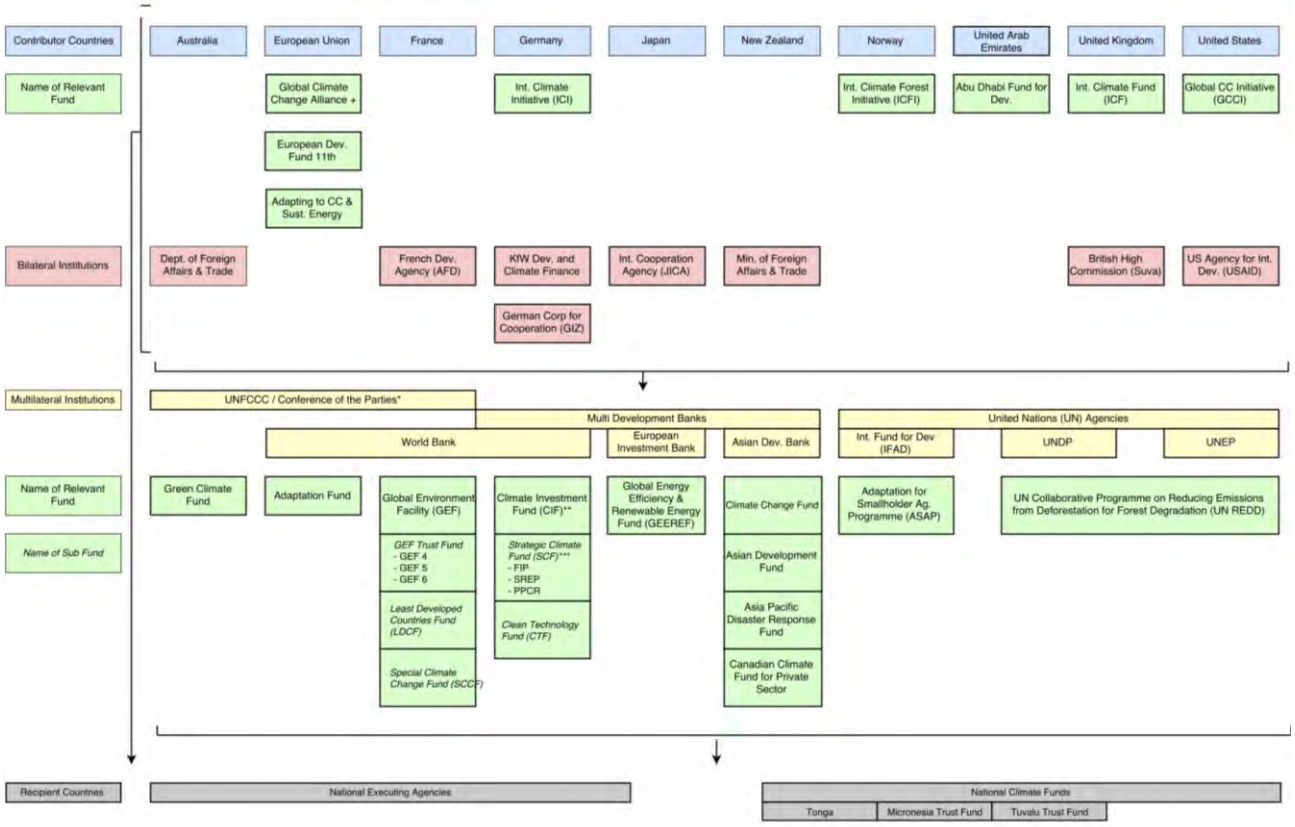
More than USD $10 billion has been pledged to the GCF by June 2016, with more than 95% of pledged funds converted to contribution agreements. At June 2016, the GCF contribution by Australia (equivalent to USD $187 million) and New Zealand (USD $2.6 million) had been overshadowed by more substantial contributions from other OECD members, including Japan (USD $1.5 billion), the UK (USD $1.2 billion), Germany (USD $1 billion), France (USD $577 million in grants and $381 million in loans), Sweden (USD $581 million) and even Norway (USD $258 million).[47]

At the GCF Board meeting in November 2015, eight grants worth USD $168 million were approved. Two of the fund's first grants were directed to Fiji and the Maldives as SIDS. Once approved by the ADB board, Fiji will receive a USD $31 million grant for urban water supply and wastewater management. At its meeting in June 2016, the GCF also approved a USD $36 million grant for the Tuvalu Coastal Adaptation Project (TCAP), to be implemented by the United Nations Development Programme (UNDP).

(For a discussion on challenges and recommendations for enhancing access to the GCF, see Part 2, section 1).

A comprehensive description of all climate finance sources is available on the Pacific Climate Portal, providing crucial information to Pacific nations for strategic planning.[48] However, further details are required on the constantly evolving administrative requirements to access these funds.

Figure 1: Pacific Climate Portal diagram of selected donors (public funds and institutions) relevant to the Pacific region [49]



Note: This schematic is intended to capture the major climate finance funds and institutions that play a role in the Pacific, and is not all-inclusive.

*The UNFCCC established the GCF, AF, and GEF. The WB serves as the trustee of the AF and GEF and administers the CIFs.
**The CIFS are administers the WB and subfunds and implemented through the WB, ADB, African Development Bank (AfDB), European Bank for Reconstruction and Development (EBRD), and Inter-American Development Bank (IADB).
***The Strategic Climate Fund (SCF) includes the Forest Investment Program (FIP), Scaling Up Renewable Energy Program (SREP), and Pilot Program on Climate Resilience (PPCR).

Information retreived from www.climatefundsupdate.org

The readiness of governments to receive climate finance and their sources vary from country to country across the region, but some Pacific island countries are receiving more resources than others. For example, Samoa, with around 30% of local revenue from ODA,[50] is currently receiving comparatively more GEF funding than other Pacific nations.

A comprehensive assessment of the level of international climate finance flowing to the Pacific region is not available.[51] In the absence of a comprehensive tracking system and a lack of complete agreement on what constitutes climate finance, it is difficult to assess the scale and flow of climate finance. This is exacerbated by a lack of disaggregated data; most global surveys list the Pacific islands as part of the larger Asia-Pacific region despite the obvious differences between countries as large as India and Indonesia compared to Tuvalu and Niue. Estimates of climate finance flows must therefore be assembled from a variety of disparate sources.[52]

A range of donors — including Japan, France, China and the EU — have made important investments to regional programs on mitigation, adaptation and energy technology. The ADB aims to double its annual climate financing to USD $6 billion by 2020, allocating one-third to adaptation, and explore new co-financing opportunities with public and private partners. But as the two largest members of the Pacific Islands Forum, and as wealthy nations in Oceania, Australia and New Zealand have central roles to play in addressing the climate financing needs of neighbouring Pacific island countries, particularly when it comes to adaptation finance.

2c) Challenges of access and quality

While major concerns remain regarding the overall scale of climate finance commitments, Pacific island countries also face significant challenges in accessing available funding, owing to their small size and the complexity of funding arrangements. The geographic and demographic circumstances of Pacific island countries — including small, remote and rural populations — present further distinct challenges for the region when compared to other parts of the world.

Finance for development and climate change is often transferred through a proliferation of funding entities with a specific focus, such as the Climate Technology Fund. Seeking funds from climate finance providers requires more extensive documentation and additional approvals than some traditional development assistance entities, which can delay the project schedule. Climate finance providers also may have preconditions that limit access, such as an approved climate change strategy or country allocations. For instance, Vanuatu has a relatively constrained capacity through its finance and environment ministries, but has an overwhelming 22 potential climate funding windows and is involved in 53 climate-related programs.[53]

The drawbacks of this proliferation of funding entities are that finding the most suitable source becomes more complex and the different administrative requirements and timeframes impose additional reporting burdens on recipient countries. Different agencies have established a number of separate, often transient, hubs to implement projects instead of strengthening the mainstream capacity of local government departments.

Facing a complex ‘spaghetti bowl’ of climate funding windows, each with different criteria and timeframes, Pacific nations have repeatedly called for simplification and easier (preferential) access to existing funds, including the GCF. Projects are relatively small in size and access to adaptation funds depends on a country’s ability to demonstrate the changes they observe are linked to climate change — often LDCs and SIDS lack scientific expertise and have limited resources to comply with the data requirements of donor and fund applications. [54]

SPREP’s Director General, Kosi Latu, noted: “It’s not one single issue but several interconnected issues that need to be addressed at once to improve the flow of climate finance to those that need it most. Access to climate finance needs to be simplified. But at the same time, if we can resolve the issue of capacity building at national level, then this will lead to better developed proposals and an ability to implement the proposal well; to measure, report and track it. It’s a virtuous circle. Even international financial institutions that have been in the business for a long time are not getting this fully right.”[55]

Latu said there is a need for technical support, drawing on both local and international expertise: “There needs to be a lot of support by climate finance providers in-country around institutional and financial capacity-building and proposal development. Foreign agencies can’t ‘do it’ for Pacific countries, which need to develop so they own the process and manage it for themselves. Sources of funding to assist with readiness and capacity building are increasingly around to deliver the right mix of expertise and technical resources to support countries.”

"Not only are Tuvalu's projects too small for the existing financial mechanisms but the country also lacks the scientific expertise to satisfy the conditions for accessing the money."[56]

Taukelina Finikaso, Tuvalu Foreign Minister

Part two of this report explores several issues relating to access and quality of climate finance in the Pacific, and measures that can be taken by all actors to improve access and ensure support reaches the most vulnerable communities.

2d) The global picture: Total finance and the adaptation gap

There is a substantial gap between the scale of support requested in countries' INDCs and the current amounts of climate finance pledged by developed countries for both mitigation and adaptation.

Throughout the UNFCCC negotiations, developing countries have argued climate financing should be scaled-up, new and additional, predictable and adequate. In turn, Australian and New Zealand officials have worked to refocus the discussion away from the quantum of climate finance to the effectiveness and outcomes of mitigation and adaptation programs.

As discussed in part two of this report, issues of development effectiveness and quality outcomes for vulnerable communities should be a central element of the debate on post-Paris priorities. However, interviewees for this report — from Pacific governments, NGOs and inter-governmental organisations — all raised concerns about the adequacy of climate funding in coming years and the difficulty of accessing existing mechanisms. They also highlighted a lack of predictability in funding, with many examples of budgets planned, staff hired, community expectations raised then donors abandoning funding commitments, unable or unwilling to continue funding beyond initial pilot programs.[57]

Debate over adequacy of funding is still being played out on the global stage. The Organisation for Economic Cooperation and Development (OECD) 2015 progress report on climate financing, released in the lead-up to COP21 in Paris, claimed developed countries had mobilised USD $62 billion in climate finance in 2014, almost two-thirds of the way towards the USD $100 billion per year global pledge from developed nations.[58] The OECD total included private capital leveraged by public funding and loans (25%) as well as government grants (70%).

The OECD report was sharply challenged by many G77 nations, all of which argued the figures included worrying examples of double-counting, with existing development assistance, loans and grants re-badged as climate-related finance. Export credits, private finance and non-concessional loans were reported at face value rather than counting the actual net support. A critique by the Climate Change Finance Unit of India's Ministry of Finance highlighted major inconsistencies and a lack of transparency.[59]

Beyond this, the OECD study presented a stark assessment where, in spite of a long-standing commitment to balance allocation of funds between mitigation and adaptation, only USD $4–$6 billion in adaptation-specific grants or grant-equivalent funding was provided in 2014. This is despite years of warnings about the looming adaptation gap, and despite commitments made year after year by developed countries to scale-up their financial contributions.

A 2014 report on the adaptation gap by the United Nations Environment Programme (UNEP) noted: "there is likely to be a significant adaptation funding gap after 2020 and indicates a key role for the GCF in contributing to bridging this gap." The report found global estimates of the costs of adaptation (between USD $70 billion and $100 billion) are likely to be a significant underestimate, particularly in the years 2030 and beyond.[60]

The latest *UNEP Adaptation Gap Report*, released in May 2016, predicts the cost of adapting to climate change in developing countries could rise to between USD $280–$500 billion per year by 2050, a figure four to five times greater than the estimates from two years earlier.[61]

Other reports suggest the timeframe to ramp-up funding may be even shorter. Research by Climate Analytics, commissioned by Oxfam, estimates the future costs of adaptation based on the level of mitigation ambition contained in INDCs, and suggests developing countries could face adaptation costs of around USD $240 billion per year as early as 2030.[62]

Other studies on the scale of international climate finance in coming decades show the current financing target is insufficient.[63] For example, the LDCs National Adaptation Programs for Action (NAPAs) and National Adaptation Plans (NAPs) reveal the resources needed for adaptation continue to fall far short of current and projected demand in LDCs.[64] Four Pacific countries — Kiribati, Solomon Islands, Tuvalu and Vanuatu — are categorised as LDCs and qualify for NAPs funding and support. Samoa only just graduated from LDC status in 2014 and Vanuatu is in the process of graduation[65].

Despite the pledges made around the Paris Agreement, the leaders of many developing countries continue to call for a clear commitment on scaling-up adaptation financing, both public and private. They also call for a credible pathway to reach the USD $100 billion annual financing, with mid-term targets and milestones. (Oxfam estimates that public climate finance will only amount to USD $18–$23 billion per year by 2020. Of this amount, only USD $6–$9 billion will be public adaptation finance per year by 2020).[66]

Because, in most cases, Pacific island nations rely on public rather than private finance for adaptation programs, the fluctuation of ODA budgets means funding remains highly unpredictable. This provides vulnerable countries with few opportunities and incentives to invest in longer-term capacity building, institutional frameworks, planning and investment. As detailed below, this problem has been highlighted by cutbacks in Australia's ODA in recent years. Given ODA budgets are unlikely to increase rapidly in the near future, there is an urgent need for Australia and New Zealand, and other members of the Pacific Islands Forum, to develop innovative funding mechanisms outside ODA to supplement existing sources (as discussed in part two, Section 9).

The challenge of closing the climate finance gap comes at the same time as countries are seeking support to make progress towards the universal SDGs.[67] These goals are applicable to all countries, including Australia, New Zealand and Pacific island nations. The new set of 17 SDGs range from those that are critical to tackling poverty — such as health, food security and water — to those affecting natural resources that underpin the economy, such as ecosystems, oceans and marine resources. Critically, the goals include climate action and responsible consumption and production, in recognition that every one of these goals could be affected by climate change. The new Sendai Framework for Disaster Risk Reduction from 2015–2030 is another important related framework.[68] As issues surrounding climate finance are worked into emerging frameworks on development, it's time climate finance is fully addressed as part of wider discussions on Finance for Development.

2e) Australia and New Zealand climate finance in brief

A range of donors have made important bilateral investments to regional programs on mitigation, adaptation and energy technology. But as the two largest members of the Pacific Islands Forum, Australia and New Zealand have central roles to play in addressing the climate financing needs of neighbouring Pacific island countries. (A more detailed analysis of Australia and New Zealand's past and current climate finance commitments is provided in Appendices 2 and 3.)

AUSTRALIA

Since the 2009 UNFCCC COP in Copenhagen, Australia has committed significant funding towards global and regional mechanisms for climate financing, through multilateral agencies, bilateral aid programs and support to NGOs.

In contrast to many OECD countries, Australia's contribution is notable for the priority it gives to SIDS and LDCs, and its balance of funding for mitigation and adaptation — the latter being a crucial priority for Pacific island countries.

Australia committed AUD $599 million to the period called fast-start finance (FSF) over three financial years (2010–2013), around 3–5% of total ODA for this period. [69] The focus on SIDS and LDCs saw approximately 25% allocated to the Pacific region.

Climate finance continued to average AUD $200 million per year (3–5% of total ODA) during the post-FSF period (2012–2015). More than 30% of bilateral support during 2013 and 2014 went to SIDS and LDCs, a slight increase on the previous period. Australia continued to prioritise adaptation (60% of climate finance in 2013 and 2014) delivered through bilateral aid programs and multilateral funds such as the Least Developed Countries Fund (LDCF).

In Paris in December 2015, the Australian Government announced it would spend at least AUD $1 billion over the next five years on climate finance from the existing aid budget.[70] This included AUD $200 million to the GCF, which had already been announced at the 2014 UNFCCC COP in Lima.[71] The sequential drop in Australia's aid budget since 2013 means the level of climate finance announced in the 2016–2017 budget rose to around 5% of ODA, even though the average amount per annum didn't change.

Despite all of these significant commitments since 2010, there are ongoing debates about whether Australia is meeting its fair share of the global target of climate financing. Currently, climate funds pledged by Australia are drawn exclusively from ODA (contrary to the long-standing call from many developing countries that climate finance should be 'new and additional', beyond existing ODA commitments). Cutbacks in the level of ODA since 2012–2013 have led to a lack of predictability in funding, which makes it difficult for governments and NGOs to make commitments towards sustainable programming, such as long-term planning, budgeting, recruitment and training of staff, and development of research agendas. Australia's current public funding pledge, averaging at least AUD $200 million per year, is weaker than commitments from other wealthy developed nations. Based on relative economic strength and contribution to greenhouse gas emissions, Oxfam has argued that

Australia's total contribution to international climate finance should reach at least AUD $3.2 billion per year by 2020, with at least half being public funding for adaptation.[72]

In 2016 Australia's Department of Foreign Affairs and Trade (DFAT) is developing a new climate change strategy for its aid program.

Australia and the Green Climate Fund
In its early years, Australian officials played a lead role in determining the mandate, operations and policies of the GCF. Australia then withdrew its support for the GCF under the Abbott Government, before reversing its position at the 2014 COP20 in Lima.

Australia was re-elected as Co-Chair of the Board of the GCF in November 2015, and has been pro-active in accelerating Pacific islands' engagement with the GCF since. A statement from then Prime Minister Tony Abbott and Foreign Minister Julie Bishop at the time of Australia's AUD $200 million pledge to the GCF said Australia's pledge would "facilitate private sector-led economic growth in the Indo-Pacific region" as well as investment in infrastructure and energy. This statement raised questions about the priority to be given to adaptation funding for Pacific island governments and communities. However, following Australia's return as Co-Chair of the Board, Foreign Minister Julie Bishop has stated: "Australia will encourage increased focus on the climate change challenges facing our region, particularly Pacific island countries and other Small Island Developing States."

NEW ZEALAND

Similar issues on adequacy and priorities arise with New Zealand's climate finance, delivered from ODA through the New Zealand Ministry of Foreign Affairs and Trade (MFAT.)

New Zealand committed around NZD $30 million per year over the FSF period, averaging 5.6% of its ODA.[73] The government said this amount would rise to NZD $55–$60 million per year during the post-FSF period (2012–2015), equivalent to 9–10% of ODA each year.

In Paris, New Zealand announced it expects to maintain a roughly similar level of climate finance, allocating up to NZD $200 million over the next four years. Based on future ODA announcements, this could represent 8–9% of ODA each year.

In line with aid program policy, New Zealand's climate financing package has a strong bilateral component, with a significant focus on the Pacific region. New Zealand also committed NZD $3 million to the initial resource mobilisation for the GCF.

New Zealand climate finance is rarely allocated exclusively for the purposes of climate change. Instead, climate mitigation or adaptation tends to be just one of multiple desired outcomes delivered as a co-benefit to other purposes, such as the sustainable economic development of Pacific tourism or fisheries.

While the New Zealand commitment to renewable energy programs contributes to a major priority set by Pacific island governments, there is a need to address the current imbalance between finance allocated to adaptation and to mitigation in New Zealand policy.

Further analysis in Appendix 3 details a range of concerns from interviewees over New Zealand's current climate finance, including its economic rather than social focus; a lack of community participation, benefit sharing and transparency in some sectors; and the potential for current priorities to crowd out other sectors critical to community resilience.

New Zealand and the Pacific Energy Summit

Following the 2013 Pacific Energy Summit, an estimated 80% of New Zealand's total climate finance allocated to the Pacific region in 2013–2015 was spent on mitigation. In June 2016, New Zealand co-hosted a second Pacific Energy Conference [with a slight name change] with the EU. The government announced it would contribute a further NZD $100 million towards renewable energy projects in the Pacific region.

Although the conference outcome includes actions reaching to 2024, in practice, New Zealand would likely deliver its NZD $100 million sooner. If this is the case, renewable energy projects could represent an estimated 50% of total climate finance from 2016 to 2020, and up to an estimated two-thirds of New Zealand's total climate finance allocated to the Pacific over that period. New Zealand's climate financing really needs an increase of funding to allow a broader mix of activities, re-balancing the package to increase adaptation at the community level.

As developed nations in the Southern Hemisphere, surrounded by island nations, Australia and New Zealand are in a unique position to contribute to the climate financing needs of their Pacific island neighbours — but that potential is still unmet and underfunded.

Part two: Responding to the challenges

All countries around the world face hazards from climate change and extreme weather events. But compared to other nations, Pacific island countries face particular challenges around mobilising resources and building capacity in local communities. The Secretary General of the Pacific Island Forum, Dame Meg Taylor, noted: “Given our vulnerability to the adverse effects of climate change, we know that simplified and improved access to climate change finance is vital.”[74]

Part two of this report highlights a number of ongoing challenges across 11 strategic areas. These require urgent attention at the global, regional, national and community level to accelerate access to climate finance and promote the effective use of resources for vulnerable communities in the Pacific. The 11 strategic areas we report on are:

1. Improving access to the Green Climate Fund
2. Setting regional priorities
3. INDCs: Converting climate plans into action
4. Resetting the balance between adaptation and mitigation funding
5. Managing a diversity of funding sources
6. Aligning private-sector initiatives, adaptation and local ownership
7. Prioritising civil society and community initiatives
8. Integrating gender, youth and vulnerability
9. Developing new and innovative sources of funding
10. Phasing out subsidies for coal and fossil fuels
11. Improving reporting, transparency and learning

Each section includes a set of specific recommendations for different actors including: global funding mechanisms (such as the GCF), international climate donors (including Australia and New Zealand), Pacific island governments, Pacific regional agencies, civil society organisations, the private sector and researchers.

Readers of this report are encouraged to use the lists of suggested recommendations as a starting point to generate new ideas and to translate into concrete action plans for collaborative implementation. A table combining all of the recommendations across the 11 strategic areas organised by specific actors can be found in Appendix 1 of this report.

Findings in this report and from previous research[75] highlight the need for a multi-sector, whole-of-government and society response to climate change. This means that several different actors must work collaboratively to achieve a common goal — one group cannot achieve this alone. The list of suggested recommendations also shows that, with external support, Pacific governments and actively engaged civil society are central to mobilising action.

1. Improving access to the Green Climate Fund (GCF)

Summary

The establishment of the GCF is the most recent and significant shift in the climate funding landscape. The GCF is poised to be the central pillar of the multilateral climate finance architecture.

A major challenge remains the accreditation to the GCF of national and regional institutions from the Pacific. (Currently SPREP is the only accredited regional organisation, which means that opportunities for Pacific countries and communities to access funds through the GCF remain limited.)

The GCF Readiness Program provides an important mechanism for recipient countries to improve country coordination and consultation, as well as to prepare country programs. Further work should be done to provide better readiness support to national entities in the Pacific islands. A key component for readiness is also to support better engagement with a range of non-state actors that are already engaged in climate action on the ground. There are other opportunities in the GCF for innovation in areas such as local and community access to funds, through the pilot programs for micro-, small- and medium-sized enterprises (MSMEs) and enhanced direct access.

The decision to hold a GCF Board meeting in Samoa in late 2016, provides a crucial opportunity to promote better understanding of the GCF in the Pacific, but also for GCF Board members to better understand the challenges facing SIDS in the Pacific region. Suggestions for improving access include the allocation of greater GCF resources and staff to improve collaboration with vulnerable countries and communities in LDCs and SIDS.

In principle, the GCF is designed to allow national institutions in developing countries to gain accreditation and lodge proposals to access and administer financial resources directly from the GCF.[76]

In practice, however, SIDS and LDCs in the Pacific region still face significant constraints in accessing climate funds. Their call for easier access to resources is echoed in the Paris Agreement, which calls on institutions "to enhance the coordination and delivery of resources to support country-driven strategies through *simplified and efficient application and approval procedures*" [emphasis added].[77]

> ***"Given our vulnerability to the adverse effects of climate change, we know that simplified and improved access to climate change finance is vital."***
>
> Dame Meg Taylor, Secretary General of the Pacific Islands Forum[78]

While there are many positive initiatives underway to improve GCF procedures, this remains a crucial area for action by the Council of Regional Organisations of the Pacific (CROP) and national governments in the region, as well as development partners.

A major challenge remains the accreditation of national and regional institutions from the Pacific. By June 2016, 33 entities around the world had been accredited to the GCF but, currently, SPREP is the only regional Pacific organisation accredited as a Direct Access Entity.

Among other entities that have received GCF accreditation, the majority are multilateral and bilateral development agencies, private-sector organisations and financial organisations (those with operations in the Pacific include the World Bank, ADB, UNDP, UNEP, Agence

Française de Developpement, Conservation International, IUCN, and the World Meteorological Organisation).

At the time of writing this report, the GCF is proposing to approve projects worth USD $2.5 billion in 2016, including from 34 public and private proposals that are currently before the GCF Board. One analyst has noted: "The public sector proposals are a reason for concern. Currently all of them are from multilateral agencies (banks or UN agencies), none from national entities. This clearly goes against GCF's stated aim of providing 'direct access' to developing countries, and thus bringing about a 'paradigm shift' in terms of access to finance for vulnerable countries."[79]

Under its Readiness Program, the GCF has agreed to provide preliminary support to recipient countries before they lodge a full project proposal. A minimum of 50% of the readiness support allocation is targeted to SIDS, LDCs and vulnerable African States.

Funding can be requested to strengthen capacity and prepare country programs in areas such as:

- country coordination and consultation;
- strengthening a National Designated Authority (NDA — the focal point in government for climate programs);
- developing a strategic framework for engagement with the GCF;
- accreditation of a National Implementing Entity (NIE), and;
- project preparation.

In March 2016, Cook Islands became the first country in the Pacific, and the first SIDS, to receive GCF readiness funding for coordination and planning. The grant of USD $150,000 was allocated to assist "the country strengthen its NDA and undertake national stakeholder consultations."[80] The Ministry of Finance and Economic Planning (MFEM) will hire a consultant for 12 months to build capacity within the NDA, which will be the body responsible for overall coordination and capacity building of Cook Islands' engagement with the GCF.

Pacific Islands Forum Secretary General, Dame Meg Taylor, stated: "I would like to encourage other Forum Island Countries to draw on the experience of Cook Islands in pursuing efforts to access resources for readiness support and project funding under the GCF, in close collaboration with relevant regional agencies such as SPREP and SPC, and development partners."[81]

In partnership with the SPC, the Federated States of Micronesia also received a USD $300,000 grant to strengthen the Department of Finance and Administration as the country's NDA.

In April 2016, Vanuatu became the first PIC to receive a GCF readiness grant to support project development. The German agency GIZ will support the Vanuatu National Advisory Board on Climate Change and Disaster Risk Reduction to prepare a country program in line with the country's new National Climate Change and Disaster Risk Reduction Policy.

There are currently a range of initiatives by regional and international institutions to support national governments with access to the GCF and other funds:

- A Commonwealth Climate Finance Access Hub is being developed to assist member countries with obtaining financial and other climate finance-related resources.
- USAID Adapt Asia-Pacific is helping Pacific island countries carry out climate finance assessments to build their readiness for direct access to international climate financing.[82]
- In May 2016, Australia announced a AUD $2.3 million partnership with the German development agency GIZ to assist Pacific island countries to better access climate finance, with a focus on the GCF. This initiative is designed to "provide assistance (to Pacific island countries) in formulating, costing and presenting projects to the GCF and other sources of support."[83]
- There is a proposal for more regional workshops to discuss better access for Pacific governments and communities to the GCF.

Some interviewees commented there should be wider public discussion of the priorities for funding. For instance, readiness funding should not be limited to paying for consultants to prepare planning documents. Given the limits of government structures in some Pacific outer islands, a key component for readiness should include support for consultation and engagement with a range of non-state actors that are already engaged in climate action on the ground.

There are opportunities in the GCF for innovation in local and community access to funds through upcoming pilot programs on enhance direct access and funding for MSMEs. These programs are worth USD $200 million.

A crucial opportunity to promote better understanding of the GCF in the Pacific is the upcoming GCF Board meeting in Samoa in late 2016 (there was previously a board meeting in Barbados in 2014, but this is the first time the GCF Board and Secretariat will come to the Pacific). Co-Chair of the Board, Ewen McDonald, has stated: "It will be extraordinarily powerful to bring the Board to Samoa and will shine a light on Pacific circumstances."[84]

Some suggestions for improving access and outcomes from the GCF and the range of actors directly or indirectly involved in making this happen are listed in Table 2.1, below.

Table 2.1: Recommendations for improving access and outcomes from the Green Climate Fund

Recommendation	*Range of actors involved*							
	GCF	Australia and New Zealand Governments	Pacific governments	Pacific regional agencies	Pacific CSOs*	INGOs	Researchers	Private sector
Simplify processes for approval of proposals, particularly for micro-scale activities in LDCs and SIDS.	•	•						
Increase the flow of readiness support, in particular for strengthening of National Designated Authorities (NDAs) and consultation and engagement with non-state actors. Pacific governments should be ambitious with readiness requests, including: feasibility studies; environmental and social impact assessments; gender and economic analyses; engagement with the community sector and vulnerable groups; and other preparatory work.	•	•	•	•	•	•		
Prioritise the accreditation of national entities in the Pacific.	•	•	•	•				
Ensure existing accredited entities contribute to improved country ownership, including building institutional capacity.	•	•		•		•		
Ensure national stakeholders are involved in current pilot programs on Enhanced Direct Access and funding for MSMEs.	•		•	•	•			•
Develop an online collaboration and knowledge sharing portal on how to work with the GCF (as exists for the Adaptation Fund).	•		•	•	•			
Encourage the GCF to allocate greater resources and staff to improve collaboration with vulnerable countries and communities.	•	•	•	•	•	•		
Ensure ongoing workshops and consultations involving a range of non-state actors, including representatives of the private sector, churches, and vulnerable sections of the community.	•	•	•	•	•	•		•
Commit to a substantial increase in resources for the GCF during its first replenishment from 2017.	•	•						

* Civil Society Organisation (CSO)

2. Setting regional priorities

Summary

Interviewees from the Australian and New Zealand Governments, SPC and other inter-governmental agencies have argued there is a need for a major transformational regional project to be proposed to the GCF (and other global climate funds) rather than a series of piecemeal projects.

They are of the view that creating a platform that brings climate finance providers and countries together could be a game-changer. The question then is, which structure and who would decide on the priority projects within the region?

Some interviewees for this research argued there is a need for a major transformational regional project to be proposed by the GCF (and other global climate funds), rather than a series of piecemeal projects.

A number of participants echoed the statement from one regional representative who said: "Pacific countries need to develop a GCF engagement strategy, which could say 'this is how we as a region can coordinate and these are our priorities'."[85]

New Zealand MFAT officials said significant game-changing improvements to accessing climate finance would ideally come through an agency in the Pacific taking the lead to create a platform that brings climate finance providers and countries together (similar to the 2013 and 2016 Pacific Energy Summit/Conference). This process could focus on certain sectors and themes, matching and leveraging funding from all sources towards specific programs.[86]

Given that such a major project could take up a large proportion of funding available in a particular year, there are significant questions about which structure could decide on a priority project, given the diversity of national situations across the region and the scope of mandates and current — often fraught — political dynamics among agencies that make up the CROP.

The Framework for Pacific Regionalism (FPR) created by the Pacific Islands Forum is one possible mechanism, but the FPR decision-making process does not engage all potential participants — regional, national and subnational — when deciding priorities.[87] There are ongoing debates in the region about whether the Pacific Islands Forum should remain the key decision-making body for climate policy, given differences between Australia, New Zealand and Pacific island countries. The positive public response to the Suva Declaration – a strong and urgent call to action from Pacific island countries in the lead up to the Paris Agreement – highlights this ongoing tension. The Suva Declaration arose from the 2015 meeting of the Pacific Islands Development Forum (PIDF), of which Australia and New Zealand are not members.

Another challenge is that Pacific territories — administered by France, the US and New Zealand — are not full members of many multilateral and UN agencies, yet need to be integrated into regional climate responses.

Some suggestions for improving outcomes from climate funds through setting regional priorities are listed in Table 2.2, below.

Table 2.2: Recommendations for setting regional priorities

Recommendation	*Range of actors involved*							
	GCF and other climate finance providers	Australia and New Zealand Governments	Pacific governments	Pacific regional agencies	Pacific CSOs	INGOs	Researchers	Private sector
Develop a Pacific region-wide strategy for working with the GCF and other climate funds.	•		•	•	•	•		
Improve dialogue with French, US and New Zealand non-self-governing territories on ways they can access regional climate initiatives (eg through SREP and SPC).			•	•				
Identify and scale-up regional programs or existing pilot programs that have proven potential.			•	•	•	•	•	

3. INDCs: Converting climate plans into action

Summary

As part of the Paris negotiations, countries announced INDCs, which set priorities for adaptation and mitigation post-Paris. If further developed into concrete projects and programs, INDCs will be a way for the global community to channel technology, finance and help build capacity for developing countries. Importantly, INDCs, together with other national climate plans, have the potential to give greater ownership to developing countries when setting their own mitigation and adaptation priorities, and to direct resources where they're needed most.

Development partners like Australia and New Zealand can support Pacific countries to convert INDCs into financial investment strategies for mitigation and adaptation, help catalyse action and additional resources and keep up the momentum after Paris.

In preparation for the adoption of the Paris Agreement, 187 countries — responsible for 95% of global emissions and covering 98% of the world's population — each submitted an INDC to the UN. These submissions outline steps each country is taking, or will take, to mitigate greenhouse gases at a national level, according to their national circumstances and capabilities. INDCs are to be improved and strengthened every five years.

Despite contributing the least to global emissions, Pacific island countries have set ambitious renewable energy targets in their INDCs, driven in part by the advantages of renewable energy in increasing access to electricity, reducing fuel costs and providing long-term energy security (Pacific governments could save an average 10% of GDP each year otherwise spent on imported diesel.[88]) This transition to renewable energy, however, is conditional on external support for finance, technology transfer and capacity building. For example, Fiji's mitigation target is conditional on receiving FJD $500 million.[89]

Pacific governments were among more than 80% of low-income countries to include adaptation measures in their INDCs, signalling early in the Paris negotiations that adaptation remains an urgent priority. Public sources of climate finance are especially important for adaptation in developing countries that lack the economic capability to tackle climate change in the same way developed countries can. For instance, the combined GDP of all Pacific island countries, excluding Papua New Guinea, is roughly 1,900 times smaller than America's GDP, about 130 times smaller than Australia's and about one-eighteenth of New Zealand's.

INDCs are more than a global compilation of efforts to cut emissions or to itemise adaptation needs. Former UNFCCC head, Christina Figueres, said that if INDCs are further developed into concrete projects and programs, they will be a way for the global community to channel technology and cash, and help build capacity for developing countries.[90] Development partners like Australia and New Zealand can support Pacific countries to convert INDCs into financial investment strategies for mitigation and adaptation, help catalyse action and additional resources, and keep up the momentum after Paris.[91]

Implementation of the INDCs will also underpin the achievements of the new global development agenda. In fact, fulfilling the INDCs will be a defining factor in the success of the SDGs, which would not survive a future of extreme climate impacts.

"National Action Plans are useful frameworks for planning and implementation. Not all countries have them and not all activities are costed yet. INDCs will be another framework that could be useful if they're converted into concrete plans and programs. There's more coordination now among different actors and donors than, say, five years ago. But despite these plans, countries still accept what they're given by donors and don't negotiate to put their needs first because of concerns they'll lose the funding."

Pacific agency official [92]

INDCs, together with other national climate plans, have the potential to give ownership to developing countries to set their own mitigation and adaptation priorities and direct resources to where they're needed most. But this process also requires multilateral and bilateral donors — including New Zealand and Australia — to shift away from mainly project-based assistance towards longer-term programs anchored in a broader country strategy. This approach will also help mobilise additional funding sources, including private financing.

Some suggestions for converting INDCs into concrete projects and programs are listed in Table 2.3, below.

Table 2.3: Recommendations for converting INDCs into action

Recommendation	*Range of actors involved*							
	GCF and other climate finance providers	Australia and New Zealand Governments	Pacific governments	Pacific regional agencies	Pacific CSOs	INGOs	Researchers	Private sector
Provide assistance with developing INDCs into financial investment strategies.		•		•		•		•
Support longer-term programs anchored in broader country strategies.	•	•	•	•	•	•		•

4. Resetting the balance between adaptation and mitigation funding

Summary

The Paris Agreement states: "The provision of scaled-up financial resources should aim to achieve a balance between adaptation and mitigation." The level of adaptation funding is of particular importance for LDCs and SIDS, in comparison to larger developing nations, due to their low level of emissions, and vulnerability to disasters and slow-onset impacts of climate change.

Some countries like Australia have struck this funding balance, but many other nations and institutions have not. In spite of the long-standing commitment to balanced allocation at the global level, a 2015 OECD climate finance report suggests only USD $4–$6 billion in adaptation-specific grants or grant-equivalent funding was provided in 2014. Despite the priority of donors like Japan and New Zealand on renewable energy programs, many Pacific island countries have expressed greater interest in adaptation rather than mitigation funding, given the environmental impacts they are already experiencing.

Successive UNFCCC COPs have called on developed country Parties to channel a substantial share of public funds to adaptation activities. The Paris Agreement states: "The provision of scaled-up financial resources should aim to achieve a balance between adaptation and mitigation."[93]

The level of adaptation funding is of particular importance for SIDS, in comparison to larger developing nations. The reduction of local greenhouse gas emissions has not been the central focus of climate policy in the Pacific as there is limited opportunity for extensive cuts given the small size of their transport and energy sectors. As Tuvalu's INDC submission notes: "Tuvalu's emissions are less than 0.000005% of global emissions, one of the lowest from any Parties and negligible in the global context."[94]

Pacific island governments are still seeking climate funding to shift to renewable energy (with some countries like Tonga developing a decade-long energy roadmap[95]). Their focus on renewable energy is driven, in part, by the advantages of renewables in increasing access to electricity, reducing fuel costs and providing long-term energy security. In their INDCs, Pacific island governments have mapped out targets of between 50–100% renewable energy by 2030.

But despite the priority donors like Japan and New Zealand place on renewable energy programs, many Pacific island countries have expressed greater interest in adaptation rather than mitigation funding in response to the environmental impacts they are already experiencing. The Kiribati INDC noted, for example, that: "The government has embarked on a number of actions which will result in increasing the use of renewable energy technologies, improve energy security and reduce greenhouse gas emissions. However, the main focus for long-term sustainable development still remains adaptation to climate change by addressing the adverse impacts of climate change and its consequent sea-level rise."[96]

> ***"I appeal to you all to give the issue of climate adaptation funding the overriding priority it deserves."***
>
> Voreqe Bainimarama, Prime Minister of Fiji, addressing the 2016 World Humanitarian Summit

Ultimately, climate financing must match the needs and priorities of recipient countries and this will vary across the region and over time. But adaptation needs in SIDS and LDCs are already urgent and will continue to escalate as the century progresses, while mitigation needs will decline as the global and local economy is decarbonised in coming years.

One interviewee commented that in the Pacific the proportion of climate finance flowing to adaptation (which has been estimated at 40%) is likely to be higher than the global average (including loans and grants). New research that provides better evidence of the scale and type of flows in the Pacific region would be valuable as a baseline for future strategic action on climate finance.

Some interviewees believed a greater proportion of resources from adaptation funds should be allocated to community-level resilience programs, rather than further scientific studies and consultancies.[97] Sectors of highest concern are water resources, agriculture, health, ecosystems, oceans, forestry, and livelihoods of people, communities and regions.

Solomon Islands included its NAPA in its INDC, listing the costs of implementing prioritised adaptation projects alongside a conditional mitigation target worth more than USD $126 million. The low-lying Marshall Islands noted 60% of its GDP is dependent on aid and assumed international assistance to achieve its INDC.

In the past, Australia took a positive lead on addressing this issue by striking a rough balance between adaptation and mitigation in its FSF package — an initiative other donors like New Zealand and Japan should emulate. Furthermore, a renewed focus on private-sector engagement in climate financing and an emphasis on infrastructure may limit resources available for community-based programs on livelihoods and resilience (as discussed in Section 6, below).

Recommendations designed to reset the balance between adaptation and mitigation funding from a range of sources are listed in Table 2.4, below.

Table 2.4: Recommendations for resetting the balance between adaptation and mitigation

Recommendation	*Range of actors involved*							
	GCF and other climate finance providers	Australia and New Zealand Governments	Pacific governments	Pacific regional agencies	Pacific CSOs	INGOs	Researchers	Private sector
Advocate for quantified global targets for public adaptation finance (both pre- and post- 2020) to ensure adequate funding for the most vulnerable countries, focusing particularly on LDCs and SIDS.		•	•	•	•	•		
Develop balanced climate programs that move beyond a focus on energy and infrastructure to a broader development agenda including sectors such as food security and livelihoods.	•	•	•					•
By 2020, the New Zealand Government should ensure a balanced mitigation and adaptation climate finance portfolio, rather than the current 80/20 split. (Australia should maintain its existing funding balance.)		•						
Continue to integrate climate change and disaster risk reduction policies in national planning and frameworks. For Pacific governments, this means mainstreaming across all ministries and prioritising adaptation with climate finance providers.		•	•	•				
Identify the proportion of climate adaptation finance flowing to the Pacific region (compared with mitigation funding) as a baseline for strategic management of future flows.	•		•	•			•	

5. Managing the diversity of funding sources

Summary

Pacific island governments face a complex array of funding windows through which they apply for climate finance. Paradoxically, the geographic, demographic and cultural diversity of the region means there is some need to maintain a diversity of funding sources.

However, many existing funding mechanisms are not designed to take into account the small size and capacity constraints of vulnerable countries. Pacific governments are also burdened by institutional competition among donors and regional organisations, which limits the capacity of communities to easily access the resources they need to respond to the adverse effects of climate change.

Because of this, there is a need to better coordinate between development partners (governments, MDBs and INGOs) to avoid duplication of initiatives, share experiences of better practice, streamline requirements for reporting and fiduciary standards, and reduce the complexity of climate funding mechanisms.

Another looming debate for Pacific governments and communities is to determine a position on the future of existing funding mechanisms, such as the Kyoto Protocol Adaptation Fund (KPAF) and the World Bank Climate Investment Funds (CIFs), now that the GCF is in operation

Climate funding is channelled into the Pacific through a wide variety of mechanisms, from a range of different sources. Because of this, many Pacific governments are burdened by the complex bureaucracy and institutional competition among donors, which limits the capacity of communities to easily access the resources they need to respond to climate change.

Yet, paradoxically, the geographic, demographic and cultural diversity of the region — from large Melanesian nations with mountainous valleys, river deltas and high islands to low-population atoll nations — means there is some value in maintaining a diversity of funding sources.

Ongoing problems that constrain access to funding include:

- lack of up-to-date and timely information on types of resources available and procedures to access them (such as funding, technical assistance and information on best practice);
- long timelines and multiple frameworks for developing, implementing, reporting on and evaluating projects;
- limited openings for Pacific island countries to influence the priority focus of climate funds and how they operate and can be accessed;
- the need to harness external resources on a more predictable basis, and combine them with national budgets and national and sectoral development plans;
- gaps between national-level policy making and the interests of rural and outer-island populations; and
- the need to address what the World Bank has identified as “the institutional rigidity of donor organisations,”[98] despite efforts for co-ordination by overseas development partners.

The placement of climate change units within a bureaucracy often influences how climate-related projects are approached. For example, Australia's DFAT Climate Change Division is housed within the Multilateral Partnership section, which could contribute to a bias towards large-scale projects managed through MDBs. Fiji's climate change division has been moved firstly from the Department of Environment to the Ministry of Foreign Affairs, and then to the Ministry of Finance. While Finance Ministry staff have the expertise to manage key accountability and reporting requirements to donors, one NGO interviewee expressed concern that climate change staff could end up managing other agencies' projects (for example, World Bank, ADB and bilateral donors) rather than initiating new grassroots projects.

There are ongoing concerns that sufficient resources are not reaching vulnerable communities in projects managed by MDBs and regional agencies. For example, Tuvalu's Finance Minister, Maatia Toafa, has said his country is yet to see the benefit of USD $10 million allocated for the development of Tuvalu's NAPA, as most of the money has gone to the agency that had been helping Tuvalu work on the plan over the past three years.[99]

The costs of implementing climate programs (such as transport, equipment and communications) are comparatively higher in the Pacific region, but some interviewees commented these costs are not always well understood and are sometimes significantly underfunded by climate finance providers. While research on the relative impact of climate change on Pacific island economies and different sectors has begun, new research is needed to quantify and qualify the higher relative costs of delivering climate change adaptation and mitigation in the Pacific region compared to other regions, right through to the household level. This information could be useful to Pacific island countries and regional agencies in preparing climate programs and investment strategies.

Criteria utilised by some climate funds can discriminate against SIDS. For example, setting priorities for adaptation funding based on the dollar cost per person can discriminate against countries with far-flung but small populations, like the atoll nations of Tuvalu, Tokelau, French Polynesia or the Marshall Islands. The GCF is discussing ways to reduce the proposal requirements (such as pre-feasibility studies and environmental impact assessments) for low-risk, micro and small-scale projects (less than USD $50 million) but other bilateral and multilateral funds have been slow to address these added burdens.

A number of practical steps can be taken to increase the Pacific region's voice in the design of climate funds, and in international climate policy debates more broadly. Examples include workshops on negotiating skills for Pacific island women run by SPREP, and "twinning" partnerships that facilitate learning between international and local experts through mentoring and exchange programs.[100]

Funds like the GCF will provide a mixed portfolio of grants, loans and concessional funding, which will affect the types of projects funded in the Pacific region (though for now, Pacific island countries can still access 100% of grants from the GCF).

However, Pacific island countries have argued against the use of loans rather than grants for adaptation, on the basis that this means the poorest and most vulnerable nations would have to repay the funds required to address problems created largely by the industrialised donor countries based on their historic legacy of greenhouse gas emissions. Loans add to

the increasing problem of debt burden that a number of Pacific island countries already experience, thanks, in part, to the accumulation of Chinese soft loans. Some Pacific island countries lack the capacity to generate sufficient new economic activity and foreign exchange to service foreign loans.

One way for recipient countries to better direct and manage funding is to blend together resources for different providers. However, with limited capacity to address contrasting fiduciary and administrative requirements, many smaller Pacific island countries face a challenge in blending financial support from a range of OECD and developing country partners.

Beyond the obligations for OECD countries like Australia and New Zealand, the Paris Agreement also encourages other countries to provide support to the GCF on a voluntary basis. In the Pacific, where China, India and mid-level developing countries like Brazil are expanding South-South relations, this has potential to expand financing beyond traditional partners like Australia and New Zealand.

With new contributors from the global South, including China, it is even more crucial to develop a robust and fair methodology, and set transparent and consistent criteria to provide clarity on what should be counted and what should be attributed to Parties' public finance efforts.

Another looming debate for Pacific governments and communities is, determining a position on the future of existing funding mechanisms, such as the KPAF and the World Bank CIFs. Some NGOs suggest CIFs should be phased out given the GCF has now begun disbursing money and the fact that the CIFs were intended as interim funds. Other government interviewees argued existing mechanisms such as the KPAF can still play a role beyond the GCF, especially as they have well established procedures and allow national institutions to access finance directly, without going through an international entity.

Finally, as detailed in the following sections, the discussion of diverse funding sources must take account of non-state initiatives, including action by the private sector, community organisations and philanthropic trusts.

Recommendations for managing the diversity of funding mechanisms to meet the needs of LDCs and SIDS and to help channel climate finance to the most vulnerable communities affected by climate change are listed in Table 2.5, below.

Table 2.5: Recommendations for managing the diversity of funding mechanisms

Recommendation	*Range of actors involved*							
	GCF and other climate finance providers	Australia and New Zealand Governments	Pacific governments	Pacific regional agencies	Pacific CSOs	INGOs	Researchers	Private sector
Greater coordination between development partners and practitioners to avoid duplication of initiatives, share experiences of better practice, streamline requirements for reporting and fiduciary standards, and reduce the complexity of climate funding mechanisms.	•	•	•	•	•	•	•	
Provide flexible grant-based mechanisms that allow local communities, civil society groups and sub-national government bodies to easily access small levels of funding.	•	•						
Guarantee systematic and ongoing funding to upgrade Pacific officials' negotiating skills, to better represent regional interests as new climate funding mechanisms are development (eg through support for SPREP's negotiations skills training framework).	•	•	•	•				
Ensure the building of local capacity by, among other measures, making mandatory the twinning of international and local experts on missions, research projects and consultancies.	•	•	•	•	•	•		
Ensure adaptation project assessment criteria are adapted to the reality of SIDS geography and demography (eg decisions based on the dollar cost per person discriminate against countries with far flung but small populations).	•	•						
Conduct new research into the relative costs of delivering climate change adaptation and mitigation in the Pacific compared to other regions, through to the household level.			•	•			•	

6. Aligning private-sector initiatives, adaptation and local ownership

Summary

Governments in Australia and New Zealand have emphasised a greater role for the private sector in their development assistance programs. Given limited ODA budgets, they have also argued that public finance should help catalyse private finance to achieve the scale of financing that is needed for adaptation and mitigation.

The priority on private sector-led economic growth and investment in infrastructure raises questions about the extent to which finance will be matched to countries' and communities' needs and priorities, including adaptation funding for Pacific island governments and communities.

The desire to scale-up funding by using public funds to catalyse the private sector needs to also be matched with an assurance that environmental and social safeguards are in place to achieve inclusive sustainable development, rather than meet purely economic and commercial objectives. Another area for research and trials is in integrating remittance flows from Australia's Seasonal Work Program (SWP) and New Zealand's Recognised Seasonal Employer Program (RSE) into adaptation work.

A greater role for the private sector raises questions about the extent to which finance will be matched to countries and communities' needs and priorities.

This requires clarification of:

- the diversity of potential private-sector investors, their scale of operations and target countries for investment;
- the problem that those who need the most support (vulnerable communities, low-income countries) are the least able to attract private investment; and
- the requirement for quick return on investment may distort the length of time that investors are willing to engage in complex development sectors.

Recent research that promotes greater private-sector involvement in climate financing acknowledges the lack of returns for adaptation, in contrast to mitigation. For example, a 2015 French commission on Mobilising Climate Finance noted that: "It is reasonable to estimate that the majority of financing for adaptation in the most vulnerable countries is public. The potential incremental cost linked to improving the resilience of a project is difficult to integrate into a profit-based business model, given that it rarely generates additional revenues."[101]

The commission's report also notes a bias towards private-sector investment in larger developing nations rather than LDCs and SIDS, with the majority of current private-sector climate finance for developing countries currently flowing to three countries: Brazil, India and China.[102]

Donors like Australia, Japan and the EU are looking at regional mechanisms, such as the Pacific Regional Infrastructure Facility (PRIF), to mobilise resources for the Pacific and track management of renewable energy projects in Pacific island countries. However the

PRIF does not have a development-oriented counterpart in the Pacific, nor does it directly liaise with regional platforms such as the Alliance of Small Island States (AOSIS) SIDS Dock, an initiative designed to help achieve the transformation of energy sectors in SIDS, or the former SPREP-led Pacific Islands Greenhouse Gas Abatement through Renewable energy Project (PIGGAREP), a regional initiative responsible for providing members with specialist advice on energy sector development, feasibility studies and related legislation.

The focus on PRIF also comes at a time when China has created the USD $100 billion Asian Infrastructure Investment Bank (AIIB), which has the potential to become a major channel of funding to larger Pacific countries such as Papua New Guinea and Fiji. Potential tension between PRIF and AIIB may politicise decision-making on infrastructure investments, giving undue power to donor-driven agendas rather than the process being country-driven and inclusive of civil society.

As detailed in the in-depth analysis of Australia's climate finance commitments in Appendix 2, the Australian Government's priority on 'private sector-led economic growth' and investment in infrastructure and emissions reductions raises questions about the focus to be given to adaptation funding for Pacific island governments and communities.

Many private investors adopt a short-term perspective between their intervention and required return on investment, which conflicts with the long-term nature of most community adaptation interventions. As noted in a 2016 evaluation of Australian-funded community-based adaptation grants: "Adaptation is a long-term process. There are no shortcuts … Work should increasingly be tailored to local contexts and focus on deepening knowledge and experience in vulnerable communities."[103]

For this reason, many community initiatives on resilience and livelihoods among vulnerable Pacific communities are unlikely to provide immediate returns on investment. While change adaptation does carry economic benefits, these accrue to the wider community rather than to a particular project or investor. The desire to scale-up funding by involving the private sector needs to be matched with an assurance that environmental and social safeguards are in place to achieve inclusive sustainable development rather than meeting purely economic and commercial objectives. (See detailed analysis of New Zealand's climate finance contributions in Appendix 3, describing what some interviewees called "the economic focus" in renewable energy projects and the crowding out of sectors important to resilience, other than energy.)

There are also examples where privatisation of state-owned utilities in water and electricity (such as Shoreline in Tonga or UNELCO in Vanuatu) has seen significant financial burdens on the poor. The introduction of user-pays and service cut-offs for non-payment has adversely affected people living in squatter settlements and rural areas. The private-sector interest in major urban profit centres risks leaving rural areas and outlying islands with second-tier services.[104]

There is a need to shift beyond investment in standard infrastructure — roads, wharves, power grids — to more innovative options that impact directly on carbon emissions.[105]

Instead of public funds being used to subsidise industry for the donor country, there is a need to prioritise innovative ways of catalysing local investors. As yet, national development

banks and superannuation funds in the Pacific have not been centrally involved in discussions on climate financing, despite their capacity to leverage large amounts of private finance.

Rather than focus on large infrastructure companies, there is also a need to scope out micro-, small- and medium-sized enterprises (MSMEs) in the Pacific, and opportunities for participation in accessing climate finance.

In recent years, many private-sector organisations (for example, in Australia's renewable energy sector) have been as critical as NGOs about the lack of predictability in Australian public funding. Interviewees for this study noted private-sector investors need consistent market signals rather than uncertainty, as seen, for example, with the Renewable Energy Target (RET) in Australia. As such, the private sector may be an ally in lobbying government on predictability and adequacy of climate finance.

Access to cash or credit can be an important factor in individual and communities' ability to recover from disaster. Women often face barriers in directly accessing financial services. However, programs like Vanuatu Women's Development Scheme show it is possible to provide accessible financial services to economically marginalised individuals.[106]

Another area for research and trials is the integration of remittance flows from Australia's SWP and New Zealand's RSE into adaptation work. There is already evidence of seasonal workers investing in technology that provide sufficient electricity for lighting and charging small household electronic devices, as well as examples of ni-Vanuatu seasonal workers bulk-buying solar panels in New Zealand and shipping them to Lamen Bay.[107]

Recommendations for aligning private-sector initiatives, adaptation and local ownership are listed in Table 2.6, below.

Table 2.6: Recommendations for aligning private-sector initiatives, adaptation and local ownership

Recommendation	*Range of actors involved*							
	GCF and other climate finance providers	Australia and New Zealand Governments	Pacific governments	Pacific regional agencies	Pacific CSOs	INGOs	Researchers	Private sector
Ensure appropriate environmental and social safeguards are used so that investments result in inclusive sustainable development and are aligned with communities' needs and priorities.	•	•	•	•	•	•		•
Investigate opportunities for MSMEs in the Pacific region to participate in accessing climate finance.	•	•	•		•	•		•
Ensure private-sector finance initiatives, such as rural banking programs run by commercial banks, support women in gaining access to credit or financial extension services.	•	•	•		•	•		•
Initiate trials on integrating community-based adaptation initiatives and remittance flows from Australia's SWP and New Zealand's RSE.		•	•		•	•	•	
Organise educational workshops on climate financing that allow government officials, donor staff and a range of church, women's and environmental organisations to understand climate finance and discuss implications of different funding sources, and how they might operate and be accessed in the national context.			•	•	•	•	•	

7. Prioritising civil society and community initiatives

Summary

While climate change is currently conceptualised and programmed mainly at regional and national level, it is being experienced locally. Much work at this community level is conducted by non-government, community and faith-based organisations, directly working with the community members whose lives are affected.

During the FSF period in 2010–2013, there were important funding windows for the non-government and community sector to access appropriately sized tranches of funding for community-level initiatives. At a time when governments are seeking value for money and effective use of development assistance funding, programs such as Australia's Community Based Climate Change Action Grants (CBCCAG) should be extended.

There is a need to develop more effective community engagement processes, drawing on successful models. Positive examples include networks that promote collaboration and cooperation between local NGOs and INGOs, integrated sectoral committees, or the work of the Vanuatu Humanitarian Team (VHT) and Vanuatu Climate Action Network (VCAN).

These initiatives should be tailored to allow effective participation by a range of different groups — women, youth and marginalised groups, like the disabled and elderly — including more representative and effective engagement at national level. Another challenge is to increase access for sub-national governments to international climate finance, to improve sectoral planning and allow an issue or a particular location to be targeted.

Climate change is being experienced locally on a day-to-day basis. There is a crucial need to understand the changes in the social, cultural and environmental context at close range. Much work at this grassroots level is being conducted by non-government, community and church-affiliated organisations, directly working with community members whose lives are affected.

During the FSF period, there were important funding windows for the non-government and community sector to access appropriately sized tranches of funding for this local work.

An example is Australia's CBCCAG — a three-year, AUD $16.9 million program, which began in 2011 and was extended to 2016. The evaluation of the CBCCAG program outlines a range of lessons learnt, but stresses the importance of sustained and ongoing funding for community-level initiatives: "The experience enabled partners and communities to build knowledge and skills about the risks and vulnerabilities posed by changing weather and climate in their local contexts, and to begin integrating this knowledge in community development planning systems and practice. [However] longer timeframes are needed in community-based adaptation to establish firm relationships with government and other partners, to influence local development planning, and to access funding streams for implementation."[108]

The Australian-funded initiative is a valuable model to increase community resilience and improve capacity to respond to natural disasters and the adverse impacts of climate change. At a time when governments are seeking value for money and effective use of development assistance funding, this program illustrates a valuable way of working.

There is a need to expand innovative ways of working that break down silos between and within government departments and community networks. One cost-effective example is the consortium approach adopted by the Vanuatu NGO Climate Change Adaptation Program "*Yumi stap redi long klaemet jenis*", a consortium of six local and international agencies. For example, through the VHT, NGO workers were embedded in Vanuatu's National Disaster Management Office (NDMO), aiding coordination when the country was devastated by Cyclone Pam in 2015.[109] Likewise, VCAN has increased collaboration and information-sharing between civil society, government and overseas development partners, and is a key consultative body in climate policy development nationally.[110] Among other initiatives, it has enabled civil society representatives to join official delegations to regional and global meetings, including UNFCCC negotiations, thereby linking community and civil society priorities to national and international decision making.[111] At the regional level, the Pacific Islands Climate Action Network (PICAN) is enabling stronger collaboration between Pacific civil society, Pacific governments and regional institutions.

Another challenge is to increase access for sub-national governments (provincial or local) to international climate finance, to improve sectoral planning and to allow an issue or a particular location to be targeted. There are a number of key sectoral initiatives in the region, such as integrated water and resource management programs, that use risk management approaches and bring together steering committees with wide membership (for example, the Nadi Basin Catchment Committee in Fiji, a pilot initiative involving local government, NGOs, government agencies and private-sector businesses).[112]

Recommendations to prioritise civil society and community initiatives in climate planning and funding are listed in Table 2.7, below.

Table 2.7: Recommendations for prioritising civil society and community initiatives

Recommendation	*Range of actors involved*							
	GCF and other climate finance providers	Australia and New Zealand Governments	Pacific governments	Pacific regional agencies	Pacific CSOs	INGOs	Researchers	Private sector
Develop policy frameworks and mechanisms that channel climate finance to sub-national levels, local actors and, specifically, to local women's organisations.	•	•	•		•	•		
Establish dedicated NGO funding windows in financing mechanisms, and expand access to Community Based Climate Action Grants.	•	•	•		•	•		
Invest in bottom-up participatory programming and good processes, recognise local and indigenous knowledge and support local-level action.			•	•	•	•		
Prioritise funding for initiatives that break down silos and involve government, community and business representatives.	•	•	•		•	•		•
Develop transparent processes for the selection of non-government members on climate coordination structures, climate trust fund boards or committees responsible for decision-making and financial control of climate funding.			•	•	•			
Nominate knowledgeable CSO representatives for official delegations to regional and international climate meetings, technical working groups and policy forums.			•	•	•		•	
Develop more effective community engagement processes tailored to allow participation by a range of different groups, including more representative and effective engagement at national level, and involving women, youth and marginalised groups, such as the disabled and elderly.			•	•	•	•		
Strengthen capacity of civil society by creating new mechanisms to engage with the full range of non-state actors (NGOs, private sector, church, etc) and provide information and resources to customary landowners who own and manage the majority of land in most Pacific societies.			•		•	•		

8. Integrating gender, youth and vulnerability

Summary

Climate policies should be based on the understanding that women, children and men are affected differently by climate change. Each group experiences different risks, vulnerabilities and levels of resilience. They also make varied positive contributions to the overall community response.

Decades of development experience in the Pacific have demonstrated that gender has to be integrated at all levels of activities, through a variety of mechanisms including: gender mainstreaming; disaggregated statistics; gender analysis in program design; promoting a rights-based approach that draws on the Convention on the Rights of the Child (CRC) and the UN Convention on the Elimination of all Forms of Discrimination against Women (CEDAW); and systems of gender budgeting, monitoring and evaluation and auditing. The same principles apply to the allocation of climate financing.

This report outlines a number of initiatives that could be strengthened to better engage women, young people and men, especially from rural, outer-island and vulnerable communities.

Climate policies should be based on the understanding that women, children and men are affected differently by climate change, but also have varied positive contributions to the community response.

Important demographic differences in 'community' include age, sex and gender, ethnicity, religion, educational attainment, socio-economic status of families, and whether people are disabled, employed or unemployed, and whether they live in urban or rural settings, on main or outer island locations. Collectively, these characteristics mean people will be impacted by climate change in different ways, have different risks and vulnerabilities, and different levels of resilience.

Decades of development experience in the Pacific have demonstrated that gender has to be integrated at all levels of activities, through a variety of mechanisms including: gender mainstreaming; disaggregated statistics that take account of gender and age; gender analysis in project and program design; promoting a rights-based approach that draws on CRC and CEDAW; and systems of gender budgeting, monitoring and evaluation and auditing.

The same principles apply to the allocation of climate financing. There is a need for development partners to dedicate resources for further initiatives to improve the gender capacity of NDAs and gender inclusion in climate planning and programs. This should include having gender experts in country missions during project preparation.[113]

> ***"More climate dollars are starting to flow to fix the damage caused by climate change, minimise further losses, and adapt to our changing home. But still, there are unresolved arguments over definition, donors are largely calling the shots, and the poorest are, mostly, shut out of the rooms where decisions are made, left begging for crumbs from the table."***
>
> Caritas Aotearoa[114]

Efforts should be taken to ensure a gender balance within all bodies responsible for climate policy-making and control of climate funding, such as the boards of national climate trust funds.[115]

The UNFCCC process has slowly begun to integrate gender considerations into programming (for example, with the Doha Decision at COP18 on 'Promoting gender balance and participation of women in UNFCCC bodies and processes' or the 'Lima work program on gender' from COP20). Under Article 7 of the 2015 Paris Agreement: "Parties acknowledge that adaptation action should follow a country-driven, gender-responsive, participatory and fully transparent approach, taking into consideration vulnerable groups …"[116]

The GCF Governing Instrument includes key references to gender. Unlike the CIFs, the KPAF and GEF, the GCF is the first dedicated climate fund to have a gender mainstreaming approach in place at the beginning of its funding operations. GCF readiness support also encourages the gender-sensitive engagement of national and sub-national stakeholders in the GCF programming process.

In an interview, one DFAT official noted: "On gender, we wanted world's best practice into the [GCF] fund at all levels. We could have gone further, but it's the best practice around. It's a matter of quiet satisfaction for us that the gender work has been integrated so well."[117]

Internationally, a range of NGOs and foundations have suggested ways to improve the focus on gender in climate funding.[118] Within the Pacific region, there have been positive initiatives to address this issue, such as the development of the Pacific Gender Toolkit.[119] However, past Pacific regional initiatives have often revealed the difficulty of integrating the contributions of women, children and disadvantaged groups in climate change strategies, especially when the initiatives are targeted at science, infrastructure and energy. While there are a range of programs that include a level of gender analysis and target vulnerable members of the community, this focus is often lost when projects are scaled-up and replicated.

Using scarce public resources in an equitable, efficient and effective way cannot afford to ignore 50% of project-relevant actors or beneficiaries of any project. One NGO interviewee noted: "We've had some successes at community level but it's difficult to scale-up the gender sensitivity to higher levels. With our work on children, we only see token engagement (for instance, youth speakers participating at UNFCCC meetings) but we don't see any paradigm-shifting work. Most decision-makers don't take much note of children."[120]

One NGO representative suggested 'fly in, fly out' gender training was not really effective, and required more long-term, locally crafted mentoring and support. Some NGO interviewees were concerned that prioritisation of climate funding through the GCF, MDBs and UN agencies may lead to less successful outcomes, as "these structures lack a track record of positive work on vulnerability."[121]

Recommendations for integrating gender and vulnerability are listed in Table 2.8, below.

Table 2.8: Recommendations for integrating gender, youth and vulnerability

Recommendation	*Range of actors involved*							
	GCF and other climate finance providers	Australia and New Zealand Governments	Pacific governments	Pacific regional agencies	Pacific CSOs	INGOs	Researchers	Private sector
Conduct detailed research in different cultural contexts on how climate change affects women, young people, and men in different ways, especially in multilingual and diverse societies in Melanesia.			•	•	•	•	•	
Promote equal opportunities for women, young people and men to provide input and participate throughout project cycles.	•	•	•	•	•	•		
Develop and implement a comprehensive gender mainstreaming policy/tool for regional and national funding mechanisms.	•		•	•	•	•		
Create gender balance on trust fund boards and committees and involve women's organisations as active observers.			•	•	•			
Include gender experts in the country missions during climate project preparation, and organise consultations with gender and age disaggregated groups.	•	•	•	•	•	•	•	
Convene a regional workshop on children and climate change, aimed at establishing a regional working group on climate change and children, including youth representatives.			•	•	•	•	•	

9. Developing new and innovative sources of funding

Summary

Public finance is crucial for programs where it is difficult to attract private investment, including many adaptation and resilience-building initiatives. But ODA budgets — the source of much OECD climate funding — cannot fill the growing adaptation gap. In recent years, there has been extensive overseas debate about alternative sources of development and climate financing, but this debate does not yet have a significant public profile in Australia and New Zealand.

Experience strongly suggests that addressing adaptation needs will depend on mobilising adequate and sustained *public* financing [122]. In recent years there has been extensive overseas debate about alternative sources of development and climate financing (under the UNFCCC and as part of the new SDGs and Sendai Framework for Disaster Risk Reduction).

The report of the UN's High-Level Advisory Group on Climate Change Financing and other recent studies[123] have outlined an extensive range of possible new and innovative sources of funding, which could serve to mobilise additional public finance. These include: financial transaction taxes (also called a Robin Hood tax or Tobin tax); levies on emissions from maritime bunker and aviation fuel (being discussed under the International Maritime Organisation and International Civil Aviation Authority respectively); use of revenues from carbon taxes and carbon market auctions; crackdowns on corporate tax avoidance and tax havens; and revenue from Reduced Emissions from Deforestation and Forest Degradation (REDD+) funding.

Currently, climate funds pledged by several developed countries, including Australia and New Zealand, are exclusively allocated from the ODA budget. New sources of funding will be needed both to fill the adaptation finance gap and to ensure the provision of climate finance does not see funding diverted from other aid priorities. We must also recognize that in addition to raising finance for climate change adaptation, significant further finance will be required to address loss and damage from climate change.

Recommendations to encourage innovation in funding sources to scale-up climate finance are listed in Table 2.9, below.

Table 2.9: Recommendations for developing new and innovative sources of funding

Recommendation	*Range of actors involved*							
	GCF and other climate finance providers	Australia and New Zealand Governments	Pacific governments	Pacific regional agencies	Pacific CSOs	INGOs	Researchers	Private sector
Investigate the costs and benefits of a range of potential new revenue streams outside of ODA budgets, including financial transaction taxes, carbon pricing mechanisms, and levies on emissions from international transport.		•	•	•		•	•	•
Encourage progress under the UNFCCC, International Maritime Organisation (IMO) and International Civil Aviation Authority (ICAO) towards market-based measures that can reduce international transport emissions while generating revenue that can be used for international climate finance.		•	•	•		•		

10. Phasing out subsidies for coal and fossil fuels

Summary

In line with the Paris Agreement, where countries agreed to "making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development", the shift beyond ODA budgets to provide climate finance should include measures to phase out fossil-fuel subsidies and ensure all investment is aligned with climate-compatible development.

In the Paris Agreement, countries agreed to "making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development."[124] The objective of integrating climate finance into the mitigation objectives of the Paris Agreement requires moving investments out of sectors that drive climate change (such as fossil fuels) and aligning investment portfolios for the zero-carbon future pledged for the second half of the 21st century.

However the 2015 OECD climate financing report notes: "Japan and Australia consider that financing for high efficiency coal plants should also be considered as a form of climate finance."[125] Any prioritising of clean coal technology sales to large Asian nations like China, Indonesia and India, will distort the already constrained climate financing package away from crucial adaptation needs in Pacific island countries where there is limited potential for significant private-sector co-financing.

Support for the expansion of coal exports has concerned many Pacific leaders — an issue for Australia as a major coal exporting country. In the lead up to COP21 in Paris, the then President of Kiribati, Anote Tong, wrote to world leaders stating: "As leaders, we have a moral obligation to ensure that the future of our children, our grandchildren and their children is safe and secure. For their sake, I urge you to support this call for a moratorium on new coal mines and coal mine expansions."[126] Oxfam has urged the Australian Government to commit to no new coal mines or coal mine expansions in Australia, accompanied by the rapid phasing out of coal-fired power in Australia and greater support for clean energy plans in developing countries.

The proposed Pacific Climate Treaty, presented by the PIDF Secretariat and PICAN at the 2016 PIDF Leaders' Summit, includes a number of commitments towards phasing out fossil fuels, including a regional ban on coal or fossil-fuel mines, and no subsidies for fossil-fuel production or consumption. The proposal was noted by Pacific leaders and approved for further consultation.

France's 2015 Canfin-Grandjean Commission on Mobilising Climate Finance noted: "The first challenge is to phase out fossil-fuel subsidies that act in many ways as a negative carbon price."[127]

In 2015, the IMF published a global estimate of fossil-fuel subsidies amounting to USD $5.3 trillion arguing that "eliminating global energy subsidies could reduce deaths related to fossil-fuel emissions by over 50% and fossil fuel related carbon emissions by over 20%."[128]

"The first challenge is to phase out fossil-fuel subsidies that act in many ways as a negative carbon price."

Canfin-Grandjean Commission on Mobilising Climate Finance, France 2015

New Zealand Climate Ambassador, Mark Sinclair, argued: "Smaller countries have a useful and important role to play. One of the standout examples of that has been the fossil-fuel subsidies push. We're all non-G20 countries, so we're not big guys but one thing we have in common is a very strong conviction that reforming fossil-fuel subsidies has to be one of the main tracks of the push to implement the Paris Agreement … At a time when we're looking for financing to support this critical work of implementing the Paris Agreement, we simply cannot ignore that huge amount of public money that's going into subsidies."[129]

Recommendations for phasing out subsidies for coal and fossil fuels are listed in Table 2.10, below.

Table 2.10: Recommendations for phasing out subsidies for coal and fossil fuels

Recommendation	*Range of actors involved*							
	GCF and other climate finance providers	Australia and New Zealand Governments	Pacific governments	Pacific regional agencies	Pacific CSOs	INGOs	Researchers	Private sector
Members of the Pacific Islands Forum should join New Zealand, other countries, global agencies and businesses advocating for fossil-fuel subsidy reform. This should include transparency with civil society; ambition in the scope and timeframe; and targeted support to ensure reforms are implemented in a manner that safeguards the poorest. Alongside advocating for reform globally, Australia and New Zealand should phase out all fossil-fuel subsidies within their jurisdictions.		•	•			•		•
Ensure international climate finance does not include financing for fossil-fuel developments.	•	•						

11. Improving reporting, transparency and learning

Summary

Effective climate action needs to be built on sound information, evidence, feedback and learning.

Following the 2009 Copenhagen COP, Pacific governments expressed concern there was a lack of transparency about the pledges of climate financing made by OECD countries. While reporting and transparency have improved since then, there are ongoing concerns about the provision of timely, disaggregated information on, among other things, the types of funding available, allocations for adaptation and mitigation, and on funds pledged, approved and dispersed.

Donors can make an important contribution through improving the Monitoring, Reporting and Verification (MRV) of climate finance. This requires a greater degree of transparency and accessibility of information, sound baselines, monitoring and evaluation across society, and effective learning cycles to improve performance.

Given many global studies draw on data from Africa and Asia, Pacific governments also need improved MRV, to document the success and challenges of working in SIDS environments.

There is also a need to develop robust methodologies to account for private-sector investment, alongside public grants.

Under the Paris Agreement, developed countries must report on their climate finance every two years. (Parties to the Agreement must now decide on the specific information to be reported, how it will be reviewed, and what should count towards finance goals.) The Agreement also encourages developing countries to report on finance received, as well as their needs.

While reporting and transparency have improved in recent years, further progress is needed. As a start, developed country governments must provide timely, disaggregated information on: the types of funding available (grants, loans, etc.); different mechanisms (bilateral ODA, multilateral banks, GCF, GEF, etc); allocations for adaptation and mitigation; on funds pledged, approved and dispersed; monitoring and evaluation of outcomes; and country-by-country data.

> ***"While climate finance reporting and transparency have improved, there has been substantial variation in the level of information that countries disclose … Continuing to improve the availability, accessibility and comprehensibility of climate finance reporting remains a challenge."***
>
> An analysis of lessons learned from the FSF period[130]

Though it is beyond the scope of this paper, there is a need to develop robust methodologies to account for private-sector investment, alongside public grants. In addition, moving beyond the existing Rio Markers — where donors calculate their overall contribution by labelling programs as either 'climate principle' or 'climate relevant' — there is a need to further clarify which funding is truly dedicated to climate responses.[131]

Accountability and learning will also be improved from analysis of existing activities, pilot programs and technology exchange. In the 2012 report *Owning Adaptation in the Pacific: Strengthening governance of climate adaptation finance*, Oxfam argued for a "culture of learning" among governments, communities, civil society and the private sector.[132] Based on lessons from recent adaptation programs in Vanuatu[133] and other Pacific island countries, Oxfam has promoted a Resilience Framework as part of wider efforts to measure, evaluate and help inform future investments.

Donors like Australia and New Zealand can make an important contribution to improving MRV. Effective action needs to be built on sound information, evidence, feedback and learning. This requires a greater degree of transparency and accessibility of information, sound baselines, monitoring and evaluation across society, and effective learning cycles to improve performance. Pacific governments also need improved MRV to document the success and challenges of working in SIDS environments, but they need support from development partners to do this well.

Beyond this, there are strategic questions that need public debate outside the small number of regional experts within the climate-financing architecture: What are the criteria being used by the various funding agencies and fund managers? How explicit are these criteria? What are the priorities? How are needs identified and weighted? Are they sensible? Is there a need for more critical scrutiny and reporting? What do the recent decisions of the GCF tell us about how funds are being allocated from that source? Are there grounds for concern?

Recommendations for improving reporting and transparency of climate finance sources and flows, and for developing a culture of learning among development partners and practitioners, are listed in Table 2.11, below.

Table 2.11: Recommendations for improving reporting, transparency and learning

Recommendation	*Range of actors involved*							
	GCF and other climate finance providers	Australia and New Zealand Governments	Pacific governments	Pacific regional agencies	Pacific CSOs	INGOs	Researchers	Private sector
Help drive progress under the UNFCCC towards greater transparency and effective accounting* This must ensure countries' contributions are comparable, and disaggregated in terms of public/private contributions, instruments used, adaptation/mitigation and other key indicators.		•	•			•		
Ensure information on climate finance flows can be easily accessed and used. This should include documenting whether pledges have been budgeted and approved, amounts dispersed to recipient organisations, evaluations of impact, and information regularly updated and published on public databases.	•	•						
Utilise techniques of 'bottom-up' accounting and participatory budgeting processes that mobilise communities to monitor climate finance pledges to ensure they are translated into action.			•	•	•	•	•	
Continue to develop a culture of learning by documenting and sharing lessons from existing projects and programs.	•	•	•	•	•	•	•	•
**Agreeing what counts:* SBSTA is to develop modalities for the accounting of climate finance. *Further transparency:* The SCF is tasked with enhancing MRV tolls and producing a second biennial assessment of climate finance flows in time for COP22.								

Conclusion

Global, national, sub-national and community actors all need to take responsibility for accelerating access, adaptation and effectiveness of climate finance to those most in need.

At the global level, the Paris Agreement offered new signs of a willingness to move the world in the right direction but there's an urgent need to turn this into concrete action, including: a commitment by developed countries to a climate finance roadmap to achieve USD $100 billion per year from all sources by 2020; targets for climate adaptation finance; enhanced ambition; and improved reporting and tracking.

For Pacific LDCs and SIDS that have unique needs and experience disproportionately higher climate impacts, the climate finance component of the Paris Agreement is crucial if it is to be a success. Easier access to predictable, scalable sources of grant-based climate adaptation finance is particularly needed to help Pacific communities adapt and build resilience.

A new and significant funding mechanism, the GCF, and INDCs are part of the post-Paris climate finance landscape. Although some good initiatives are already underway, there are several aspects that must change to make them work better for Pacific societies, including external support to assist Pacific governments to gain access to funds and convert INDCs into investment strategies and tangible actions.

Building resilience to climate change is a challenge for all society. Donors, government and non-state actors need to create new mechanisms to re-direct funding and information to rural and remote areas, and allocate resources to address climate impacts across all sectors.

Pacific LDCs and SIDS often have limited capacity and resources to prioritise investment across all sectors considered critical to building resilient communities, including food, livelihoods and fresh water. Although there are important co-benefits, it is important that one sector (such as renewable energy) is not allowed to dominate the country-driven development agenda of Pacific societies.

Crucial investment in climate change education, resources and skills are needed at all levels to build capacity of governments and non-state actors — including civil society, traditional leaders, private sector, churches, women's organisations and local communities, especially in outer islands and remote areas. Particular attention needs to be paid to the most vulnerable in society, especially women and children.

The challenge of financing climate change comes at the same time as countries are seeking support to make progress towards the universal SDGs. Critically, the new goals include climate action in recognition that it affects development progress. The new Sendai Framework for Disaster Risk Reduction from 2015–2030 is an important related framework. The issue of climate financing therefore needs to be addressed as part of wider discussions on Finance for Development and the promotion of new, innovative finance sources.

Of major concern since Oxfam's 2012 report is the escalation of climate change impacts, as predicted by climate scientists, and the increasingly severe challenge this presents to Pacific people. Over the next few decades, large numbers — and in some cases entire nations — will be displaced from their homes and livelihoods by sea-level rise and other climate impacts. As the scale of relocation is set to rise, the global community must urgently ensure the rights of displaced Pacific communities are not put at risk. This will include much broader measures than climate finance policy, in areas of foreign affairs and trade, migration, work and skills opportunities, and remittances.

This report identifies an urgent need for action in 11 strategic areas to ensure Pacific governments are supported to take leadership of climate adaptation, and that civil society is actively engaged to effectively benefit the most vulnerable members of their communities. These 11 strategic areas are:

1. Improving access to the Green Climate Fund
2. Setting regional priorities
3. INDCs: Converting climate plans into action
4. Resetting the balance between adaptation and mitigation funding
5. Managing the diversity of funding sources
6. Aligning private-sector initiatives, adaptation and local ownership
7. Prioritising civil society and community initiatives
8. Integrating gender, youth and vulnerability
9. Developing new and innovative sources of funding
10. Phasing out subsidies for coal and fossil fuels
11. Improving reporting, transparency and learning

Providers of finance, national governments and other development partners can make these goals a reality by taking immediate action on the recommendations, identified in part two of this report and summarised in Table 3: Summary of all recommendations, across the 11 strategic areas (see Appendix 1, below).

Climate change poses formidable challenges and the recommendations demonstrate the importance of governments playing a leadership and coordination role to mobilise a broad response across Pacific societies based on the common aim of building resilience.

Appendix 1: Summary of recommendations

Table 3: Summary of recommendations to accelerate climate finance access, adaptation and effectiveness in the Pacific region — arranged by different actors, across the 11 strategic areas.

KEY	
GCF	Green Climate Fund
GCF+	Green Climate Fund and other climate finance providers
AU/NZ	Australia and New Zealand Governments
PGs	Pacific governments
PRAs	Pacific regional agencies
PCSOs	Pacific Civil Society Organisations
INGOs	International Non-Government Organisations
Res	Researchers
PS	Private sector

GCF and other climate finance providers		
Strategic area for action	***Recommendation***	***Other actors involved***
Improving access and outcomes from the GCF	**Simplify processes for approval of proposals**, particularly for micro-scale activities in LDCs and SIDS.	AU/NZ
	Increase the flow of readiness support, in particular for strengthening of NDAs and consultation and engagement with non-state actors. Pacific governments should be ambitious with readiness requests, including: feasibility studies; environmental and social impact assessments; gender and economic analyses; engagement with the community sector and vulnerable groups; and other preparatory work.	AU/NZ, PGs, PRAs, PCSOs, INGOs
	Prioritise the accreditation of national entities in the Pacific.	AU/NZ, PGs, PRAs
	Ensure existing accredited entities contribute to improved country ownership, including building institutional capacity.	AU/NZ, PRAs, INGOs
	Ensure national stakeholders are involved in current pilot programs on Enhanced Direct Access and funding for MSMEs.	PGs, PRAs, PCSOs
	Develop an online collaboration and knowledge sharing portal on how to work with the GCF (as exists for the Adaptation Fund).	PGs, PRAs, PCSOs
	Encourage the GCF to allocate greater resources and staff to improve collaboration with vulnerable countries and communities.	AU/NZ, PGS, PRAs, PCSOs, INGOs,
	Ensure ongoing workshops and consultations involving a range of non-state actors, including representatives of the private sector, churches, and vulnerable sections of the community.	AU/NZ, PGs, PRAs, PCSOs, INGOs, PS
	Commit to a substantial increase in resources for the GCF during its first replenishment from 2017.	AU/NZ
Setting regional priorities	**Develop a Pacific region-wide strategy** for working with the GCF and other climate funds.	PGs, PRAs, PCSOs, INGOs
Converting INDCs into action	**Support longer-term programs anchored in broader country strategies.**	AU/NZ, PGs, PRAs, PCSOs, INGOs, PS
Resetting the balance between adaptation and mitigation	**Develop balanced climate programs that move beyond a focus on energy and infrastructure to a broader development agenda** including sectors such as food security and livelihoods.	AU/NZ, PGs, PS
	Identify the proportion of climate adaptation finance flowing to the Pacific region (compared with mitigation funding) as a baseline for strategic management of future flows.	PGs, PRAs, Res
Managing the diversity of funding mechanisms	**Greater coordination between development partners and practitioners** to avoid duplication of initiatives, share experiences of better practice, streamline requirements for reporting and fiduciary standards, and reduce the complexity of climate funding mechanisms.	AU/NZ, PGs, PRAs, PCSOs, INGOs, Res
	Provide flexible grant-based mechanisms that allow local communities, civil society groups and sub-national government bodies to easily access small levels of funding.	AU/NZ

	Guarantee systematic and ongoing funding to upgrade Pacific officials' negotiating skills, to better represent regional interests as new climate funding mechanisms are development (eg through support for SPREP's negotiations skills training framework.)	AU/NZ, PGs, PRAs
	Ensure the building of local capacity by, among other measures, making mandatory the twinning of international and local experts on missions, research projects and consultancies.	AU/NZ, PGs, PRAs, PCSOs, INGOs
	Ensure adaptation project assessment criteria are adapted to the reality of SIDS geography and demography (eg decisions based on the dollar cost per person discriminate against countries with far flung but small populations).	AU/NZ
Aligning private sector initiatives, adaptation and local ownership	**Ensure appropriate environmental and social safeguards** are used so that investments result in inclusive sustainable development and are aligned with communities' needs and priorities.	AU/NZ, PGs, PRAs, PCSOs, INGOs, PS
	Investigate opportunities for MSMEs in the Pacific region to participate in accessing climate finance.	AU/NZ, PGs, PCSOs, INGOs, PS
	Ensure private-sector finance initiatives, such as rural banking programs run by commercial banks, support women in gaining access to credit or financial extension services.	AU/NZ, PGs, PCSOs, INGOs, PS
Prioritizing civil society and community initiatives	**Develop policy frameworks and mechanisms that channel climate finance to sub-national levels, local actors and, specifically, to local women's organisations.**	AU/NZ, PGs, PCSOs, INGOs
	Establish dedicated NGO funding windows in financing mechanisms, and expand access to Community Based Climate Action Grants.	PGs, PCSOs, INGOs
	Prioritise funding for initiatives that break down silos and involve government, community and business representatives.	AU/NZ, PGs, PCSOs, INGOs, PS
Integrating gender, youth and vulnerability	**Promote equal opportunities for men, women and young people to provide input and participate throughout project cycles.**	AU/NZ, PGs, PRAs, PCSOs, INGOs
	Develop and implement a comprehensive gender mainstreaming policy/tool for regional and national funding mechanisms.	PGs, PRAs, PCSOs, INGOs
	Include gender experts in the country missions during climate project preparation, and organise consultations with gender and age disaggregated groups.	AU/NZ, PGs, PRAs, PCSOs, INGOs, Res
Phasing out subsidies for coal and fossil fuels	**Ensure international climate finance does not include financing for fossil-fuel developments.**	AU/NZ
Improving reporting, transparency and learning	**Ensure information on climate finance flows can be easily accessed and used.** This should include documenting whether pledges have been budgeted and approved, amounts dispersed to recipient organisations, evaluations of impact, and information regularly updated and published on public databases.	AU/NZ
	Continue to develop a culture of learning by documenting and sharing lessons from existing projects and programs.	AU/NZ, PGs, PRAs, PCSOs, INGOs, Res, PS

Australia and New Zealand Governments		
Improving access and outcomes from the GCF	**Simplify processes for approval of proposals**, particularly for micro-scale activities in LDCs and SIDS.	GCF
	Increase the flow of readiness support, in particular for strengthening of NDAs and consultation and engagement with non-state actors. Pacific governments should be ambitious with readiness requests, including: feasibility studies; environmental and social impact assessments; gender and economic analyses; engagement with the community sector and vulnerable groups; and other preparatory work.	GCF, PGs, PRAs, PCSOs, INGOs
	Prioritise the accreditation of national entities in the Pacific.	GCF, PGs, PRAs
	Ensure existing accredited entities contribute to improved country ownership, including building institutional capacity.	GCF, PRAs
	Encourage the GCF to allocate greater resources and staff to improve collaboration with vulnerable countries and communities.	GCF, PGs, PRAs, PCSOs, INGOs
	Ensure ongoing workshops and consultations involving a range of non-state actors, including representatives of the private sector, churches, and vulnerable sections of the community.	GCF, PGs, PRAs, PCSOs, INGOs, PS
	Commit to a substantial increase in resources for the GCF during its first replenishment from 2017.	GCF

Converting INDCs into action	**Provide assistance with developing INDCs into financial investment strategies.**	PRAs, INGOs, PS
	Support longer-term programs anchored in broader country strategies.	GCF+, PGs, PRAs, PCSOs, INGOs, PS
Resetting the balance between adaptation and mitigation	**Advocate for quantified global targets for public adaptation finance (both pre- and post-2020)** to ensure adequate funding for the most vulnerable countries, focusing particularly on LDCs and SIDS.	PGs, PRAs, PCSOs, INGOs
	Develop balanced climate programs that move beyond a focus on energy and infrastructure to a broader development agenda including sectors such as food security and livelihoods.	GCF+, PGs, PS
	By 2020, the New Zealand Government should ensure a balanced mitigation and adaptation climate finance portfolio, rather than the current 80/20 split. (Australia should maintain its existing funding balance.)	
	Continue to integrate climate change and disaster risk reduction policies in national planning and frameworks. For Pacific governments, this means mainstreaming across all ministries and prioritising adaptation with climate finance providers	PGs, PRAs
Managing the diversity of funding mechanisms	**Greater coordination between development partners and practitioners** to avoid duplication of initiatives, share experiences of better practice, streamline requirements for reporting and fiduciary standards, and reduce the complexity of climate funding mechanisms.	GCF+, PGs, PRAs, PCSOs, INGOs, Res
	Provide flexible grant-based mechanisms that allow local communities, civil society groups and sub-national government bodies to easily access small levels of funding.	GCF+
	Guarantee systematic and ongoing funding to upgrade Pacific officials' negotiating skills, to better represent regional interests as new climate funding mechanisms are development (eg through support for SPREP's negotiations skills training framework.)	GCF+, PGs, PRAs
	Ensure the building of local capacity by, among other measures, making mandatory the twinning of international and local experts on missions, research projects and consultancies.	GCF+, PGs, PRAs, PCSOs, INGOs
	Ensure adaptation project assessment criteria are adapted to the reality of SIDS geography and demography (eg decisions based on the dollar cost per person discriminate against countries with far flung but small populations).	GCF+
Aligning private sector initiatives, adaptation and local ownership	**Ensure appropriate environmental and social safeguards** are used so that investments result in inclusive sustainable development and are aligned with communities' needs and priorities.	GCF+, PGs, PRAs, PCSOs, INGOs, PS
	Investigate opportunities for MSMEs in the Pacific region to participate in accessing climate finance.	GCF+, PGs, PCSOs, INGOs, PS
	Ensure private-sector finance initiatives, such as rural banking programs run by commercial banks, support women in gaining access to credit or financial extension services.	GCF+, PGs, PCSOs, INGOs, PS
	Initiate trials on integrating community-based adaptation initiatives and remittance flows from Australia's SWP and New Zealand's RSE.	PGs, PCSOs, INGOs, Res,
Prioritizing civil society and community initiatives	**Develop policy frameworks and mechanisms that channel climate finance to sub-national levels, local actors and, specifically, to local women's organisations.**	GCF+, PGs, PCSOs, INGOs
	Establish dedicated NGO funding windows in financing mechanisms, and expand access to Community Based Climate Action Grants**.**	GCF+, PGs, PCSOs, INGOs
	Prioritise funding for initiatives that break down silos and involve government, community and business representatives.	GCF+, PGs, PCSOs, INGOs, PS
Integrating gender, youth and vulnerability	**Promote equal opportunities for men, women and young people to provide input and participate throughout project cycles.**	GFC+, PGs, PRAs, PCSOs, INGOs
	Include gender experts in the country missions during climate project preparation, and organise consultations with gender and age disaggregated groups.	GCF+, PGs, PRAs, PCSOs, INGOs, Res
Developing new and innovative sources of funding	**Investigate the costs and benefits of a range of potential new revenue streams outside of ODA budgets**, including financial transaction taxes, carbon pricing mechanisms, and levies on emissions from international transport.	PGs, PRAs, INGOs, Res, PS
	Encourage progress under the UFCCC, International Maritime Organisation (IMO), and International Civil Aviation Authority (ICAO) towards market-based measures that can reduce international transport emissions while generating revenue that can be used for international climate finance	PGs, PRAs, INGOs
Phasing out subsidies for coal and fossil fuels	**Members of the Pacific Islands Forum should join New Zealand, other countries, global agencies and businesses advocating for fossil-fuel subsidy reform.** This should include transparency with civil society; ambition in the scope and timeframe; and target support to ensure reforms are implemented in a manner that safeguards the poorest. Alongside advocating for reform globally, Australia and New Zealand should phase out all fossil-fuel subsidies within their jurisdictions.	PGs, INGOs, PS
	Ensure international climate finance does not include financing for fossil-fuel developments.	GCF+

Improving reporting, transparency and learning	**Help drive progress under the UNFCCC towards greater transparency and effective accounting**	PGs, INGOs
	Ensure information on climate finance flows can be easily accessed and used. This should include documenting whether pledges have been budgeted and approved, amounts dispersed to recipient organisations, evaluations of impact, and information regularly updated and published on public databases.	GCF+
	Continue to develop a culture of learning by documenting and sharing lessons from existing projects and programs.	GCF+, PGs, PRAs, PCSOs, INGOs, Res, PS

Pacific Governments		
Improving access and outcomes from the GCF	**Increase the flow of readiness support**, in particular for strengthening of NDAs and consultation and engagement with non-state actors. Pacific governments should be ambitious with readiness requests, including: feasibility studies; environmental and social impact assessments; gender and economic analyses; engagement with the community sector and vulnerable groups; and other preparatory work.	GCF, AU/NZ, PRAs, PCSOs, INGOs
	Prioritise the accreditation of national entities in the Pacific.	GCF, AU/NZ, PRAs
	Ensure national stakeholders are involved in current pilot programs on Enhanced Direct Access and funding for MSMEs.	GCF, PRAs, PCSOs, PS
	Develop an online collaboration and knowledge sharing portal on how to work with the GCF (as exists for the Adaptation Fund).	GCF, PRAs, PCSOs
	Encourage the GCF to allocate greater resources and staff to improve collaboration with vulnerable countries and communities.	GCF, AU/NZ, PGs, PRAs, PCSOs, INGOs
	Ensure ongoing workshops and consultations involving a range of non-state actors, including representatives of the private sector, churches, and vulnerable sections of the community.	GCF, AU/NZ, PRAs, PCSOs, INGOs, PS
Setting regional priorities	**Develop a Pacific-wide strategy** for working with the GCF and other climate funds.	GCF+, PRAs, PCSOs, INGOs
	Improve dialogue with French, US, and new Zealand non-self-governing territories on ways they can access regional climate initiatives (eg through SPREP and SPC)	PRAs
	Identify and scale-up regional programs or existing pilot programs that have proven potential	PRAs, PCSOs, INGOs, Res
Converting INDCs into action	**Support longer-term programs anchored in broader country strategies**	GCF+, PGs, PRAs, PCSOs, INGOs, PS
Resetting the balance between adaptation and mitigation	**Advocate for quantified global targets for public adaptation finance (both pre- and post-2020)** to ensure adequate funding for the most vulnerable countries, focusing particularly on LDCs and SIDS.	AU/NZ, PRAs, PCSOs, INGOs
	Develop balanced climate programs that move beyond a focus on energy and infrastructure to a broader development agenda including sectors such as food security and livelihoods.	GCF+, AU/NZ, PS
	Continue to integrate climate change and disaster risk reduction policies in national planning and frameworks. For Pacific governments, this means mainstreaming across all ministries and prioritising adaptation with climate finance providers	AU/NZ, PRAs
	Identify the proportion of climate adaptation finance flowing to the Pacific region (compared with mitigation funding) as a baseline for strategic management of future flows.	GCF+, PRAs, Res
Managing the diversity of funding mechanisms	**Greater coordination between development partners and practitioners** to avoid duplication of initiatives, share experiences of better practice, streamline requirements for reporting and fiduciary standards, and reduce the complexity of climate funding mechanisms.	GCF+, AU/NZ, PRAs, PCSOs, INGOs, Res
	Guarantee systematic and ongoing funding to upgrade Pacific officials' negotiating skills, to better represent regional interests as new climate funding mechanisms are development (eg through support for SPREP's negotiations skills training framework.)	GCF+, AU/NZ, PRAs
	Ensure the building of local capacity by, among other measures, making mandatory the twinning of international and local experts on missions, research projects and consultancies.	GCF+, AU/NZ, PRAs, PCSOs, INGOs
	Conduct new research into the relative costs of delivering climate change adaptation and mitigation in the Pacific compared to other regions, through to the household level	PRAs, Res
Aligning private sector initiatives, adaptation and local ownership	**Ensure appropriate environmental and social safeguards** are used so that investments result in inclusive sustainable development and are aligned with communities' needs and priorities.	GCF+, AU/NZ, PRAs, PCSOs, INGOs, PS
	Investigate opportunities for MSMEs in the Pacific region to participate in accessing climate finance.	GCF+, AU/NZ, PCSOs, INGOs, PS

	Ensure private-sector finance initiatives, such as rural banking programs run by commercial banks, support women in gaining access to credit or financial extension services.	GCF+, AU/NZ, PCSOs, INGOs, PS
	Initiate trials on integrating community-based adaptation initiatives and remittance flows from Australia's SWP and New Zealand's RSE.	AU/NZ, PCSOs, INGOs, Res
	Organise educational workshops on climate financing that allow government officials, donor staff and a range of church, women's and environmental organisations to understand climate finance and discuss implications of differing funding sources, and how they might operate and be accessed in the national context.	PRAs, PCSOs, INGOs, Res
Prioritizing civil society and community initiatives	**Develop policy frameworks and mechanisms that channel climate finance to sub-national levels, local actors and, specifically, to local women's organisations.**	GCF+, AU/NZ, PCSOs, INGOs
	Establish dedicated NGO funding windows in financing mechanisms, and expand access to Community Based Climate Action Grants**.**	GCF+, AU/NZ, PCSOs, INGOs
	Invest in bottom-up participatory programming and good processes, recognise local and indigenous knowledge and support local-level action.	PRAs, PCSOs, INGOs
	Prioritise funding for initiatives that break down silos and involve government, community and business representatives.	GCF+, AU/NZ, PCSOs, INGOs, PS
	Develop transparent processes for the selection of non-government members on climate coordination structures, trust fund boards or committees responsible for decision-making and financial control of climate funding.	PRAs, PCSOs
	Nominate knowledgeable CSO representatives for official delegations to regional and international climate meetings, technical working groups and policy forums.	PRAs, PCSOs, Res
	Develop more effective community engagement processes tailored to allow participation by a range of different groups, including more representative and effective engagement at national level, and involving women, youth and marginalised groups, such as the disabled and elderly.	PRAs, PCSOs, INGOs
	Strengthen capacity of civil society by creating new mechanisms to engage with the full range of non-state actors (NGOs, private sector, church, etc) and provide information and resources to customary landowners who own and manage the majority of land in most Pacific societies.	PCSOs, INGOs
Integrating gender, youth and vulnerability	**Conduct detailed research in different cultural contexts on how climate change affects men, women and children in different ways**, especially in multilingual and diverse societies in Melanesia.	PRAs, PCSOs, INGOs, Res
	Promote equal opportunities for men, women and young people to provide input and participate throughout project cycles.	GCF+, AU/NZ, PRAs, PCSOs, INGOs
	Develop and implement a comprehensive gender mainstreaming policy/tool for regional and national funding mechanisms.	GCF+, PRAs, PCSOs, INGOs
	Create gender balance on trust fund boards and committees and involve women's organisations as active observers.	PRAs, PCSOs
	Include gender experts in the country missions during climate project preparation, and organise consultations with gender and age disaggregated groups.	GCF+, AU/NZ, PRAs, PCSOs, INGOs, Res
	Convene a regional workshop on children and climate change, aimed at establishing a regional working group on climate change and children, including youth representatives.	PRAs, PCSOs, INGOs, Res
Developing new and innovative sources of funding	**Investigate the costs and benefits of a range of potential new revenue streams outside of ODA budgets**, including financial transaction taxes, carbon pricing mechanisms, and levies on emissions from international transport.	AU/NZ, PRAs, INGOs, Res, PS
	Encourage progress under the UFCCC, International Maritime Organisation (IMO), and International Civil Aviation Authority (ICAO) towards market-based measures that can reduce international transport emissions while generating revenue that can be used for international climate finance	AU/NZ, PRAs, INGOs
Phasing out subsidies for coal and fossil fuels	**Members of the Pacific Islands Forum should join New Zealand, other countries, global agencies and businesses advocating for fossil-fuel subsidy reform.** This should include transparency with civil society; ambition in the scope and timeframe; and target support to ensure reforms are implemented in a manner that safeguards the poorest. Alongside advocating for reform globally, Australia and New Zealand should phase out all fossil-fuel subsidies within their jurisdictions.	AU/NZ, INGOs, PS
Improving reporting, transparency and learning	**Help drive progress under the UNFCCC towards greater transparency and effective accounting**	AU/NZ, INGOs
	Utilise techniques of 'bottom-up' accounting and participatory budgeting processes that mobilise communities to monitor climate finance pledges to ensure they are translated into action.	PRAs, PCSOs, INGOs, Res
	Continue to develop a culture of learning by documenting and sharing lessons from existing projects and programs.	GCF+, AU/NZ, PRAs, PCSOs, INGOs, Res, PS

Pacific Regional Agencies		
Improving access and outcomes from the GCF	**Increase the flow of readiness support**, in particular for strengthening of NDAs and consultation and engagement with non-state actors. Pacific governments should be ambitious with readiness requests, including: feasibility studies; environmental and social impact assessments; gender and economic analyses; engagement with the community sector and vulnerable groups; and other preparatory work.	GCF, AU/NZ, PGs, PCSOs, INGOs
	Prioritise the accreditation of national entities in the Pacific.	GCF, AU/NZ, PGs
	Ensure existing accredited entities contribute to improved country ownership, including building institutional capacity	GCF, AU/NZ, INGOs
	Ensure national stakeholders are involved in current pilot programs on Enhanced Direct Access and funding for MSMEs.	GCF, PGs, PCSOs, PS
	Develop an online collaboration and knowledge sharing portal on how to work with the GCF (as exists for the Adaptation Fund).	GCF, PGs, PCSOs
	Encourage the GCF to allocate greater resources and staff to improve collaboration with vulnerable countries and communities.	GCF, AU/NZ, PGs, PCSOs, INGOs
	Ensure ongoing workshops and consultations involving a range of non-state actors, including representatives of the private sector, churches, and vulnerable sections of the community.	GCF, AU/NZ, PGs, PCSOs, INGOs, PS
Setting regional priorities	**Develop a Pacific region-wide strategy** for working with the GCF and other climate funds.	GCF+, PGs, PCSOs, INGOs
	Improve dialogue with French, US and New Zealand non-self-governing territories on ways they can access regional climate initiatives (eg through SREP and SPC).	PGs
	Identify and scale and scale-up regional programs or existing pilot programs that have proven potential.	PGs, PCSOs, INGOs, Res
Converting INDCs into action	**Provide assistance with developing INDCs into financial investment strategies.**	AU/NZ, INGOs, PS
	Support longer-term programs anchored in broader country strategies.	GCF+, AU/NZ, PGs, PCSOs, INGOs, PS
Resetting the balance between adaptation and mitigation	**Advocate for quantified global targets for public adaptation finance (both pre- and post-2020)** to ensure adequate funding for the most vulnerable countries, focusing particularly on LDCs and SIDS.	AU/NZ, PGs, PCSOs, INGOs
	Develop balanced climate programs that move beyond a focus on energy and infrastructure to a broader development agenda including sectors such as food security and livelihoods.	AU/NZ, PGs
	Identify the proportion of climate adaptation finance flowing to the Pacific region (compared with mitigation funding) as a baseline for strategic management of future flows.	GCF+, PGs, Res
Managing the diversity of funding mechanisms	**Greater coordination between development partners and practitioners** to avoid duplication of initiatives, share experiences of better practice, streamline requirements for reporting and fiduciary standards, and reduce the complexity of climate funding mechanisms.	GCF+, AU/NZ, PGs, PCSOs, INGOs, Res
	Guarantee systematic and ongoing funding to upgrade Pacific officials' negotiating skills, to better represent regional interests as new climate funding mechanisms are development (eg through support for SPREP's negotiations skills training framework.)	GCF+, AU/NZ, PGs
	Ensure the building of local capacity by, among other measures, making mandatory the twinning of international and local experts on missions, research projects and consultancies.	GCF+, AU/NZ, PGs, PCSOs, INGOs
	Conduct new research into the relative costs of delivering climate change adaptation and mitigation in the Pacific compared to other regions, through to the household level	PGs, Res
Aligning private sector initiatives, adaptation and local ownership	**Ensure appropriate environmental and social safeguards** are used so that investments result in inclusive sustainable development and are aligned with communities' needs and priorities.	GCF+, AU/NZ, PGs, PCSOs, INGOs, PS
	Organise educational workshops on climate financing that allow government officials, donor staff and a range of church, women's and environmental organisations to understand climate finance and discuss implications of differing funding sources, and how they might operate and be accessed in the national context.	PGs, PCSOs, INGOs, Res
Prioritizing civil society and community initiatives	**Invest in bottom-up participatory programming and good processes, recognise local and indigenous knowledge and support local-level action.**	PGs, PCSOs, INGOs
	Develop transparent processes for the selection of non-government members on climate coordination structures, trust fund boards or committees responsible for decision-making and financial control of climate funding.	PGs, PCSOs
	Nominate knowledgeable CSO representatives for official delegations to regional and international climate meetings, technical working groups and policy forums.	PGs, PCSOs, Res
	Develop more effective community engagement processes tailored to allow participation by a range of different groups, including more representative and effective engagement at national level, and involving women, youth and marginalised groups, such as the disabled and elderly.	PGs, PCSOs, INGOs

Integrating gender, youth and vulnerability	**Conduct detailed research in different cultural contexts on how climate change affects men, women and children in different ways**, especially in multilingual and diverse societies in Melanesia.	PGs, PCSOs, INGOs, Res
	Promote equal opportunities for men, women and young people to provide input and participate throughout project cycles.	PGs, PCSOs, INGOs
	Develop and implement a comprehensive gender mainstreaming policy/tool for regional and national funding mechanisms.	PGs, PCSOs, INGOs
	Create gender balance on trust fund boards and committees and involve women's organisations as active observers.	PGs, PCSOs
	Include gender experts in the country missions during climate project preparation, and organise consultations with gender and age disaggregated groups.	GCF+, AU/NZ, PGs, PCSOs, INGOs, Res
	Convene a regional workshop on children and climate change, aimed at establishing a regional working group on climate change and children, including youth representatives.	PGs, PCSOs, INGOs, Res
Developing new and innovative sources of funding	**Investigate the costs and benefits of a range of potential new revenue streams outside of ODA budgets**, including financial transaction taxes, carbon pricing mechanisms, and levies on emissions from international transport.	AU/NZ, PGs, INGOs, Res, PS
	Encourage progress under the UFCCC, International Maritime Organisation (IMO), and International Civil Aviation Authority (ICAO) towards market-based measures that can reduce international transport emissions while generating revenue that can be used for international climate finance	AU/NZ, PGs, INGOs
Improving reporting, transparency and learning	**Utilise techniques of 'bottom-up' accounting and participatory budgeting processes** that mobilise communities to monitor climate finance pledges to ensure they are translated into action.	PGs, PCSOs, INGOs, Res
	Continue to develop a culture of learning by documenting and sharing lessons from existing projects and programs.	GCF+, AU/NZ, PGs, PCSOs, INGOs, Res, PS

Pacific Civil Society Organisations		
Improving access and outcomes from the GCF	**Increase the flow of readiness support**, in particular for strengthening of NDAs and consultation and engagement with non-state actors. Pacific governments should be ambitious with readiness requests, including: feasibility studies; environmental and social impact assessments; gender and economic analyses; engagement with the community sector and vulnerable groups; and other preparatory work.	GCF, AU/NZ, PGs, PRAs, INGOs
	Ensure national stakeholders are involved in current pilot programs on Enhanced Direct Access and funding for MSMEs.	GCF, AU/NZ, PGs, PRAs, PS
	Develop an online collaboration and knowledge sharing portal on how to work with the GCF (as exists for the Adaptation Fund).	GCF, PGs, PRAs
	Encourage the GCF to allocate greater resources and staff to improve collaboration with vulnerable countries and communities.	GCF, AU/NZ, PGs, PRAs, INGOs
	Ensure ongoing workshops and consultations involving a range of non-state actors, including representatives of the private sector, churches, and vulnerable sections of the community.	GCF, AU/NZ, PGs, PRAs, INGOs, PS
Setting regional priorities	**Develop a Pacific region-wide strategy** for working with the GCF and other climate funds.	GCF+, PGs, PRAs, INGOs
	Identify and scale and scale-up regional programs or existing pilot programs that have proven potential.	PGs, PRAs, INGOs, Res
Converting INDCs into action	**Support longer-term programs anchored in broader country strategies.**	GCF+, AU/NZ, PGs, PRAs, INGOs, PS
Resetting the balance between adaptation and mitigation	**Advocate for quantified global targets for public adaptation finance (both pre- and post-2020)** to ensure adequate funding for the most vulnerable countries, focusing particularly on LDCs and SIDS.	AU/NZ, PGs, PRAs, INGOs
Managing the diversity of funding mechanisms	**Greater coordination between development partners and practitioners** to avoid duplication of initiatives, share experiences of better practice, streamline requirements for reporting and fiduciary standards, and reduce the complexity of climate funding mechanisms.	GCF+, AU/NZ, PGs, PRAs, INGOs, Res
	Ensure the building of local capacity by, among other measures, making mandatory the twinning of international and local experts on missions, research projects and consultancies.	GCF+, AU/NZ, PGs, PRAs, INGOs

Aligning private sector initiatives, adaptation and local ownership	**Ensure appropriate environmental and social safeguards** are used so that investments result in inclusive sustainable development and are aligned with communities' needs and priorities.	GCF+, AU/NZ, PGs, PRAs, INGOs, PS
	Investigate opportunities for MSMEs in the Pacific region to participate in accessing climate finance.	GCF+, AU/NZ, PGs, INGOs, PS
	Ensure private-sector finance initiatives, such as rural banking programs run by commercial banks, support women in gaining access to credit or financial extension services.	GCF+, AU/NZ, PGs, INGOs, PS
	Initiate trials on integrating community-based adaptation initiatives and remittance flows from Australia's SWP and New Zealand's RSE.	AU/NZ, PGs, INGOs, Res
	Organise educational workshops on climate financing that allow government officials, donor staff and a range of church, women's and environmental organisations to understand climate finance and discuss implications of differing funding sources, and how they might operate and be accessed in the national context.	PRAs, PGs, INGOs, Res
Prioritizing civil society and community initiatives	**Develop policy frameworks and mechanisms that channel climate finance to sub-national levels, local actors and, specifically, to local women's organisations.**	GCF+, AU/NZ, PGs, INGOs
	Establish dedicated NGO funding windows in financing mechanisms, and expand access to Community Based Climate Action Grants**.**	GCF+, AU/NZ, PGs, INGOs
	Invest in bottom-up participatory programming and good processes, recognise local and indigenous knowledge and support local-level action.	PGs, PRAs, INGOs
	Prioritise funding for initiatives that break down silos and involve government, community and business representatives.	GCF+, AU/NZ, PGs, INGOs, PS
	Develop transparent processes for the selection of non-government members on climate coordination structures, trust fund boards or committees responsible for decision-making and financial control of climate funding.	PGs, PRAs
	Nominate knowledgeable CSO representatives for official delegations to regional and international climate meetings, technical working groups and policy forums.	PGs, PRAs, Res
	Develop more effective community engagement processes tailored to allow participation by a range of different groups, including more representative and effective engagement at national level, and involving women, youth and marginalised groups, such as the disabled and elderly.	PGs, PRAs, INGOs
	Strengthen capacity of civil society by creating new mechanisms to engage with the full range of non-state actors (NGOs, private sector, church, etc) and provide information and resources to customary landowners who own and manage the majority of land in most Pacific societies.	PGs, INGOs
Integrating gender, youth and vulnerability	**Conduct detailed research in different cultural contexts on how climate change affects men, women and children in different ways**, especially in multilingual and diverse societies in Melanesia.	PGs, PRAs, INGOs, Res
	Promote equal opportunities for men, women and young people to provide input and participate throughout project cycles.	PGs, PRAs, INGOs
	Develop and implement a comprehensive gender mainstreaming policy/tool for regional and national funding mechanisms.	PGs, PRAs, INGOs
	Create gender balance on trust fund boards and committees and involve women's organisations as active observers.	PGs, PRAs
	Include gender experts in the country missions during climate project preparation, and organise consultations with gender and age disaggregated groups.	GCF+, AU/NZ, PGs, PRAs, INGOs, Res
	Convene a regional workshop on children and climate change, aimed at establishing a regional working group on climate change and children, including youth representatives.	PGs, PRAs, INGOs, Res
Improving reporting, transparency and learning	**Utilise techniques of 'bottom-up' accounting and participatory budgeting processes** that mobilise communities to monitor climate finance pledges to ensure they are translated into action.	PGs, PRAs, INGOs, Res
	Continue to develop a culture of learning by documenting and sharing lessons from existing projects and programs.	GCF+, AU/NZ, PGs, PRAs, INGOs, Res, PS

International Non-Governments Organisations		
Improving access and outcomes from the GCF	**Increase the flow of readiness support**, in particular for strengthening of NDAs and consultation and engagement with non-state actors. Pacific governments should be ambitious with readiness requests, including: feasibility studies; environmental and social impact assessments; gender and economic analyses; engagement with the community sector and vulnerable groups; and other preparatory work	GCF, AU/NZ, PGs, PRAs, PCSOs
	Ensure existing accredited entities contribute to improved country ownership, including building institutional capacity	GCF, AU/NZ, PRAs
	Encourage the GCF to allocate greater resources and staff to improve collaboration with vulnerable countries and communities.	GCF, AU/NZ, PGs, PRAs, PCSOs
	Ensure ongoing workshops and consultations involving a range of non-state actors, including representatives of the private sector, churches, and vulnerable sections of the community.	GCF, AU/NZ, PGs, PRAs, PCSOs, PS
Setting regional priorities	**Develop a Pacific region-wide strategy** for working with the GCF and other climate funds.	GCF+, PGs, PRAs,PCSOs
	Identify and scale and scale-up regional programs or existing pilot programs that have proven potential.	PGs, PRAs, PCSOs, Res
Converting INDCs into action	**Provide assistance with developing INDCs into financial investment strategies.**	AU/NZ, PRAs, PS
	Support longer-term programs anchored in broader country strategies.	GCF+, AU/NZ, PGs, PRAs, PCSOs, PS
Resetting the balance between adaptation and mitigation	**Advocate for quantified global targets for public adaptation finance (both pre- and post-2020)** to ensure adequate funding for the most vulnerable countries, focusing particularly on LDCs and SIDS.	AU/NZ, PGs, PRAs, PCSOs
Managing the diversity of funding mechanisms	**Greater coordination between development partners and practitioners** to avoid duplication of initiatives, share experiences of better practice, streamline requirements for reporting and fiduciary standards, and reduce the complexity of climate funding mechanisms.	GCF+, AU/NZ, PGs, PRAs, PCSOs, Res
	Ensure the building of local capacity by, among other measures, making mandatory the twinning of international and local experts on missions, research projects and consultancies.	GCF+, AU/NZ, PGs, PRAs, PCSOs
Aligning private sector initiatives, adaptation and local ownership	**Ensure appropriate environmental and social safeguards** are used so that investments result in inclusive sustainable development and are aligned with communities' needs and priorities.	GCF+, AU/NZ, PGs, PRAs, PCSOs, PS
	Investigate opportunities for MSMEs in the Pacific region to participate in accessing climate finance.	GCF+, AU/NZ, PGs, PCSOs, PS
	Ensure private-sector finance initiatives, such as rural banking programs run by commercial banks, support women in gaining access to credit or financial extension services.	GCF+, AU/NZ, PGs, PCSOs, PS
	Initiate trials on integrating community-based adaptation initiatives and remittance flows from Australia's SWP and New Zealand's RSE.	AU/NZ, PGs, PCSOs, Res
	Organise educational workshops on climate financing that allow government officials, donor staff and a range of church, women's and environmental organisations to understand climate finance and discuss implications of differing funding sources, and how they might operate and be accessed in the national context.	PRAs, PGs, PCSOs, Res
Prioritizing civil society and community initiatives	**Develop policy frameworks and mechanisms that channel climate finance to sub-national levels, local actors and, specifically, to local women's organisations.**	GCF+, AU/NZ, PGs, PCSOs
	Establish dedicated NGO funding windows in financing mechanisms, and expand access to Community Based Climate Action Grants**.**	GCF+, AU/NZ, PGs, PCSOs
	Invest in bottom-up participatory programming and good processes, recognise local and indigenous knowledge and support local-level action.	PGs, PRAs, PCSOs
	Prioritise funding for initiatives that break down silos and involve government, community and business representatives.	GCF+, AU/NZ, PGs, PCSOs, PS
	Develop more effective community engagement processes tailored to allow participation by a range of different groups, including more representative and effective engagement at national level, and involving women, youth and marginalised groups, such as the disabled and elderly.	PGs, PRAs, PCSOs
	Strengthen capacity of civil society by creating new mechanisms to engage with the full range of non-state actors (NGOs, private sector, church, etc) and provide information and resources to customary landowners who own and manage the majority of land in most Pacific societies.	PGs, PCSOs

Integrating gender, youth and vulnerability	**Conduct detailed research in different cultural contexts on how climate change affects men, women and children in different ways**, especially in multilingual and diverse societies in Melanesia.	PGs, PRAs, PCSOs, Res
	Promote equal opportunities for men, women and young people to provide input and participate throughout project cycles.	PGs, PRAs, PCSOs
	Develop and implement a comprehensive gender mainstreaming policy/tool for regional and national funding mechanisms.	PGs, PRAs, PCSOs
	Include gender experts in the country missions during climate project preparation, and organise consultations with gender and age disaggregated groups.	GCF+, AU/NZ, PGs, PRAs, PCSOs, Res
	Convene a regional workshop on children and climate change, aimed at establishing a regional working group on climate change and children, including youth representatives.	PGs, PRAs, PCSOs, Res
Developing new and innovative sources of funding	**Investigate the costs and benefits of a range of potential new revenue streams outside of ODA budgets**, including financial transaction taxes, carbon pricing mechanisms, and levies on emissions from international transport.	AU/NZ, PGs, PRAs, Res, PS
	Encourage progress under the UFCCC, International Maritime Organisation (IMO), and International Civil Aviation Authority (ICAO) towards market-based measures that can reduce international transport emissions while generating revenue that can be used for international climate finance	AU/NZ, PGs, PRAs
Phasing out subsidies for coal and fossil fuels	**Members of the Pacific Islands Forum should join New Zealand, other countries, global agencies and businesses advocating for fossil-fuel subsidy reform.** This should include transparency with civil society; ambition in the scope and timeframe; and target support to ensure reforms are implemented in a manner that safeguards the poorest. Alongside advocating for reform globally, Australia and New Zealand should phase out all fossil-fuel subsidies within their jurisdictions.	AU/NZ, PGs, PS
Improving reporting, transparency and learning	**Help drive progress under the UNFCCC towards greater transparency and effective accounting**	AU/NZ, PGs
	Utilise techniques of 'bottom-up' accounting and participatory budgeting processes that mobilise communities to monitor climate finance pledges to ensure they are translated into action.	PGs, PRAs, PCSOs, Res
	Continue to develop a culture of learning by documenting and sharing lessons from existing projects and programs.	GCF+, AU/NZ, PGs, PRAs, PCSOs, Res, PS

Researchers		
Setting regional priorities	**Identify and scale and scale-up regional programs or existing pilot programs that have proven potential**.	PGs, PRAs, PCSOs, INGOs
Resetting the balance between adaptation and mitigation	**Identify the proportion of climate adaptation finance flowing to the Pacific region (compared with mitigation funding)** as a baseline for strategic management of future flows.	GCF+, PGs, PRAs
Managing the diversity of funding mechanisms	**Greater coordination between development partners and practitioners** to avoid duplication of initiatives, share experiences of better practice, streamline requirements for reporting and fiduciary standards, and reduce the complexity of climate funding mechanisms.	GCF+, AU/NZ, PGs, PRAs, PCSOs, INGOs
	Conduct new research into the relative costs of delivering climate change adaptation and mitigation in the Pacific compared to other regions, through to the household level	PGs, PRAs
Aligning private sector initiatives, adaptation and local ownership	**Initiate trials on integrating community-based adaptation initiatives and remittance flows** from Australia's SWP and New Zealand's RSE.	AU/NZ, PGs, PCSOs,INGOs
	Organise educational workshops on climate financing that allow government officials, donor staff and a range of church, women's and environmental organisations to understand climate finance and discuss implications of differing funding sources, and how they might operate and be accessed in the national context.	PRAs, PGs, PCSOs,INGOs
Prioritizing civil society and community initiatives	**Nominate knowledgeable CSO representatives for official delegations to regional and international climate meetings, technical working groups and policy forums.**	PGs, PRAs, PCSOs

Integrating gender, youth and vulnerability	**Conduct detailed research in different cultural contexts on how climate change affects men, women and children in different ways**, especially in multilingual and diverse societies in Melanesia.	PGs, PRAs, PCSOs, INGOs
	Include gender experts in the country missions during climate project preparation, and organise consultations with gender and age disaggregated groups.	GCF+, AU/NZ, PGs, PRAs, PCSOs, INGOs
	Convene a regional workshop on children and climate change, aimed at establishing a regional working group on climate change and children, including youth representatives.	PGs, PRAs, PCSOs, INGOs
Developing new and innovative sources of funding	**Investigate the costs and benefits of a range of potential new revenue streams outside of ODA budgets**, including financial transaction taxes, carbon pricing mechanisms, and levies on emissions from international transport.	AU/NZ, PGs, PRAs, INGOs, PS
Improving reporting, transparency and learning	**Utilise techniques of 'bottom-up' accounting and participatory budgeting processes** that mobilise communities to monitor climate finance pledges to ensure they are translated into action.	PGs, PRAs, PCSOs, INGOs
	Continue to develop a culture of learning by documenting and sharing lessons from existing projects and programs.	GCF+, AU/NZ, PGs, PRAs, PCSOs, INGOs, PS

Private Sector		
Improving access and outcomes from the GCF	**Ensure national stakeholders are involved in current pilot programs on Enhanced Direct Access and funding for MSMEs.**	GCF, PGs, PRAs, PCSOs
	Ensure ongoing workshops and consultations involving a range of non-state actors, including representatives of the private sector, churches, and vulnerable sections of the community.	GCF, AU/NZ, PGs, PRAs, PCSOs, INGOs
Resetting the balance between adaptation and mitigation	**Develop balanced climate programs that move beyond a focus on energy and infrastructure to a broader development agenda** including sectors such as food security and livelihoods.	GCF+, AU/NZ, PGs
Aligning private sector initiatives, adaptation and local ownership	**Ensure appropriate environmental and social safeguards** are used so that investments result in inclusive sustainable development and are aligned with communities' needs and priorities.	GCF+, AU/NZ, PGs, PRAs, PCSOs, INGOs
	Investigate opportunities for MSMEs in the Pacific region to participate in accessing climate finance.	GCF+, AU/NZ, PGs, PCSOs, INGOs
	Ensure private-sector finance initiatives, such as rural banking programs run by commercial banks, support women in gaining access to credit or financial extension services.	GCF+, AU/NZ, PGs, PCSOs, INGOs
Prioritizing civil society and community initiatives	**Prioritise funding for initiatives that break down silos and involve government, community and business representatives.**	GCF+, AU/NZ, PGs, PCSOs, INGOs
Developing new and innovative sources of funding	**Investigate the costs and benefits of a range of potential new revenue streams outside of ODA budgets**, including financial transaction taxes, carbon pricing mechanisms, and levies on emissions from international transport.	AU/NZ, PGs, PRAs, INGOs, Res
Phasing out subsidies for coal and fossil fuels	**Members of the Pacific Islands Forum should join New Zealand, other countries, global agencies and businesses advocating for fossil-fuel subsidy reform.** This should include transparency with civil society; ambition in the scope and timeframe; and target support to ensure reforms are implemented in a manner that safeguards the poorest. Alongside advocating for reform globally, Australia and New Zealand should phase out all fossil-fuel subsidies within their jurisdictions.	AU/NZ, PGs, INGOs
Improving reporting, transparency and learning	**Continue to develop a culture of learning by documenting and sharing lessons from existing projects and programs.**	GCF+, AU/NZ, PGs, PRAs, PCSOs, INGOs, Res

Appendix 2: Detailed analysis and commentary on Australia's climate finance

Since the 2009 UNFCCC COP in Copenhagen, Australia has committed significant funding towards global and regional mechanisms for climate financing, through multilateral agencies, bilateral aid programs and support to NGOs.

In contrast to many OECD countries, Australia's contribution is notable for the priority it gives to SIDS and LDCs and a balancing of funding for mitigation and adaptation — the latter being a crucial priority for Pacific island countries.

Australia committed AUD $599 million to the FSF period over three financial years (2010–2013), around 3–5% of total ODA over this period. [134] The focus on SIDS and LDCs saw approximately 25% allocated to the Pacific region (see Table 4, below).

Climate finance continued to average AUD $200 million per year (3–5% of total ODA) during the post-FSF period (2012–2015). More than 30% of bilateral support during 2013 and 2014 went to SIDS and LDCs (a slight increase on the previous period). Australia continued to prioritise adaptation (60% of climate finance in 2013 and 2014) delivered through bilateral aid programs and multilateral funds such as the LDCF.

In Paris in December 2015, the Australian Government announced it would spend at least AUD $1 billion over the next five years on climate finance from the existing aid budget.[135] This included the AUD $200 million to the GCF already announced at COP20 in Lima in 2014.[136] The sequential drop in Australia's aid budget since 2013 means the level of climate finance announced in the 2016–2017 budget rose to around 5% of ODA, even though the average amount per annum didn't change.

Table 4: Overview of Australia's climate finance from 2010 to 2020 in Australian dollars (AUD).

Period (through to the end of financial year)	Amount pledged from ODA	Amount delivered from ODA	Average % of annual ODA over period	Trends in total ODA per year	Average % to: Pacific/ Asia/Other	Average % Adaptation-related	Average % Mitigation-related	Clean renewable energy initiatives as component of mitigation	Climate-related assistance: Bilateral/ Multilateral/ Other
FSF* three years from 2010–2012 (FY2010/11 to FY2012/13)	Average $197m per year[137]	$599m[138]	3–5%[139]	FY2011/12: $4,386m (0.35% ODA/GNI) FY2012/13: $5,513m (0.35% ODA/GNI)	>25% Pacific[140]	Pacific FSF: high proportion for adaptation[141]		1st Pacific Energy Summit, March 2013: Australia said over the past five years it had committed $35m in the Pacific. No new funding pledged.[142]	Around 65% bilateral[143]
Post-FSF, three years from 2013–2015	Average $200m per year	Dropped in FY 2013/14 FY 2014/15: $229m (included GCF pledge)[144]	3–5%[145]	Dropping since 2013: FY2013/14 $5.666bn [146] (0.37% ODA/GNI) FY2014/15 5,031.9m[147] (0.27% ODA/ GNI)	>30% Pacific[148] (Dropping aid budget, but aid to Pacific continued compared with cuts to other regions)	FY2013/14 About 60%. Pacific: high proportion for adaptation[149]	FY2013/14 About 40%	FY2013/14 included renewable energy projects in the Pacific	
Pre-2020, five years from 2016–2020	In Nov. 2015, Australia announced at least $1bn over five years [150] (includes $200m pledge to GCF made in 2014)[151]	Australia said it would allocate $200m from 2016/17 budget[152]	>5% in FY 2016/17[153]	FY 2015/16: $4,025.5m (a 20% cut in aid budget from previous year)[154] FY2016-17 $3.8bn[155] (0.23% ODA/ GNI)				2nd Pacific Energy Conference, June 2016	

Sources: Budget papers 2010–2011 until 2015–2016; DFAT data sources at www.dfat.gov.au
*FSF period 2010–2013.

Adequacy of climate funding: Although welcomed, Australia's current climate-financing pledge is weaker than commitments from other wealthy developed nations. OECD countries like France, Germany and US have significantly increased their funding (especially in the lead up to the Paris Agreement), while large developing nations, such as China, have also agreed to contribute to global funding initiatives. In contrast, the level of Australian funding has remained relatively steady since 2010, averaging AUD $200 million per year.

Oxfam and other researchers believe there should be a substantial increase. Based on relative economic strength and contribution to greenhouse gas emissions, Australia's total contribution from public and private sources should reach at least AUD $3.2 billion per year by 2020, with at least half being public funding for adaptation.[156]

Australia's AUD $200 million climate finance allocation in the 2016–2017 budget was criticised as insufficient by the Australian Council for International Development (ACFID): "We note this falls well short of our recommendation for AUD $558 million of additional climate change related support, which would put us in line with global peers and Australia's fair share of global climate finance ... we would like to see a more detailed breakdown on allocations by country and region."[157]

Reliance on ODA budget: Currently, climate funds pledged by Australia are drawn exclusively from ODA (contrary to the formal commitment to the Cancun Agreements[158] and the long-standing call from many developing countries that climate finance should be 'new and additional', beyond existing ODA commitments of 0.7% of GNI).

The reliance on the aid budget comes as the bipartisan commitment to an ODA target of 0.5% of GNI has been abandoned. The allocation of FSF came at a time when Australia's aid budget was expanding towards AUD $8 billion per year and the overall growth in the aid budget was greater than the Australian Government's climate finance contribution. However, since 2013, ODA has fallen four times in a row, with Australia's current aid at 0.23% of GNI, the lowest level in history.

Cutbacks in the level of ODA since the 2012–2013 financial year have led to a lack of predictability in funding, which makes it difficult for Pacific governments and NGOs to make commitments towards sustainable programming, such as long-term planning, budgeting, recruitment and training of staff, development of research agendas, etc. (A 2015 survey of Australian aid practitioners by the Development Policy Centre shows a lack of funding predictability is now viewed as the biggest weakness of the Australian aid program.[159])

At a minimum, when climate finance is delivered through ODA budgets, it should be part of a growing ODA budget, where the growth in overall budget is as least as great as the allocation of climate finance. Australia should be working towards an ODA level of 0.7% of GNI, not including its contribution of climate finance.

Predictability of support: While cuts to ODA began in 2012–2013, Australia's support for climate action was especially disrupted during the term of the conservative Coalition government led by Prime Minister Tony Abbott. Elected in September 2013, the Abbott Government reversed many elements of climate policy established under the Australian Labor Party (ALP) from 2007 to 2013.

These shifts in climate policy caused significant political differences with neighbouring Pacific island governments. The changes affected Australia's role in the Pacific Islands Forum at a time when the regional architecture of intergovernmental organisations is in flux. This was highlighted by the creation of PIDF and increasing activity on climate policy outside the Pacific Islands Forum by sub-regional groups such as the Melanesian Spearhead Group (MSG) and Polynesian Leaders Group (PLG).[160]

Country-driven support: Despite these problems, Australia has made significant investments in climate adaptation and mitigation in the Pacific region. These include several major regional initiatives, including technical programs such as the Pacific Climate Change Science and Adaptation Planning program (PACCSAP), which have now ended.[161]

Through the low-cost CBCCAG program, Australia also funded a number of innovative community-level adaptation initiatives across the Pacific region, including: Addressing Food Security through Improved Agricultural Practice in Green Islands (CARE , Papua New Guinea), NGO Climate Change Adaptation Program (Oxfam, Vanuatu) and Building Resilience of Communities and their Ecosystems to the Impacts of Climate Change (The Nature Conservancy, Pacific region).[162]

Despite successful programs, there were a number of weaknesses in the FSF package. In interviews for this report, DFAT officials stated the FSF was supply driven, with an imperative to get money out the door, while more recent programming is demand driven, better responding to the national priorities of partner governments. There were also significant problems with FSF funding in Indonesia and Papua New Guinea for REDD+. One former Australian Agency for International Development (AusAID official has noted REDD+ demonstration projects in Central Kalimantan "achieved some creditable outcomes, some of which might prove durable, but delivered rather little for an expenditure of AUD $65 million."[163]

Noting the high proportion of funding for climate science and technical research programs in the Pacific islands, some Pacific island countries have questioned how this research is communicated to policy makers, or translated into adaptation work at community level. Kiribati's INDC, for example, noted: "A key challenge is to translate the climate science and predicted impacts into messages that the I-Kiribati population can relate to. In some instances there are cultural and religious barriers to awareness and action, such as cultural practices of guarding traditional knowledge and religious beliefs."[164]

Australia and the Green Climate Fund (GCF)
The new GCF has become a central pillar of global efforts to support a transition to a low-emission, climate-resilient development pathway in vulnerable nations. In its early years, Australian officials played a crucial role in determining the GCF's mandate, operations and policies. AusAID's then Deputy Director-General, Ewen McDonald, served as Vice Chair of the Transitional Committee to establish the GCF, and was appointed Co-Chair of the GCF Board for its first year of operation in 2012–2013.

However, the incoming Australian Cabinet agreed in November 2013 to reject funding for the GCF.[165] At the November 2013 Commonwealth Heads of Government Meeting (CHOGM), the Abbott Government withdrew from Australia's bipartisan commitment to the GCF.[166]

One year later, this policy was reversed. At COP20 in Lima, the Australian government pledged AUD $200 million over four years for the GCF. In a joint statement, Prime Minister Tony Abbott and Foreign Minister Julie Bishop announced: "The pledge to the Green Climate Fund will *facilitate private sector-led economic growth in the Indo-Pacific region with a particular focus on investment in infrastructure, energy, forestry* (building on the successful Asia Pacific Rainforest Summit hosted in Sydney in November) *and emissions reduction programs*" [emphasis added].[167]

Since then, Australia has allocated three tranches of funding: AUD $70 million in 2014–2015, AUD $60 million in 2015–2016 and AUD $20 million in 2016–2017.

The focus on the role of the GCF in private sector-led economic growth and investment in infrastructure and energy raises questions about the priority to be given to adaptation funding for Pacific island governments and communities.

This concern is reinforced by the 2015 OECD climate-financing report, which notes that: "Japan and Australia consider that financing for high efficiency coal plants should also be considered as a form of climate finance."[168] Any prioritising of clean coal technology to large Asian nations like China, Indonesia and India will distort the already constrained climate-financing package away from crucial adaptation needs in Pacific island countries, where there is limited potential for significant private-sector co-financing.

In November 2015, after the leadership transition from Prime Minister Tony Abbott to Malcolm Turnbull, Australia was re-elected as GCF Co-Chair. According to Foreign Minister Bishop, Australia's return to the Board "will encourage an increased focus on the climate change challenges facing our region, particularly Pacific island countries and SIDS."[169]

Appendix 3: Detailed analysis and commentary on New Zealand's climate finance

New Zealand's climate finance is delivered through the New Zealand aid program, under MFAT. After the 2009 integration of the semi-autonomous New Zealand Agency for International Development (NZAID) into MFAT, the ODA programs objective changed from "poverty eliminated through development partnerships" to supporting "sustainable development in developing countries, in order to reduce poverty..." with a core focus on sustainable economic development.[170]

Under New Zealand policy, climate finance is rarely allocated exclusively for the purposes of climate change. Instead, climate mitigation or adaptation tends to be one of multiple desired project outcomes delivered as a co-benefit to other purposes, such as tourism or fisheries development.

Rio Markers created by the OECD Development Assistance Committee (DAC) set guidelines on which projects are reported as adaptation or mitigation, and whether the outcome is primary or a co-benefit. Climate-related support, along with other aid programs, is listed under the International Aid Transparency Initiative. New Zealand has repeatedly called for increased financial reporting and transparency at recipient country level, including for Pacific island countries, so that donor countries can account for their climate finance contributions.[171]

In line with aid program policy, the climate-financing package has a strong bilateral component, with a significant focus on the Pacific region. This saw just over half of the total climate finance allocated to SIDS and LDCs during the FSF period. The amount rose to around 76% during the post-FSF period. New Zealand announced it expects to allocate around 80% over the pre-2020 period. As detailed below, a significant amount of the total climate finance is allocated to mitigation (an estimated average 60% was spent on mitigation over the FSF period rising to around an estimated 80% in the post-FSF period).

This 80/20 split between mitigation and adaptation is expected to continue over the next few years until 2020, leaving around 20% for adaptation and other projects. Other projects include the Global Research Alliance on Agricultural Greenhouse Gases (part of the NZD $45 million allocated up to 2016, with a further NZD $20 million pre-2020). New Zealand's commitment to improving direct access to funds by SIDS and LDCs also saw NZD $3 million allocated to the GCF over the Initial Resource Mobilisation Period from 2015–2018. Of 42 contributors, New Zealand was the 26th most generous contributor per capita. While the commitment to renewable energy programs contributes to a major priority sector for Pacific island governments, there is a need to address the imbalance between adaptation and mitigation in New Zealand policy.

Table 5: Overview of New Zealand's climate finance from 2010 to 2020 in New Zealand dollars (NZD)

Period (through to the end of financial year)	Amount pledged from ODA	Amount delivered from ODA	Average % of annual ODA over period	Average % to: Pacific/ Asia/Other	Average % Adaptation-related	Average % Mitigation-related	Clean renewable energy initiatives as component of mitigation	Climate-related assistance: Bilateral/ Multilateral/ Other
FSF* three years from 2010–2012 (FY2010/11 to FY2012/13)	$90m, average $30m per year[172]	$90.34m[173]	Around 5–6%[174]	53% Pacific[175] 35% Asia 11% international	Average 40%[176] (dropped to around 25% by end of FSF period)	Average 60% (ramped up to over 65% by end of FSF period)	1st Pacific Energy Summit, held March 2013	70% bilateral
Post-FSF, three years from 2013–2015	$55–$60m per year (includes $65m energy projects, roughly 42% of the total over this period)	$154m[177]	Around 9%[178]	Average 76% Pacific[179]	Dropping to roughly 20%[180]	Ramping up to roughly 80%	$65m over three years of the 'more than' $80m in total climate finance allocated to the Pacific[181]	
Pre-2020, five years from 2016–2020	In Dec 2015, New Zealand announced $200m over next four years[182] (Average $50–$60m per year) This includes the new $100m energy projects announced June 2016		New Zealand said ODA will rise slightly over 2015–2019. [183] By implication, climate finance could be about 8–9%.	New Zealand said close to 80% Pacific	Likely average 20%[184]	Likely average 80%	2nd Pacific Energy Conference, held June 2016. New Zealand announced a further USD $69m (about NZD $100m). The Conference outcome includes actions out to 2024, in practice New Zealand would likely deliver its $100m sooner.	

Sources: Various official MFAT data sources, MFAT interviews and media statements by New Zealand Members of Parliament.
*FSF period 2010–2013.

Reliance on ODA budget: Similar to the Australian Government, New Zealand's climate finance is allocated exclusively from existing ODA as grants — it is not 'new and additional'. However, compared with ODA cutbacks in Australia, New Zealand's level of ODA (after adjusting for inflation and rolled over under-spent money[185]) has modestly increased since the start of the FSF period (currently around 0.27% ODA/GNI). New Zealand should be working towards an ODA level of 0.7% of GNI, not including its contribution of climate finance.

Re-balance and increase adaptation support: The 80/20 split between mitigation and adaptation is set to continue for several years according to MFAT senior staff. However, Stuart Calman, Deputy Director of Sustainable Economic Development in MFAT said: "A significant amount will continue to go towards renewable energy projects in the Pacific — contributing to roughly an 80/20 split ... however, we're aware of the need for greater balance following Paris and we're actively looking for ways to improve this." [186]

Calman added: "MFAT is currently searching for ways to improve direct access to climate funding for Pacific island countries, including the GCF. This could range from providing a consultant to help a country prepare an application through to broader support. Climate funding indicators and impacts are also being reviewed to enable MFAT to track these better."[187]

New Zealand's prioritisation of climate finance initiatives over the post-FSF period was criticised by NGOs such as Caritas Aotearoa New Zealand. According to Caritas,[188] 50% of climate-related assistance over the 2013–2015 period was spent on necessary adaptation projects. The other half they considered to be: 'business-as-usual' (infrastructure projects and economic development of fisheries, forestry and tourism); re-badged, short-term humanitarian response (traditionally paid out of the Humanitarian and Disaster Management Program), or 'building the new' (for example, renewable energy projects).

While acknowledging New Zealand's support for renewable energy projects in the Pacific as important, Caritas called on MFAT to make a priority shift in its climate-financing package to programs that genuinely support the most vulnerable and build long-term resilience at community level to cope with escalating climate impacts.

New Zealand and the Pacific Energy Summit
The first Pacific Energy Summit, held in March 2013, leveraged finance to support around 50 renewable energy and efficiency projects in the Pacific region.[189] Following the 2013 Summit, a significant proportion of New Zealand's total climate-related assistance from 2013–2015 (around 42%) was allocated to renewable energy projects. (It is significant that these funds are grant-based, in contrast to other donors that provided concessional loans, given Pacific island countries have consistently called for grant-based assistance to avoid adding to their debt burden.)

In June 2016, New Zealand co-hosted a second Pacific Energy Conference with the EU. The New Zealand Government announced it would contribute a further NZD $100 million towards renewable energy projects in the Pacific region.[190] This will be counted towards the NZD $200 million climate finance already announced from ODA over the next four years. Although the conference outcome includes actions that reach to 2024, in practice New Zealand would likely deliver its NZD $100 million sooner than that. If this is the case, renewable energy projects could represent roughly 50% of total climate finance from 2016 to 2020, and up to an estimated two-thirds of New Zealand's total climate finance allocated to the Pacific region over that period.

Since energy projects are such a significant part of the climate-financing package, ideally these projects would be analysed separately using an inclusive resilience lens but this is beyond the scope of this report.

While New Zealand's role in helping Pacific communities to access clean, efficient energy is helpful, interviewees from civil society and Pacific inter-governmental agencies have raised three key concerns in relation to building inclusive community-level resilience that New Zealand, and other providers, should take into consideration.

Economic focus: There is a tendency for energy projects to be business-focused (linked to New Zealand's sustainable economic development agenda) rather than socially focused. As a result, local communities can miss out on direct and indirect benefits.

> ***"A lot of work is going into major energy projects but the goal seems to support economic growth. Social accessibility is marginalised. Benefits to our people are often the least of their concern compared with business interests. It would be good to have access to renewable energy for community tourism, home-stay businesses, low-scale women's participation into MSMEs, or hot water to bathe our old people."***
>
> Pacific civil society spokesperson [191]

***Lack of transparency, participation and benefit sharing*:** Generally, information about donor funding of renewable energy projects and the energy sector at national level are not very accessible and transparent to civil society. This makes it hard for civil society to advocate for their rights as consumers, define their needs and priorities or call for any reduction in prices to be passed on to households.

Transparency is more complex when energy projects are funded through budget support (as ODA through the Ministry of Finance), which makes it more challenging to separate and trace climate finance. There should be adequate consultation with the local community and socialisation of energy projects to kick-start local jobs and secondary industries (for instance, local training in battery maintenance and solar-plant repair).

Some interviewees commented that lower electricity costs (as a result of switching from imported diesel to solar-generated electricity) are not necessarily being passed on to households. Furthermore, the burden of long-term operational and maintenance costs will fall to local governments and are likely to be passed on to local communities.

One interviewee questioned whether certain renewable technologies are fit-for-purpose for local community needs or some components are appropriate for Pacific conditions (needing early replacement or repair at Pacific island countries' expense). These added costs are not always made apparent to governments preparing feasibility studies and provisional budgets. It is critical these costs are factored into a cost benefit

analysis and long-term operational plans to avoid any adverse social impacts from these infrastructure projects.

> ***"Pacific governments are prioritising ambitious renewable energy goals and there's donor demand for tangible infrastructure projects to count towards climate change initiatives. But this intense focus on energy is crowding out the development agenda, complicating progress towards resilience building across all other sectors, which often have less well-developed plans. Our government hasn't yet comprehended how climate change is already impacting other sectors that underpin our development, such as agriculture and fresh water, or the suffering already experienced by households."***
>
> Pacific civil society spokesperson [192]

Crowding out other sectors critical to resilience: The strong donor focus on tangible projects and the desire for affordable, sustainable energy among Pacific leaders appears to be driving the prioritisation of national-level energy-sector plans and roadmaps ahead of other critical sectors.

Some observers say this has led to the climate change resilience agenda being dominated by mitigation-focused energy-sector policy development and planning at national and sub-national level, while important adaptation programs targeting community-level resilience in other sectors, such as agriculture and fresh water supply, are receiving much less attention.

Beyond specific sectoral needs, such as agriculture and water, good adaptation must emphasise broader capacity awareness and understanding of climate change, and be enabled by top-down as well as bottom-up processes. Effective community-based adaptation (CBA) prioritises the use of local institutions and community participation in the process of assessing climate risks as well as in planning, implementing and monitoring adaptation measures. CBA's more distinctive features are its emphasis on raising community awareness on climate change and incorporating future climate risks in planning.[193]

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[152] *Australian Aid Budget Summary 2016–2017*. http://dfat.gov.au/about-us/corporate/portfolio-budget-statements/Documents/2016-17-australian-aid-budget-summary.pdf
[153] Calculation based on total climate finance over that period as a percent of total ODA over that period
[154] Dr Ravi Tomar: 'The ever-shrinking Aid Budget', Parliamentary Library Budget Review 2014–2015, Parliament of Australia, 2015.

http://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/BudgetReview201516/Aid

[155] *Australian Aid Budget Summary 2016–2017*. http://dfat.gov.au/about-us/corporate/portfolio-budget-statements/Documents/2016-17-australian-aid-budget-summary.pdf

[156] A range of 'effort sharing' methodologies have arrived at similar estimates of Australia's responsibility and capability. ANU researchers have proposed that "a fair share for Australia may be around 2.4%, or USD $2.4 billion a year", Frank Jotzo, Jonathan Pickering, Peter J. Wood: 'Fulfilling Australia's International Climate Finance Commitments: Which Sources of Financing are Promising and How Much Could They Raise?', *CCEP working paper* 1115, Centre for Climate Economics and Policy, Crawford School of Economics and Government, ANU, October, 2011. See also the *Climate Equity Reference Project*. https://climateequityreference.org/

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SOUTH TARAWA, KIRIBATI: Mosiah, 13, grade 8 student of Moroni High School, going home after his class. Many school students have to go to school every day through areas that are flooded at high tide. Photo: Vlad Sokhin/Panos/OxfamAUS."