



SECRETARIAT OF THE PACIFIC REGIONAL ENVIRONMENT PROGRAMME

Twenty-Second SPREP Meeting

Apia, Samoa
13 – 15 September 2011**Agenda Item 8.2.2:****Climate Finance – Global Environment Facility, Kyoto Adaptation Fund,
Green Climate Fund, FEMM 2011 Outcomes****Purpose**

1. To inform the Meeting on recent developments concerning environmental financing related to the Global Environment Facility, the Kyoto Protocol Adaptation Fund, the Cancun Green Climate Fund, and outcomes of the Forum Economic Ministers Meetings 2010 and 2011 related to climate finance.

Background

2. A number of developments over the past two years have seen consideration of climate change financing for both adaptation and mitigation become an urgent and critical issue globally and for the Pacific region. These developments include pledges at the United Nations Framework Convention on Climate Change (UNFCCC) Conference of the Parties (COPs) in Copenhagen and Cancun, and at the United Nations Convention on Biodiversity (UNCBD) COP in Nagoya.

3. These developments were partly anticipated by the Pacific Climate Change Roundtable (PCCR) at its meeting in Majuro in 2009, at which it requested SPREP to commission a study to explore the feasibility of a Pacific Climate Change Financing Mechanism, as well as that of a related or stand-alone Technical Backstopping Mechanism. These proposals were endorsed by the SPREP Meeting and Meeting of Environment Ministers in Madang, Papua New Guinea 2010.

4. Forum Leaders in August, 2010 noted the importance of adequate, sustainable and timely resources for Pacific Island Countries (PICs) to address needs to mitigate and adapt to climate change. They agreed on the: (i) importance of effective coordination and management of climate change resources and response efforts particularly at the national level, and (ii) the need for Pacific Island Countries (PICs) to drive the prioritisation of climate change resources and activities through their national, sectoral plans and systems.

Global Environment Facility

5. The 4th Replenishment cycle of the GEF (GEF-4) ended 30 June 2010, and the 5th Replenishment (GEF-5) started 1 July 2010. PICs accessed GEF resources for GEF-4 mainly under the umbrella regional programme, the GEF Pacific Alliance for Sustainability (GEF-PAS). After revisions, the GEF-PAS has 32 projects, with GEF grants totalling US\$101,561,873.

6. The GEF-PAS has 10 biodiversity projects, 9 climate change mitigation projects, 8 climate change adaptation projects, 1 international waters project, and 4 Persistent Organic Pollutants (POPs) projects. As at May 2011, sixteen were under implementation, two awaiting the GEF CEO endorsement before implementation commence, and the others in various stages of finalising full project documents.

7. Under GEF-5, PICs have country-specific indicative allocations under the System for the Transparent Allocation of Resources (STAR) totalling UN\$28 million for climate change mitigation, US\$43.81 million for biodiversity, and US\$10.08 million for land degradation, for a total STAR of US\$81.89 million. Additional resources can be accessed from set asides for international waters, POPs and chemicals, sustainable forest management, and corporate programmes including direct access funds.

8. Funding for adaptation projects and programmes under GEF are provided mainly through the Special Climate Change Fund and the Least Developed Countries Fund, which are separate from the main trust fund. However, these are resourced through voluntary contributions, and there is some uncertainty as to the levels by which these funds will be replenished. In May 2011, the GEF Council also approved operational arrangements for the new Nagoya Protocol Implementation Fund.

Kyoto Protocol Adaptation Fund

9. This Adaptation Fund was established by the Parties to the Kyoto Protocol of UNFCCC. It is financed with the revenues generated as a share of the proceeds from 2% of Certified Emissions Reductions (CERs) for projects under the Clean Development Mechanism (CDM) plus other sources.

10. The Adaptation Fund was deliberately designed so that countries can have direct access through accredited National Implementing Entities, unlike the GEF. As at June 2010, however, fiduciary criteria and adaptation programming capacity required of National Implementing Entities has resulted in only three national entities globally being accredited. The decision establishing the Adaptation Fund allowed for UNDP, World Bank, UNEP and others to be pre-approved as Multilateral Implementing Entities, to allow less-resourced countries to utilize their assistance in accessing the fund. This may have been a tactical error on the part of the advocates for direct country access, as accreditation criteria have become very onerous.

11. As of June 2011 the Adaptation Fund Board has approved a project for Solomon Islands, has endorsed a project from Cook Islands, and has project proposals under review from Fiji and Papua New Guinea. It is estimated that the AF will have available resources of US\$250 – US\$350 million by 2012.

12. SPREP has applied for accreditation as an Multilateral Implementing Entity of the Adaptation Fund to be better placed to provide support as necessary to PICs, and this application has been endorsed by some PICs, as the Adaptation Fund Secretariat required at least two PICs to do so. A decision of the Adaptation Fund Board on the SPREP application is awaited following the meeting of the Accreditation Panel 8 August and the Board meeting on 15 September 2011.

Green Climate Fund

13. The Cancun Green Climate Fund (GCF) was agreed to by the UNFCCC COP last year in Cancun, Mexico. It is proposed to be responsible for delivering funds to help protect vulnerable countries from weather-related climate impacts, protect tropical forests, and develop low-carbon energy systems for developing nations. Developed nations pledged that the GCF will have resources annually of US\$100 billion by 2020.

14. The first meeting of the Transitional Committee (TC) tasked with designing the fund was held in Mexico City in late April, 2011. Pacific Small Island Developing States (SIDS) are represented on the TC by Samoa’s Ambassador to the United Nations in New York, supported by SPREP and PIFS. The Caribbean SIDS are represented by Barbados.

15. The first TC meeting agreed on four work streams to address the following fund elements: (i) Scope and guiding principles; (ii) Governance and institutional arrangements; (iii) Operational modalities; and (iv) Monitoring and evaluation.

16. The TC’s work schedule includes meetings in July, mid September, and late October when its report will be finalised for submission to the UNFCCC COP 17 in Durban, South Africa. It also has scheduled two technical workshops.

FEMM 2010 and 2011 Outcomes

17. At the request of Forum Leaders, the Forum Economic Ministers in their October 2010 meeting in Niue agreed to “the need for a strategic focus and urgent action to address access to, and management of, current and proposed funding for climate change in the region...” The FEMM tasked the Pacific Islands Forum Secretariat (PIFS) to coordinate the development of an options paper on the subject, to be presented at the FEMM in 2011.

18. The PIFS have noted that various aspects of this topic are the subject of past, ongoing and future initiatives, including the study requested by the 2009 PCCR and commissioned by SPREP in 2010, which was also made available to the FEMM in Niue, and is building on this work.

19. FEMM at its meeting in Apia in July 2011 noted the options paper and the work in progress and agreed to recommend direct budgetary support as the most effective modality for the delivery of climate change resources, noting also that national, sub-regional and regional trust funds could also be explored as options. Further work on refining the options will be undertaken through out-of-session consultations.

Recommendations

20. The Meeting is invited to:

- **note** the developments outlined concerning climate change finance; and
- **direct** the Secretariat to undertake any related tasks or provide assistance to Members in matters relating to emerging climate change financing issues.

20 July 2011