AGENDA ITEM 8.4:
Accessing Climate Financing

Purpose of Paper

1. To report on progress of Members accessing climate financing through SPREP as a regional accredited entity with the Green Climate Fund and Adaptation Fund.

2. To inform Members of SPREP’s new accreditation status with the Green Climate Fund.

Background

3. SPREP is a regional accredited entity to both the Adaptation Fund (since 2014) and the Green Climate Fund (since 2015). This enables SPREP to continue to support its Members to access climate financing and to strengthen projects from the design and development phase through the implementation phase. The geographical coverage consists of 14 PICs (GCF) and 15 PICS (AF) including: Palau, Federated States of Micronesia, Republic of the Marshall Islands, Nauru, Kiribati, Samoa, Tonga, Tokelau, Niue, Tuvalu, Cook Islands, Fiji, Vanuatu, Papua New Guinea, Solomon Islands.

4. The Project Coordination Unit was established in 2017 to support SPREP to provide high quality project development, implementation and management support for the benefit of Members, and deliver on SPREP’s role as:

   - a Regional Implementing Entity (RIE) for the Adaptation Fund (AF)
   - an Accredited Entity (AE) and Direct Access Entity (DAE) for the Green Climate Fund
   - the focal point for the Global Environment Facility (GEF) tasked with supporting Members and the Pacific GEF Council member(s).

5. The PCU became fully operational in October 2018 with the appointment of: Manager, Project Design and Development Specialists (2) and an Implementation Support Officer.

6. During 2018 the PCU has been supporting Members to access climate financing through the development of a project pipeline (outlined below) and establishing strong relationships with the GCF, AF and GEF to ensure the Pacific region remains a high priority for funding agencies.

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1 Tokelau is eligible for AF funding only
SPREP Project Work Programme

Current Projects

7. SPREP has been working with Members to access climate financing approximately US$217m (projects under implementation and under development) through these two funds (GCF & AF) and currently implements the following projects:

   a. Climate Information Services for Resilient Development in Vanuatu (Vanuatu)
   b. Enhancing the Climate Change Resilience of Vulnerable Island Communities in Federated States of Micronesia
   c. Niue Readiness and Preparatory Support
   d. Republic of the Marshall Islands Readiness and Preparatory Support

Projects under Review

8. Submitted proposals under Fund consideration include:
   a. GCF Readiness and Preparatory Support project (Palau)

Projects for submission

9. In October SPREP will be submitting to the AF:
   - one full-sized proposal
     - Enhancing resilience in the Outer islands of Kiribati

   and to the GCF:
   - one full-sized project PPF request
     - Building indigenous community resilience through a transition to low emission sea transportation in the Micronesian region; and
   - two SAPs
     - Enhancing energy financing through improved legislation and regulations to promote low carbon development in Palau; and
     - Sustainable Climate Change Leadership in the Kingdom of Tonga).
Projects

SPREP Project Pipeline

10. SPREP’s current GCF and AF project pipeline totals 17 projects including 11 national, 5 multi-country and 1 regional project:

- a. Enhancing the resilience of the outer islands of Kiribati (AF $8.2m)
- b. Building Indigenous community resilience with low emission sea transportation in the Micronesian region (GCF $50m)
- c. Enhancing climate change resilience of communities in Niue and Tonga through terrestrial, coastal and marine ecosystem adaptation (GCF $50m)
- d. Strengthened weather and climate services for resilient development for Pacific Islands (GCF $10m)
- e. Sustainable Climate Change Leadership in the Kingdom of Tonga (GCF $10m)
- f. Enhancing early warning systems to build greater resilience to hydro and meteorological hazards in Pacific Small Island Developing States (SIDS) (GCF $35m)
- g. Enhancing energy financing through improved legislation and regulations to promote low carbon development in Palau (GCF $10m)
- h. Removing barriers to catalyse for low carbon development through the tourism sector and local energy industries (GCF $10m)
- i. Enhancing the use of energy efficient appliances through legislation, regulations and financing (GCF $10m)
- j. Enhancing climate resilient planning and decision making in RMI (GCF $10m)
- k. GCF National Action Plans (RMI, Niue, Nauru, Tuvalu, FSM)
- l. GCF Readiness and Preparatory Support projects (PNG and Palau)
Accreditation with GCF and AF

11. At the B23 GCF Board meeting held 6 – 8 July 2019) SPREP’s accreditation was approved from small projects (<US$50m Category C) to medium projects (>US$50m <US$250m Category B/1-2). In addition to the upgrade, SPREP has been awarded accreditation for ‘Specialized Fiduciary Standard for Grant Award and/or Funding Allocation Mechanisms”. The upgrade Small – to Medium sized projects, Category C to Category B/1-2 will be critical to supporting SPREP’s role as a regional accredited entity. Furthermore, the awarding of the Specialized Fiduciary Standard for Grant Award and/or Funding Allocation Mechanisms will enable SPREP to work with Members to develop programmatic approaches to accessing climate financing, thus providing further opportunities for Countries. However, it should also be noted the accreditation upgrade and increasing demand from Members for the provision of services from SPREP as an AE requires significant resources. As demand increases, resources to underpin these efforts will need to grow proportionally.
12. While interest remains from Pacific Members for a Pacific GCF Office (as noted in the 2018 Executive Board Meeting), there has been no further communication from the GCF Secretariat on the request.

13. SPREP was recently awarded reaccreditation with the Adaptation Fund (AF) at the 33rd Board meeting in 2019. The reaccreditation enables SPREP to continue to support Members through access to the AF in building resilience and adapting to climate change. In the 22nd meeting earlier this year, the GCF Board accredited SPC as the Pacific’s second RAE. SPREP will continue to offer support as SPC establishes its internal RAE structure and process. A meeting between SPREP and SPC has been proposed to discuss efficiencies and best collaboration between the 2 RAES.

Global Environment Facility

14. SPREP continues to support the GEF Pacific Constituency to access funding under the Global Environment Facility. At the 56th GEF Council Meeting held in June, the Pacific-related project ‘Implementing Sustainable Low and Non-Chemical Development in SIDS (ISLANDS)’ was approved under the GEF-7 work programme for $56,000,000 of which $20,000,000 is for the Pacific component.

15. Healthy Oceans Initiative: The Healthy Oceans initiative targeting the GEF-7 is being developed by UNEP as the implementing agency. SPREP has been nominated as the executing agency for the project. Progress to-date has been slow with little country engagement and ownership. At the May 2019 GEF Pacific Constituency meeting, Members expressed concerns with the slow progress and lack of engagement. The GEF is undertaking a special session on the initiative at the Extended Constituency Workshop held in Nadi, Fiji from 22-26 July. Further details on the initiative will be available following this workshop.

16. Focus for SPREP will continue to be with the GEF and supporting Members to access funding to support their environmental projects. Over the next six months, SPREP will work with countries to identify priorities for potential GEF-7 funding support. A detailed work programme is being developed and will be tabled at the next GEF Pacific Constituency meeting for Members input and approval.

Recommendation

17. The Meeting is invited to:

- note the report from SPREP on climate financing and progress against the pipeline;
- note and endorse SPREP’s collaboration with SPC to most effectively access climate finance for Members’ climate action priorities;
- note the SPREP accreditation upgrade and the need for proportional resourcing of SPREP to continue to support Members in this role; and
- note the lack of response from the GCF Secretariat to the Pacific GCF Office request.