

PFM Climate Finance Readiness: A Pacific Perspective!

Climate Finance Readiness for the Pacific | 28 March 2019

Aholotu Palu: Climate Finance and PFM Expert



Contents

1. Overview of Climate Finance Readiness

- The Pacific Perspective.
- The PFM climate finance analysis
- Where does climate finance comes from?

2. The Green Climate Fund

- Where are we today with Accessibility?
- Readiness and Projects

3. The Pacific Capacity Dilemma

- The Climate Finance alignment to PEFA
- The Pacific Capacity Dilemma
- Key challenges
- What next?

International Frameworks:

Paris Agreement (Article 9 – US\$100 billion/year by 2020 target) and the SDGs (Goals 13 & 17).

Pacific Climate Finance Frameworks:

The FRDP

The PCCFAF:

- A CCDRF Assessment/methodology was developed to assess the country's readiness capacity looking at 7 pillars

National Frameworks:

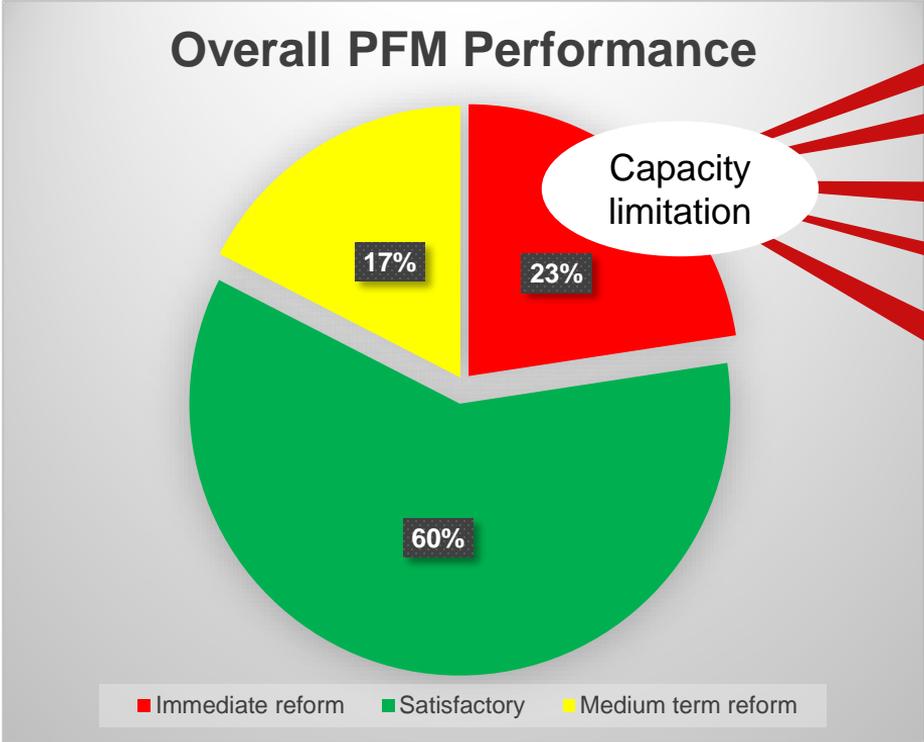
National Sustainable Development Strategies/Plans
National Climate Change Policies

JNAPs

NDCs etc



Key Identified PFM Climate Finance Weaknesses from Assessments



No independent appealing processes (procurement)

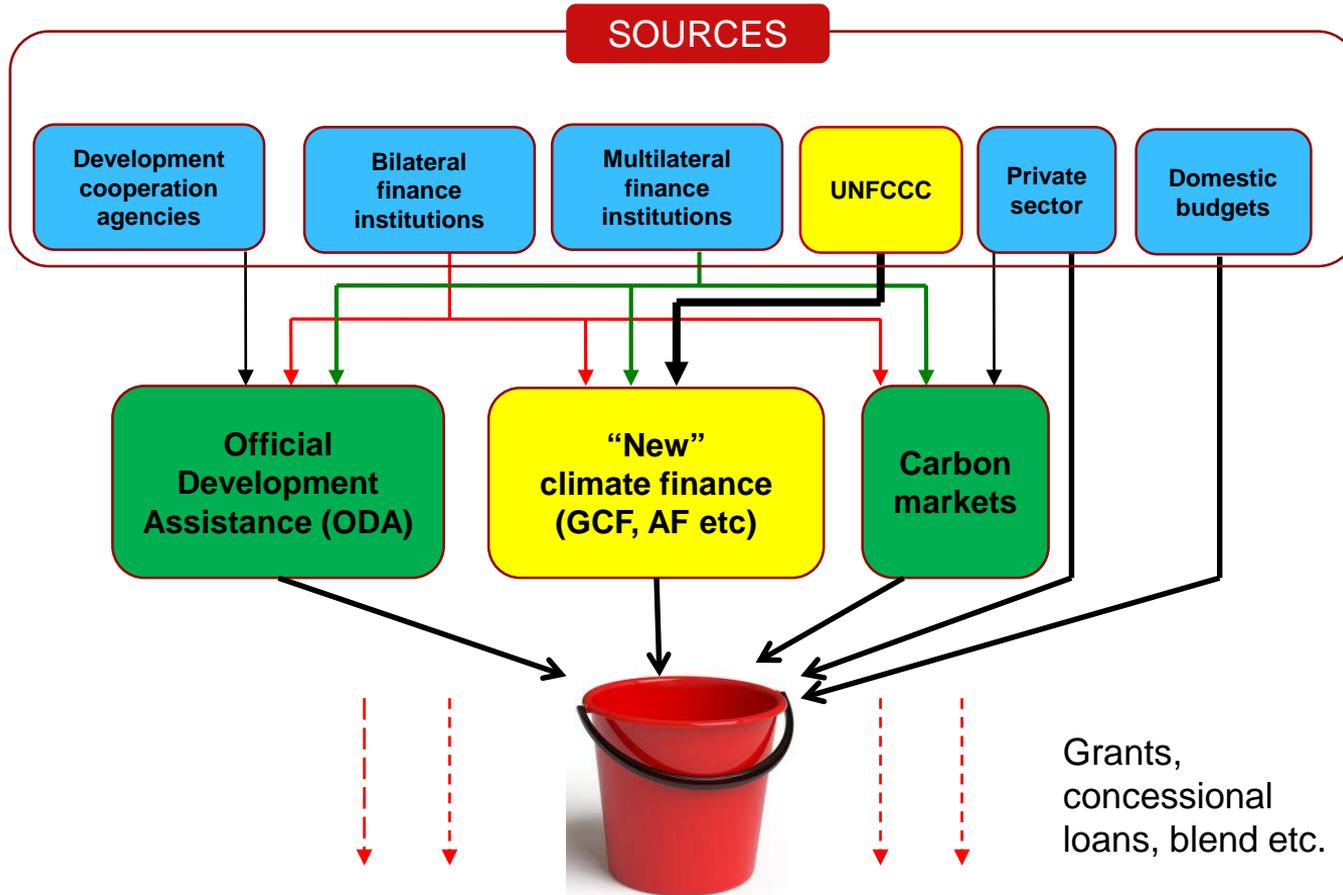
No Project Management framework and processes

No M&E framework

Weak Institutions (Internal Control, CF Unit)

Weak priorities alignment to budget (rigid coding system)

Where does climate finance comes from?



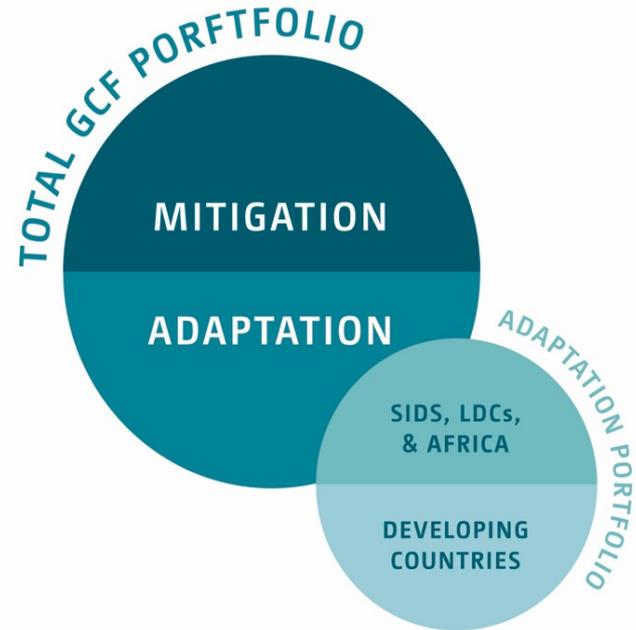
Total Finance available for Pacific Countries to respond to Climate Change

Green Climate Fund: Where are we today with accessibility?

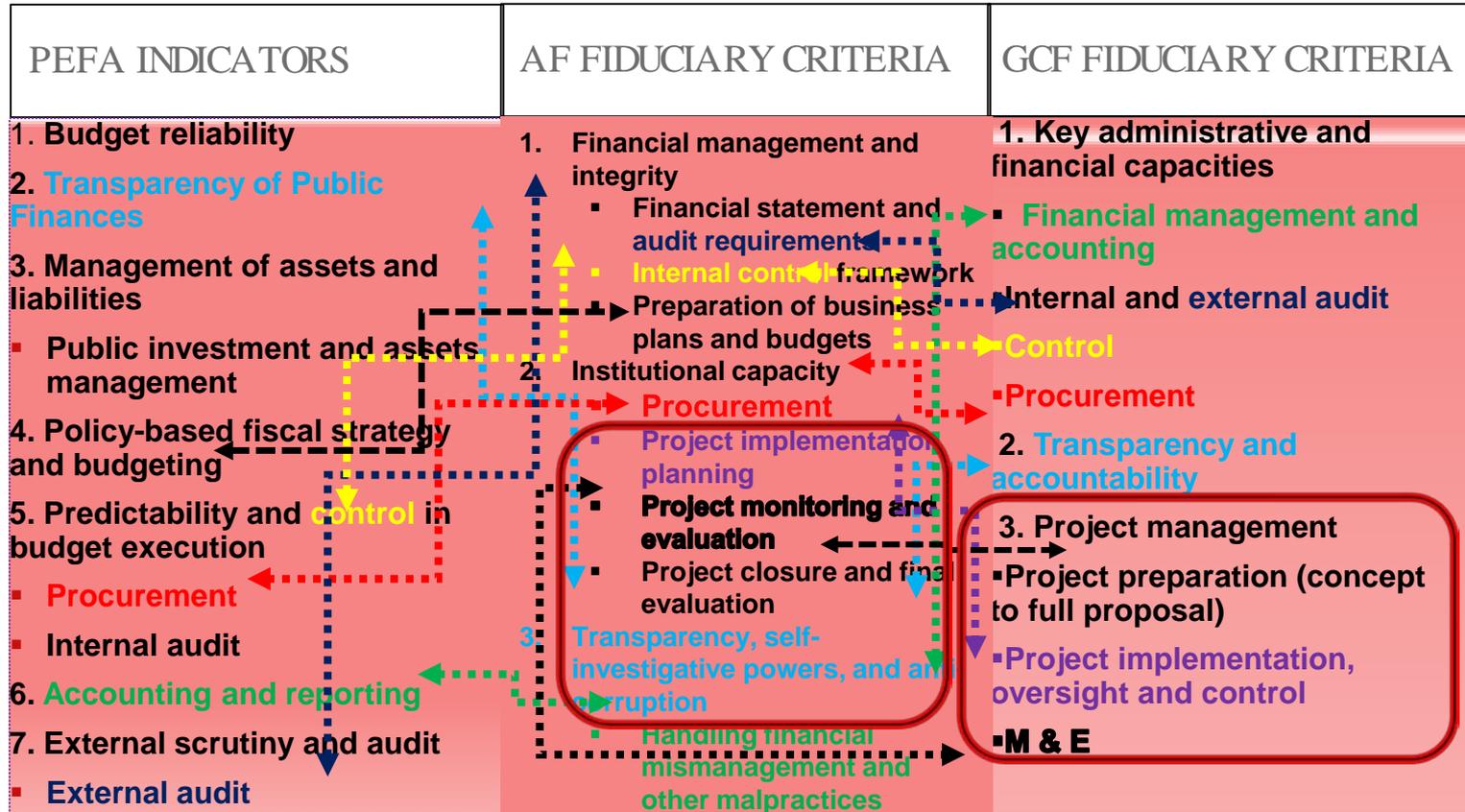
“A day waiting is a day too many”

President of Kiribati

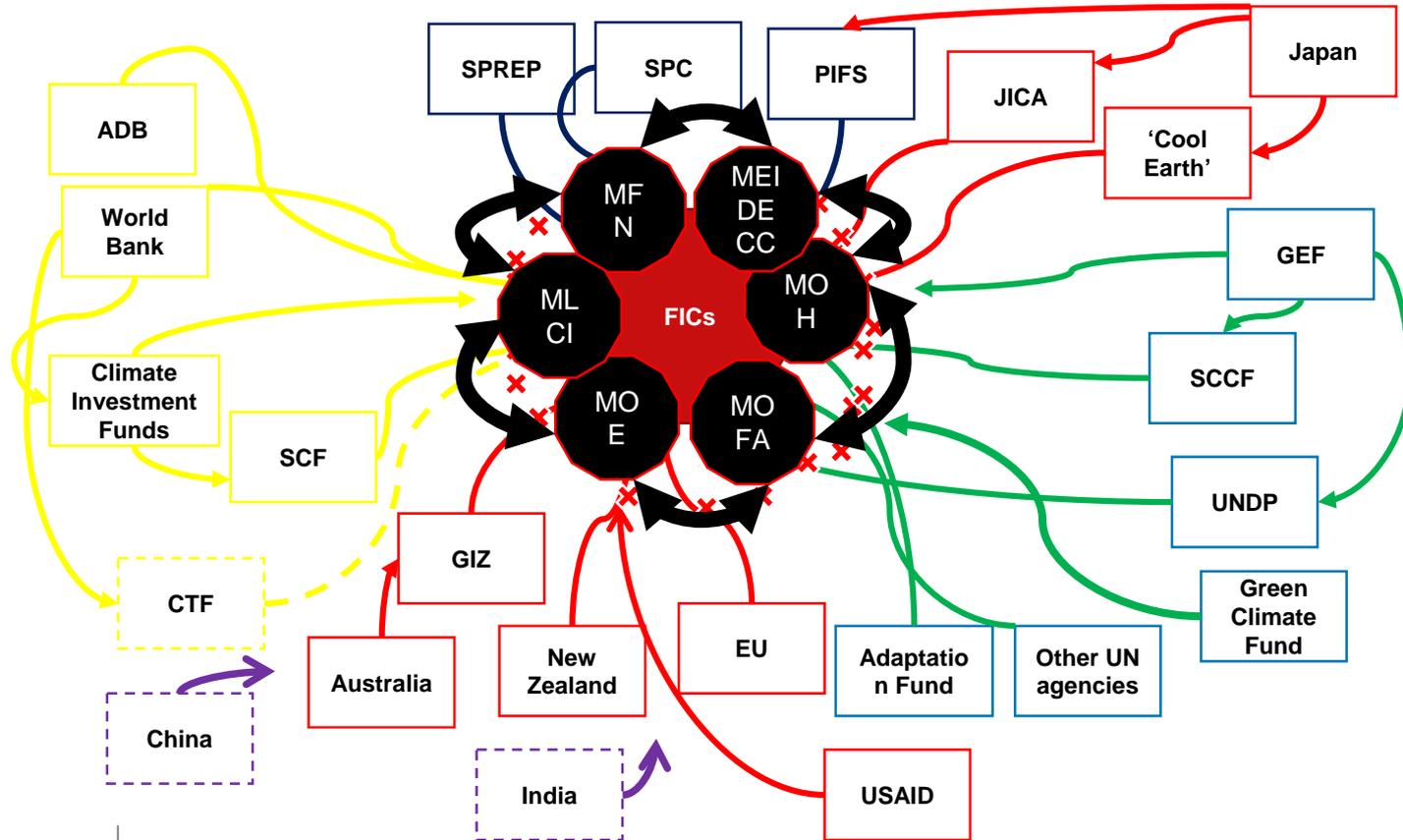
- 11 FICs- projects approved
- US\$ 359 million indirectly accessed
- About 60/40 between adaptation & mitigation
- 10 FICs accessed to US\$6.0 Readiness Support mainly to build institutions



Alignment of Climate Finance fiduciary criteria to PEFA



The Capacity Dilemma facing PICs: Coordination is critical



PFM Climate Finance- Key Challenges

Specific challenges

- Administrative burden and pressure on FICs human resource capacity due to influx of funded projects with differing accountability requirements.
- Fragmentation and segregation of government priorities as a result of increasing dependency on external funding packages.
- Stress on PFM and the ability to meet best practice requirements while also ensuring systems are agile and responsive enough to suit changing needs.
- Difficulty of tracking investments that fall outside the direct purview of national budgets.
- Progressing investments that help foster greater alignment between government and private sectors.

What next? After 8 years of accessibility focus!

After 2 years of PIFS involvements.

- Deepening the impact currently provided
- Geographical expansion- covering the rest of the FICs
- Starting the conversation on a “good enough” standard vis-à-vis best practice, without compromising key accountability requirements
- Moving the focus from CF accessibility to “effectiveness”:
 - Building resilience
 - the integrity of policy/infra investments
 - Pending increase of global climate finance flows from the current estimated \$60bn USD per year to the agreed global commitment of \$100bn USD per year by 2020



A white, hand-drawn style thought bubble sticker is centered on a brown corkboard. The sticker has a soft, irregular shape with a small tail at the bottom. Inside the bubble, the words "Thank you!!" are written in a bold, black, sans-serif font. The word "Thank" is on the top line, and "you!!" is on the bottom line, slightly indented to the right.

Thank
you!!