

Challenges in climate change financing in the Pacific Island Countries

The reports from the Barbados (1994) and Mauritius (2005) conferences succinctly captured the overarching and interlinked challenges facing the Pacific Island Countries and all Small Island Developing States. Key constraints included capacity in-country to obtain information on climate change finance, to apply for and access climate change finance and to manage these resources according to often onerous donor reporting requirements.

Having observed the difficulties that many Pacific Island Countries were experiencing in seeking accreditation to the Adaptation Fund Board (AFB) as National Implementing Entities, SPREP discussed the situation with its Members, leading to a directive for SPREP to apply as a Regional Implementing Entity. Although there were various multilateral agencies already accredited to the AFB and were offering services to the region, SPREP members called for more options especially from SPREP, based on its experience on climate change. SPREP Members were of the view that a greater degree of country driven focus was required, and that agencies such as SPREP held closer affinity with Pacific Island Countries as it stands accountable to its Members. SPREP was requested by Members to seek accreditation as an RIE, to provide an additional avenue for Members that do not have NIE status to seek Adaptation Fund Board (AFB) funding. Currently no Pacific Island Countries (PICs) have NIE status, although some have applied or expressed an interest. SPREP considered serving as RIE, only as an interim measure to assist the region until all Member countries have attained NIE status, and the accreditation process is documented and shared with the region. The rationale for the application can be summarized as:

Benefits	Challenges/Costs
<ul style="list-style-type: none"> ✓ SPREP as a regional intergovernmental organisation, owned by Member countries, has a comparative advantage to effectively implement climate change financing services as a Regional Implementing Entity (RIE) than most Multilateral Implementing Entities (MIEs) due to closer relationship with Members. And our direct accountability to them. ✓ SPREP's achievement of an RIE status could be more cost effective in delivery of services and climate change funds for Member countries, due to SPREP's work on the Regional Climate Web Portal and the Regional Technical Support Mechanism (RTSM). ✓ Attaining RIE accreditation for SPREP would enhance the ability of Pacific island countries region to manage their own climate change adaptation funds ✓ The RIE modality recognises the potential of strong institutions in the region. 	<ul style="list-style-type: none"> • There will be challenges and costs associated with developing proposals, disbursement and management of climate change funds at the national level, as has been experienced with many regional climate change projects. • The process to attain RIE accreditation requires considerable amount of resources and technical expertise, and Member countries must be fully committed to support the lengthy process. • A consultative approach and active engagement of Member countries, CROP agencies and other relevant stakeholders is crucial in pursuing RIE accreditation for a regional intergovernmental organisation like SPREP.

<ul style="list-style-type: none"> ✓ RIE accreditation results in improved institutional and operational standards and procedures for regional implementing entities, having gone through the Adaptation Fund accreditation process. ✓ Achieving RIE accreditation for SPREP would help to supplement capacity limitations of smaller island states in regards to their ability to effectively access, manage and disburse climate change funds. ✓ Assistance to Members in their work to obtain NIE status. 	<ul style="list-style-type: none"> • It will be challenging for an RIE to maintain a balance between the priority climate change adaptation needs of Member countries, noting the diversity within the region and the likelihood of some Members becoming National Implementing Entity (NIE) in the future. However SPREP will work with Pacific island countries to ensure its position as as an RIE, complements and supports national efforts to achieve NIE status.
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SPREP embarked on its application process in July 2010, with a lot of time spent by advisers and officers in climate change, finance, human resources, legal and administration to collect and collate the numerous information and documents required, and was able to submit the application on 17 September 2010 (for accreditation requirements see <https://www.adaptation-fund.org/page/accreditation-process>). In March 2011 SPREP was informed that the application had been received and would be considered if supporting letters were submitted from at least two Members, which was duly done by Samoa, Nauru, Vanuatu and Cook Islands.

Timeline/Date	SPREP Actions	AFB Responses
July 2010	Application process commenced	Accreditation process accessed through AFB website
September 2010	Application lodged	AFB considered application and March 2011 informed SPREP of need for 2 national endorsements
April 2011	National endorsements submitted from Samoa, Nauru, Vanuatu and Cook Islands	List of 31 detailed questions received from AFB
May 2011	SPREP submitted responses and documentation (13 MB file)	August 2011 AFB submitted 20 questions, some to follow up and some new issues
September 2011	SPREP submitted responses	No response, but AFB meeting report suggested that there had been no communication
December 2011	Enquiry on process sent to AFB	February 2012 further 15 questions sent by AFB
February 2012	AFB workshop in Samoa	AFB provided guidance on process and next steps
April 2012	Based on the guidance responses were sent to AFB	August 2012 concerns relating to procurement, transparency, internal control and the internal audit function were sent by AFB
August 2012	Responses sent to AFB	September 2012 AFB sent 17 questions around the Zero Tolerance Fraud Policy

November 2012	Response sent to AFB	February 2013 matrix those responses sent by AFB
April 2013	Response to matrix sent	AFB acknowledged receipt

SPREP received a list of 31 detailed questions from the Accreditation Panel of the AFB. These ranged from questions on financial regulations, procurement to code of ethics. These questions were addressed and a response submitted on 27 May 2011 containing 13 MB of documentation.

In August 2011 a further 20 questions were received from the Accreditation Panel. Questions were further elaborations on previous questions, as well as a number of new concerns from AFB that had not been referred to in the earlier set of questions. This required even more work to complete and a response was sent on 20 September 2011. No response was forthcoming and SPREP viewed with alarm that the next AFB meeting did not have the SPREP application on its agenda.

After sending an enquiry, in February 2012 SPREP received a list of a further 15 questions that had been compiled in November 2011, but had not been transmitted due to a clerical error. Thankfully this also coincided with an AFB workshop held in Samoa, and SPREP arranged to have detailed discussions with the Accreditation Panel members participating in that workshop. Overall, SPREP has been able to engage with the Adaptation Fund through a constructive dialogue, with a visit of two of the Fund's Accreditation Panel Members to Apia in May 2012. This experience was an opportunity to identify specific areas of improvement for SPREP in seeking accreditation, and to implement specific remedial measures in a relatively short period of time. SPREP has now developed its understanding of the sometimes complex criteria which can be shared among PICs seeking NIE status. This resulted in a detailed workplan going forward, combined with SPREP submitting responses and documentation for the latest set of questions. This was submitted in April 2012.

AFB sent a further response to SPREP 15 August 2012 (however it was dated 6 July 2012) containing further concerns relating to procurement, transparency, internal control and the internal audit function. SPREP responded in detail on 24 August 2012. On 27 September 2012 SPREP received from the AFB 17 questions around the Zero Tolerance Fraud Policy. SPREP responded in November 2012, and 24 February 2013 received in return a matrix from AFB discussing the SPREP responses to these questions. SPREP responded to these on 9 April 2013.

The conclusion that SPREP has drawn from its interaction with the AFB Accreditation Panel can be summarized as changing its policies and regulations to meet the international fiduciary requirements of the AFB, only to find that once these were in place the AFB wished to see these changes operating in practice. The playing field had shifted significantly throughout the process, but ultimately SPREP would need to prove that the changes were effective, which was not highlighted by AFB at the outset.

The irony of course is that the cap on multilateral implementing entities also applies to regional ones, thus even if SPREP was to be accredited at this stage there are no funds that could be secured from the AFB.