

MSG Technical Workshop on Needs-based Climate Finance
MSG Secretariat, Port Vila, Vanuatu
15 – 16 August 2018

Report

Participants:

1. Malcolm Dalesa, Vanuatu (Pacific Risk Resilience)
2. Moortaza Jiwanji , UNDP (Pacific Risk Resilience)
3. Ledua Vekaloloma (Pacific Islands Forum secretariat)
4. Gwen Sissiou (PNG - Climate Change & Development Authority, CCDA)
5. Stanley Wapot, MSG secretariat
6. Henry Vira, GIZ-Pacific NDC Hub
7. Paul Kaun, GGGI-Vanuatu
8. John Palmer (MSG)
9. Amb. Amena Yauvoli, MSG secretariat
10. David Loubser (SPREP), 2nd day of the workshop
11. Yolando Velasco, UNFCCC secretariat

* Representatives from Solomon and Fiji were unable to attend due to clashes in schedules

** Programme of the workshop is contained in the annex.

1. Introduction

- Amb. Amena Yauvoli, Director General of MSG highlighted the need to ensure delivery of pre-2020 climate finance commitments of developed countries. It is in this context and the importance that the COP places in ensuring that resources provided are based on the climate finance needs of developing countries that the Parties requested the UNFCCC secretariat, in collaboration with the operating entities of the Financial Mechanism, United Nations agencies and bilateral, regional and other multilateral channels, to explore ways and means to assist developing country Parties in assessing their needs and priorities, in a country-driven manner, including technological and capacity-building needs, and in translating climate finance needs into action (Decision 6/CP.23, paragraph 10).
- In response to this mandate, the UNFCCC secretariat launched the Needs-based Climate Finance (NBF) Project at COP 23 with 12 countries in Asia and the Pacific, Africa and Latin America and the Caribbean. The project aims to strengthen partnerships in the identification of climate finance needs and in the mobilization of resources to support those needs. In the Pacific, the project is currently implemented only in the Melanesian subregion, but the expectation is that it will be expanded to the rest of the Pacific beyond MSG.

- The MSG and UNFCCC secretariats established partnership in the implementation of this project with the signing of the Letter of Exchange. The process moving forward includes the development of MSG's climate finance strategy, conducting bilateral and multilateral outreach, High Level presentation at COP 24, and the organization of High Level Partners' Dialogue in conjunction with the Leaders' Summit in early 2019
- Climate diplomacy is a Party-driven process in collaboration with partners. As it is a process issue, it is important to engage as many Parties as possible, including by expanding this work to the rest of the Pacific.

2. Session 1: Overview of international finance and finance needs and priorities of Melanesian countries

Discussions

- It was noted that development finance far surpasses climate finance in the sub-region as reflected in OECD climate finance tracking tool. A comment was made on the possible impact of development finance with climate finance if there is no mechanism in place to ensure consistency and coherence in development and climate finance.
- Not all Melanesian countries included climate finance needs in their INDCs. The revision of the NDCs is one area where support is needed for the sub-region.

3. Session 2: Overview of climate finance in the Melanesian Sub-region

Pacific Islands Forum secretariat: Climate finance and initiatives in the region

- There is a need to improve access to climate finance in the region to support not just climate actions but also other related frameworks such as the implementation of Sendai and the Pacific frameworks.
- The current initiatives of the PIF include the Pacific Climate Change Finance Assessment in 7 countries using Climate Public Expenditure and Institutional Review (CPEIR) (modified to fit into the Pacific context). The project has assessed 3 countries (Fiji, Samoa and Vanuatu)
- PIF has also introduced a climate finance tracking tool among Pacific countries, e.g. Solomon Islands. In Fiji, PIF supported the accreditation of Fiji Development Bank to the GCF.
- As with regards to the private sector, the PIF have conducted the following activities: mapping of the private sector (Vanuatu); organized trade show (the private sector, however, expected information is needed on how they will be able to access international resources; organized workshop on access and improving public-private partnership (PPP) for Melanesian sub-region.
 - While there are successes in PPP, there are also challenges encountered particularly as they relate to governance and policies in PPP.
 - There is a need to change the mindset in order to focus in strengthening enabling environments to promote PPP.
- The following are the challenges related to climate finance:
 - Difficulty in accessing international climate finance due to complex requirements;
 - Donor fragmentation where donors have different and uncoordinated requirements;
 - Lack of enabling environments in place;
 - Capacity constraints due to limited expertise and available training opportunities;
 - General coordination issues among institutions tasked in the mobilization and delivery of climate finance.
- The participants discussed the issue about absorptive capacity of climate finance in Melanesia:
 - The issue of absorptive capacity depends on who is the partner/implementing entity and the conditions set for the project;

- Absorptive capacity is a real issue at the country level due to lack of experts;
- The private sector is guided by value standards and in most cases is just seeking for grant co-finance.
- The delivery institutions do not address the needs of countries. It is in this context that a policy and fiscal governance are needed which MSG may be able to assist in their development.
- Resources flow in trickle at the local level due to bureaucratic bottlenecks at the regional, subregional, and national levels.
- Approaches differ among support institutions and the disagreements between implementers and contributors have affected the delivery of resources.
- The lack of ownership of the some projects is due to the lack of government understanding about the projects and the need to realign climate actions with the government's financial system.
- There is a need to link human capacity with broader capacity needs.
- In terms of way forward, there is a need to improve access to GCF resources by having regional proposal, manage diversity of funding sources, leverage private sector, improve reporting and transparency of finance provided and received and improve learning exchange.

UNDP's Pacific Risk Governance Programme

- Climate Change and Development
 - Both climate and human are development issues. As such, there is a need to address them in a more integrated manner;
 - The current approaches to addressing climate change take a short-cut by jumping from symptoms to solutions and skip the process of understanding root/systemic cause of the problems;
 - Climate impacts are cross-cutting across development
 - Among MSG countries, CPEIR has been conducted in Fiji, Vanuatu, Solomon.
 - The issue of absorptive capacity is not just with the traditional systems but also with development programmes.
 - UNDP's development-first approach to climate resilience;
- Discussions:
 - There is no prescribed sequencing with regards to approaches in project implementation. Follows the agile development approach where progress is made by figuring out the process through continuous learning and feedback.
 - Leadership and human capacity are the keys.
 - Change from within the development
 - Public finance management, expenditure and accountability to verify issues around PFM
 - To address a gap in climate finance, there is a need to link global and national/regional processes to ensure resources flow down at the country level.

Pacific Regional NDC Hub

- The partners include GIZ, GGGI, BDC Partnership, Pacific Community and SPREP.
- The objectives of the NDC Hub include: to support implementation of NDCs and to promote SD and climate resilient development and transition to a low-carbon development
- The expected project outputs: investment plans, leveraged support through regional coordination; technical assistance to integrate NDCs into national and regional plans.
- The Hub is a regional technical support mechanism to assist countries implement their NDCs. Funding support is available. The Hub is in the process of recruiting staff and have launched its first country initiative.
- Discussions:
 - There is a need for continuous dialogue and for collaboration with partners to understand what works at the country level without reinventing the wheels.

- Hub will play an important role in supporting and guiding the implementation plan and review of NDCs. It will also help ratchet up the NDCs of member countries.
- NDC Hub is still a work in progress. In this regard, partner countries will need to discuss and open the 'glass elevator.'

SPREP

- Worked on climate adaptation information programme with Ministry of Climate Change.
- Melanesian-wide blue carbon programme.
- Not much baselines.
- Pacific-wide spatial databases to support SDGs. The secretariat of the Pacific Community holds the database mainly excel sheets.

Session 3: Country reports

Papua New Guinea

- PNG is receiving an integrated support from regional and international support entities such by CIF, AF, GIZ (Adaptation); World Bank, UN-REDD, Australia, German and EU mainly for forest work.
- PNG has no climate finance strategy but have done some work on mitigation and Forest and land-use sector. Readiness with GCF/GGGI to work on country programmes. It has also worked on its NDC, NAP and national development plan which include identification of climate priorities and cost of actions.
- Completed the assessment on land-use and what finance flows mainly from UN is available. However, there is still a long way to go in accessing climate finance as the system is top-heavy. Resources only flow in trickle at local level and there is no clarity on who can implement at the provincial level. Thus, there is a need for capacity development and institutional support.
- There are current gaps in the current system such as identifying the NDC priorities, setting targets to increase RE for off-grid communities, classifying 'green development' and making policy environment conducive to bring the support needed.
- The Pacific Forum assists PNG in climate finance. MSG has role to play in providing options and space for new and innovative partnership. An area where they can be clarified and delivered at the country level. Stress on the identity of the MSG, commonalities on climate change and identify gaps.
- Discussions
 - It is expected that PNG will be able to access further support from GCF with regards to its work on land-use planning.
 - There is a need to clarify the role NDA as focal point for GCF vis-à-vis its functions at the national level of coordinating broader work on climate finance.
 - Use of existing set-up in coordinating bilateral and multilateral for climate finance coordination mechanism, .e.g. NDA.

Vanuatu

- In 2013, the government of Vanuatu established the National Advisory Board on Climate Change and Disaster Risk Reduction (NAB). A Climate Finance Working Group was established under the NAB.
- The following are some of the national initiatives: SOP development, development of environmental social safeguards, CPEIR, engaging private sector, GCF readiness and country programme development, organized climate finance public forum in 2016 and developed the Climate Finance Roadmap which includes access, capacity-building, prioritization, awareness and communication, coordination and project management.

- Challenges encountered include limited local capacity, need for personnel with specific CC/DRR responsibilities, tracking off-budget support, need for effective coordination and costing adaptation measures.
- Priority needs: governance (financial management mech to enable NIE, human and tech capacity).
- Discussions:
 - There is a challenge in tracking off-budget support such as international resources that flows through NGOs. Instead of legislative action, there may be a way of establishing governance mechanism to effectively track and account contributions received.
 - There is solid information on climate change available in the country, including the development of climate finance roadmap by PIFs and partner agencies. It is important that NBF build on the roadmap in looking into the broader climate finance issues.
 - GIZ is involved in raising awareness about the GCF.

4. Session 4: Tools and methodologies

- UNDP presented the tools used in implementing the Risk-Informing Development in the Pacific:
 - Agile development: process involved design-testing-learning.
 - Finance is the most important building-block as it is the most powerful sector.
 - Differences in approach but the same elements.
- The UNFCCC secretariat introduced the tools and approaches used for the National Economic and Environmental Developments Studies (NEEDS) Project and an overview of loss and damage tools:
 - Partner countries have used different tools and methodologies in assessing their climate finance needs. Some used cost-benefit analysis while others used cost-curve analysis.
 - Loss and damage is an important issue in the region. While tools are available to assess the vulnerability of countries, there are still gaps in assessing the cost of loss and damage.

Day 2: 16 August 2018

5. Session 5: Introduction of the NBF in Melanesia

Discussions

- Previous and existing work in assessing climate finance needs and priorities.
- NBF will aggregate information that serves as inputs to the climate finance strategy.
- There is a need to bring on the table both climate finance and development experts.
- UNDP has information on development assessment and contacts in 3 Melanesian countries.
- Support for the technical assistance using the database.
- UNDP worked in Vanuatu and Fiji to develop their climate finance framework.
- NDC-centered vs. broader development.

Session 6: Climate Finance Strategy

Discussions

- Working group on finance by Council of Regional Organizations in the Pacific + all partners based in Suva. Coordinated by the Forum. Collaboration, synergy. Finance assessments. Readiness. Budget tagging (USAID-Vanuatu) and (UNDP-Fiji). PFM tracking. Forum Economic Ministers. Private sector (Melanesian PS workshop on climate finance)
- Proposal for strategy:
 - Conduct an analysis of current and past climate finance

- Common strength and challenges and needs
- NDC+ other sources of priorities
- Principles
- Address climate finance at the local level/sub-national level. Ensuring the modalities, including gender inclusion. Addressing the need of the people.
- Private sector.
- Building capacity needs and priorities: project management, absorptive capacity (who's doing what/who; what's the capacity of the development system).
- Data-sharing. Coordination and reporting.
- UNDP – CC budget integration index (Tom's methodology)
- Systems reform
- Communications and advocacy
- Consider plans and framework – gap
- Define the scope of access.
- Assess country's readiness, e.g. PFM...gaps at the country level in terms of improving the PFM systems and process.
- Question about sustainability of the project re: expansion with other regions.
- Political support re: Leaders' Summit.

6. Session 7: Moving forward

- Organize a briefing for MSG members attending the Bangkok session on 8 Sept from 13:30 – 15:00. Room to be confirmed.
- Send a circular to the Chair. PM O'Neill. cc: DFA after the Bangkok meeting in Sept. to brief about the project and its activities, including the engagement at COP 24 and the proposed HLPD.
- Develop a project to support the implementation of MSG activities relating to climate and finance development in Melanesia:
 - Prepare a project proposal for consideration by partner countries;
 - The support Professional staff will help organize MSG events at Katowice and the High Level Partners' Dialogue on Climate and Development Finance, prepare briefing and speaking notes, assist in the drafting of the climate finance strategy and the declaration;
 - Seek assistance from partner countries about the possible Junior Programme Officer (JPO) to support the Climate and Development Finance Unit of the MSG secretariat.
 - Consultations and assessments of reports
- Summary report of the workshop
 - The MSG and UNFCCC secretariats will complete the report of the technical workshop to be sent prior to the Bangkok session.
 - Send circular to members outlining the project, the outcomes of the workshop (summary report) and the project next steps.
- Draft MSG Declaration on Principles for Delivering Climate and Development Finance
 - The draft will be prepared by MSG secretariat supported by the UNFCCC secretariat.
 - The draft will be consulted among country technical experts.
 - Organize a workshop in January 2019 to finalize the principles.
- Draft MSG Climate Finance Strategy
 - Finalize the terms of reference of the consultant after the meeting in Bangkok. The consultant will be contracted by the UNFCCC consultant and supervised by MSG.
 - National consultations to take place during 1st quarter of 2019.
- High Level Partners' Dialogue on Climate Finance (HLPD)

- Save the date should be sent out to heads of institutions such as UNDP, UNFCCC, ADB, and senior officials of partner countries once the date is confirmed.
- Start drafting the programme
- Conduct bilateral meetings in Katowice in order to encourage the partners to attend the HLPD.

Annex

Technical Workshop on Needs-based Climate Finance
Melanesian Spearhead Group Secretariat, Port Vila, Vanuatu
15–16 August 2018

PROGRAMME

The objective of the Technical Workshop on Needs-based Climate Finance is to design the Melanesian Spearhead Group Climate Finance Strategy which will guide the development of the finance strategy for the next six months. The workshop will provide an opportunity to take stock on the state of climate finance in the Melanesian countries and exchange knowledge and information among experts in the sub-region.

DAY 1: 15 August

Time	Description	Speakers and facilitators
08:30–09:00	REGISTRATION	
09:00 – 09:30	<p>Opening session</p> <p>Opening remarks, welcoming the participants and introduction of the Technical Workshop.</p>	<p><i>Welcome and opening remarks</i></p> <p>Ambassador Amena Yauvoli Director General, MSG secretariat</p> <p><i>Introduction, overview and expectations of the Technical Workshop</i></p> <p>Stanley Wapot, MSG secretariat</p>
Overview of climate finance at the international and Melanesian sub-regional level		

Time	Description	Speakers and facilitators
09:30 – 10:15	<p>Session 1: Overview of International Climate Finance</p> <p>This session will provide an overview of the state of climate finance at the international based on information contained in the biennial assessment and overview of climate finance and other sources of information provided by international financial institutions. The session will also look into the financial climate needs of developing countries, in general, and Melanesian countries, in particular, as articulated in the national reports to the Convention secretariat such as NDCs, national communications, biennial update reports and technology needs assessments.</p>	<p><i>Overview of the State of Climate Finance and Climate Finance Needs</i></p> <p>Yolando Velasco, UNFCCC secretariat</p> <p>Open discussions</p>
10:15 – 10:30	<i>Coffee break</i>	
10:30 – 12:15	<p>Session 2: Overview of Climate Finance at the Melanesian Sub-Region</p> <p>This session will provide an overview of the state of climate finance at the Melanesian sub-regional level, including progress made and challenges encountered in data generation and analysis. The session will also provide information on sub-regional initiatives in mobilizing finance to support projects and programmes, capacity-building support to strengthen national institutions to access climate finance.</p>	<p><i>Overview of the State of Climate Finance at the Melanesian Sub-Region</i></p> <p>Ledua Vakaloloma, Pacific Forum</p> <p>Moortaza Jiwanji, UNDP Pacific</p> <p>Henry Vira, Pacific NDC Hub</p> <p>Open discussions</p> <p>Moderator: Stanley Wapot, MSG secretariat</p>
12:15 – 13:15	<i>Lunch break</i>	
13:15 – 14:45	<p>Session 3: Country experiences in climate finance</p> <p>This session highlights efforts at the national level to mobilize climate finance, including the identification of priority climate finance needs and priorities. The country presentations include the following:</p> <ul style="list-style-type: none"> • Country experiences in strengthening national institutions to be able to mobilize and access climate finance; • Challenges in accessing climate finance; • Priority needs in financing climate actions. 	<p><i>Financing Climate Actions in Fiji</i></p> <p><i>Financing Climate Actions in Papua New Guinea</i></p> <p>Open discussions</p> <p>Moderator: Moortaza Jiwanji, UNDP</p>

Time	Description	Speakers and facilitators
14:45 – 16:15	<p>Session 3: Country experiences in climate finance (continuation)</p> <p>This session highlights efforts at the national level to mobilize climate finance, including the identification of priority climate finance needs and priorities. The country presentations include the following:</p> <ul style="list-style-type: none"> • Country experiences in strengthening national institutions to be able to mobilize and access climate finance; • Challenges in accessing climate finance; • Priority needs in financing climate actions. 	<p><i>Financing Climate Actions in Vanuatu</i></p> <p><i>Open discussions</i></p>
16:15 – 16:30	<i>Coffee break</i>	
16:30 – 17:45	<p>Session 4: Country-driven climate finance needs and prioritization</p> <p>The aim of this session is to introduce the experts to tools and processes in conducting climate finance needs and priorities. In particular, the session will provide an in-depth overview of methodologies developed by UNDP and methodologies and processes introduced for the National Environmental and Economic Development Study (NEEDS) Project of UNFCCC. This session will also provide an overview of financing loss and damage.</p>	<p><i>Tools and methodologies in determining climate finance needs and priorities</i></p> <p>Moortaza Jiwani, UNDP Pacific</p> <p>Yolando Velasco, UNFCCC secretariat</p> <p><i>Open discussions</i></p>
17:45 – 18:00	Summary of day 1	

DAY 2: 16 August

Time	Description	Speakers and facilitators
Designing the MSG Climate Finance Strategy		
09:00 – 09:15	The moderator will provide a brief introduction of the programme for the day	
09:15 – 10:15	<p>Session 5: Needs-based Climate Finance</p> <p>This session is aimed at presenting the mandate from COP23 for the UNFCCC secretariat, in collaboration with the operating entities, multilateral and bilateral institutions to assist developing countries identifying their needs and priorities and to facilitate the mobilization of resources to address these priorities. In particular, the session will</p>	<p><i>Overview of MSG Needs-based Climate Finance Project</i></p> <p>Stanley Wapot, Discussion Leader, MSG secretariat</p>

Time	Description	Speakers and facilitators
	outline the MSG Needs-based Climate Finance Project, its objectives and work plan.	Yolando Velasco, UNFCCC secretariat <i>Open discussions</i>
10:15 – 10:30	<i>Coffee break</i>	
10:30 – 12:30	<p>Session 6: Development of MSG Climate Finance Strategy</p> <p>This session will focus on the content and process in developing the MSG Climate Finance Strategy. The experts will agree on the outline of the finance strategy and identify data requirements, including availability and gaps.</p>	<p>Presentation of a possible outline of the Climate Finance Strategy</p> <p>Yolando Velasco, UNFCCC secretariat</p> <p><i>Open discussions</i></p>
12:30 – 13:45	<i>Lunch break</i>	
13:45 – 15:00	<p>Session 6: Development of MSG Climate Finance Strategy (continuation)</p> <p><i>This session will focus on the content and process in developing the MSG Climate Finance Strategy. The experts will agree on the outline of the finance strategy and identify data requirements, including availability and gaps.</i></p>	
15:00 – 15:15	<i>Coffee break</i>	
15:15 – 16:30	<p>Session 7 : Planning for the MSG High Level Partners' Dialogue on Climate Finance</p> <p>This session is aimed at developing the provisional programme for the High Level Partners' Dialogue on Climate Finance taking place in conjunction with the MSG Leaders' Summit in February 2019. This session will also include planning for key outreach activities, including at COP 24 in Katowice, Poland.</p>	<i>Open discussions</i>
16:30 – 17:00	<p>Summary of next steps and closing remarks</p> <p><i>Ambassador Amena Yauvoli Director General, MSG secretariat</i></p>	
