



PACIFIC ISLANDS FORUM

Policy Brief

Opportunities for Private Sector Engagement in Climate Change Action in the Pacific



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ABBREVIATIONS

ADB	-	Asian Development Bank
AF	-	Adaptation Fund
AE	-	Accredited Entity to the Green Climate Fund or Adaptation Fund
EIB	-	European Investment Bank
EBRD	-	European Bank for Reconstruction and Development
FDB	-	Fiji Development Bank
FICs	-	Forum Island Countries
FRDP	-	Framework for Resilient Development in the Pacific
GCF	-	Green Climate Fund
GGGI	-	Global Green Growth Institute
GEEREF	-	Global Energy Efficiency and Renewable Energy Fund
IBRD	-	International Bank for Reconstruction and Development
IDA	-	International Development Association
IFC	-	International Finance Corporation
NAB	-	National Advisory Board on Climate Change and Disaster Risk Reduction
NDA	-	National Designated Authority of the Green Climate Fund
NDBP	-	National Development Bank of Palau
NDCs	-	Nationally Determined Contributions
NDMO	-	National Disaster Management Office
NGEF	-	National Green Energy Fund for Vanuatu
PSF	-	Private Sector Facility of the Green Climate Fund
PRP	-	Pacific Resilience Partnership
PPU	-	Project Preparation Unit
PSF	-	Private Sector Facility of the Green Climate Fund
UNDP	-	United Nations Development Programme



1. Introduction

1.1 Climate Change Finance: Means of Implementation for Pacific Priorities

Pacific Islands Forum Leaders have continuously highlighted the threat posed to Member countries by climate change and the need for improved access to, and management of, climate change resources to effectively respond. Financing for climate change related actions is therefore a key priority for our Forum Leaders and Economic Ministers¹. Most Forum Island Countries (FICs) have been able to successfully access these resources from bilateral and multilateral sources, while some smaller economies are pursuing efforts to improve their national public finance management systems and strengthen capacity at the country level. While financing institutions, donors and development partners increase their mobilisation of financial resources, Pacific island countries will be required to strengthen their capacities and improve coordination amongst key institutions to effectively access and manage climate change finances into the future.

It is also important to emphasize the link between the COVID-19 pandemic and climate change, where small national governments do not have the resources and capacity to manage this crisis alone. Key stakeholders such as the private sector, civil society and communities are required to help contain the spread of the virus and rebuild the economy.

1.2 Scope of the paper

This policy brief highlights the importance of engaging the private sector at the national and regional levels to access climate finance and draws out some common challenges for more effective engagement. Some options are provided to support the governments, private sector, civil society and development partners in any national climate actions. Case studies from the Asian, Caribbean and Pacific regions give examples of private sector involvement in climate change mitigation and adaptation. The paper also provides a perspective on the COVID-19 situation and how it impacts the private sector in its efforts to build resilience. It is hoped that the policy brief will benefit key government agencies and businesses in enhancing their partnerships to support the private sector in accessing finance for climate actions.

The information in this policy brief was extracted from the outcomes of private sector regional and national consultations and initiatives such as the national private sector mapping on climate change and disaster risk finance completed for Vanuatu in 2017, Samoa in 2018, Cook Islands in 2019, and Solomon Islands in 2020. This included key messages from the sub-regional private sector workshops on climate change for Melanesia in 2018 and Polynesia in 2019. References were also made to the consultations between the Green Climate Fund (GCF) and Fiji's private sector stakeholders in 2018, and the Global Employers Climate Action Forum in 2018 which the Fiji Commerce and Employers Federation hosted in Suva.

2. Why is it critical to engage the private sector?

Governments cannot address the impacts of climate change on their own. For example, a significant portion of Nationally Determined Contributions (NDC) commitments from Pacific Island governments are 'conditional' on

¹2010 Pacific Islands Forum Leaders' Communique



external support. In addition, Governments in the region have a wide range of national plans and policies with priorities that require a significant amount of funding to implement. The private sector has a role in supporting governments to deliver on their NDC commitments and national plans. For example, the private sector can be a conduit for innovative financing and act as a service provider. A recent analysis by the Climate Policy Initiative reveals that private finance accounts for the majority of climate finance which reached USD 326 billion on average annually in 2017/2018, or around 56% of total climate finance. Of this amount, 85% flowed to renewable energy, 14% to low-carbon transport and under 1% to all other subsectors².

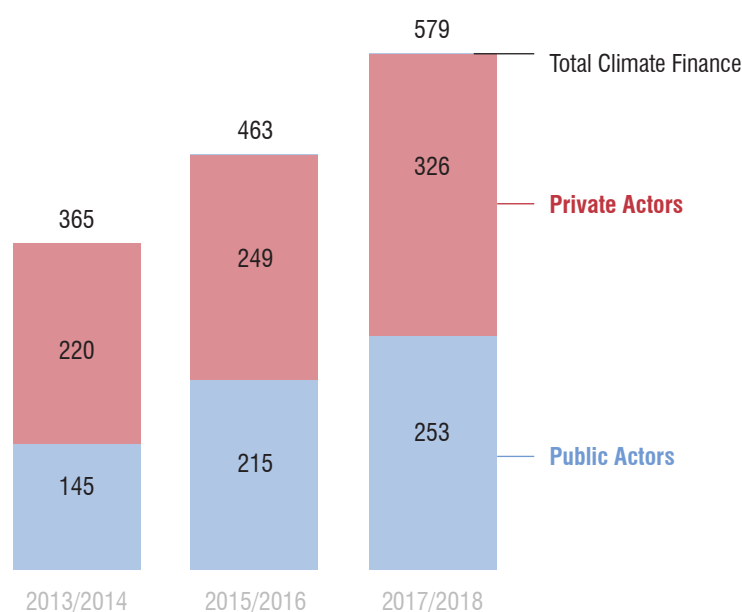


Figure 1: Global climate finance flows by public and private actions, 2013-2018 (2-year average, USD billion)

Source: Climate Policy Initiative

Although the private sector faces the full brunt of the natural hazards and health pandemics as in the case of Tropical Cyclone Harold and the COVID-19 crisis, it does not ignore its social responsibility in supporting humanitarian and health responses³ in times of need by providing financial and in-kind assistance. The disruption in the global supply chain of medical supplies has seen companies repurposing their manufacturing lines to produce surgical masks, medical equipment and ventilators. In the Pacific, large retail stores and communication companies are usually the first responders to assist the communities in the aftermath of a tropical cyclone.

Additionally, the private sector as the 'engine of growth' with specific expertise and skills can support the public sector through public-private partnerships to deliver more efficient services in the areas of safe water supply, sanitation, energy, primary education and health care. In Fiji, the delivery of affordable clean energy to rural

²<https://climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-2019>

³Pharmaceutical company Pfizer provided USD 10 million in financial aid and USD 25 million worth of medicine to relief organisations and affected populations in the aftermath of the 2004 Indian Ocean earthquake and tsunami. During the 2014 Ebola outbreak in Western Africa, global businesses contributed USD 300 million to the global response.



communities has been made possible under a public-private partnership through the Fiji Rural Electrification Fund. A charitable trust was established with seed funding from the Leonardo DiCaprio Foundation to build mini solar grids in Fijian communities currently reliant on diesel fuel. The aim is to make these communities self-sufficient clean energy producers, bringing the benefits of solar power to people in more remote parts of the country.

Case Study 1 showcases the Government of Thailand working with the private sector to develop five renewable energy projects co-financed by the Asian Development Bank (ADB).

Case Study 1: Private Sector Renewable Energy in Thailand

Government of Thailand worked with the ADB on the “Private Sector Renewable Energy Project” to address climate change and reduce greenhouse gas (GHG) emissions through clean energy. Five projects in Thailand worth USD 100 million were implemented by the Clean Technology Fund and co-financed with ADB. These renewable energy projects were developed by the private sector with one involving the construction and operation of wind power facilities on three sites with a total capacity of 260 MW; the construction of a substation of EGAT, the state-owned power utility; and the laying of three 155-kilovolt transmission lines 180 kilometers in total length to connect the wind power facilities to the substation. About 140 million tons of GHG emissions are expected to be avoided each year as a result. This project expanded the investments in renewable energy generation for the sponsor, Energy Absolute, which aims to become one of the leading alternative energy companies in Southeast Asia. The objective fits in with the Government’s commitment to renewable energy development and improving the country’s energy security, save foreign exchange by reducing energy imports, and protect the economy from volatile energy prices in the global markets.

Source: <https://www.adb.org/sites/default/files/publication/185765/adb-cif-ps-portfolio.pdf>

3. Status of private sector engagement in the Pacific

Private sector companies in the region are already working as contractors with governments on several adaptation and mitigation initiatives such as renewable energy, road infrastructure, coastal protection, sustainable sea transport, etc. In Cook Islands, the private sector has been engaged as contractors in the construction of climate change-related projects⁴. In Vanuatu, shipping and logistics companies (e.g. Ocean Logistics, Fr8 Logistics, Pacific Advisory) play a critical role supporting disaster response and recovery efforts with the Vanuatu Humanitarian Team, the National Disaster Management Office and the national inter-cluster system. Leaders in the telecommunications and energy sector (e.g. Energy4All, PCS Limited, Infrastructure Angels) promote renewable energy and energy efficient development and infrastructure. Local ISPs⁵ also support the national Telecommunications and Logistics Cluster (e.g. Telecom Vanuatu Limited and Digicel) in conjunction with transport sector partners.

⁴ Cook Islands Private Sector Climate Actions Report, November 2019

⁵ Internet Service Providers (e.g. TVL, Digicel, WanTok, Telsat).



However, for direct access to financing opportunities, the private sector is usually not included in the initial project design and planning stages which is a missed opportunity in terms of using their technical expertise and experience. There is an opportunity for businesses and governments to evaluate how the private sector can contribute to improving resilience in the Pacific, which has been acknowledged in international and regional frameworks such as the Paris Agreement, Sendai Framework for Disaster Risk Reduction and the Framework for Resilient Development in the Pacific (FRDP). Under the FRDP, there is a seat for the private sector on the Pacific Resilience Partnership Taskforce⁶ to provide advice on the coordination of project development and implementation.

Development partners have also committed to support climate financing for adaptation and mitigation in Samoa which presents an opportunity for the private sector to transition into a low carbon and resilient economy. For example, the ADB-administered Canadian Climate Fund provided a USD 1 million concessional loan and technical assistance grant to help overcome barriers to solar power development in its early stages. Under the financing package, Jarcon Pty Limited and Sun Pacific Energy Limited will expand a 2.2 megawatt (MW) solar farm in Samoa.

In 2017, Fiji became the first emerging market to issue a sovereign green bond⁷ to support climate mitigation and adaptation that could attract potential investors.

Case Study 2: Fiji's Green Bond

In 2017, the Government of Fiji launched its “Green Bond” to create a market for private capital seeking investment opportunities in climate resilience and adaptation. The bond helped Fiji create a new way to mobilise finance for development and provide a market for private sector capital. The Green Bond attracted great interest from domestic and international investors which exceeded the initial tranche of FJD 40 million and was over-subscribed by FJD 47 million. Local banks, insurance companies, the Fiji National Provident Fund and the Unit Trust of Fiji, among others, had subscribed for the Green Bond. Projects to be financed from the Green Bond include investments in crop resilience, flood management in sugarcane fields, reforestation and rebuilding schools to better withstand violent weather. Fiji will also use bond proceeds for projects supporting its commitment to achieve 100 per cent renewable energy and reduce its carbon emissions in the energy sector by 30 per cent by 2030.

Source: <https://www.fiji.gov.fj>

3.1 GCF-funded projects in the Pacific

The Green Climate Fund has shown the opportunities for large scale investments targeted towards addressing climate change impacts. Under the GCF, 11⁸ Pacific island governments have had projects approved amounting to USD 358 million, within the past four years. Although governments are increasing their access to global

⁶PRP Governance arrangement inclusive of multi-stakeholders to support the implementation of the FRDP.

⁷Green bonds are fixed income, liquid financial instruments that are used to raise funds dedicated to climate-mitigation, adaptation, and other environment-friendly projects

⁸Cook Islands, Fiji, Kiribati, Nauru, Papua New Guinea, Marshall Islands, Samoa, Solomon Islands, Tuvalu, Tonga and Vanuatu.



multilateral funds, such as the GCF, the private sector's role as a direct beneficiary of these financial flows is still limited. To date, only Papua New Guinea was able to access funding through a multi-country project on energy generation and access for the private sector through the European Investment Bank (EIB).

Most of the projects are being implemented through the National Designated Authority (NDA) in partnership with the GCF Accredited Entities. Whether the private sector is consulted or used in terms of supply of material or services, or what their role is in these investments, is not always clear. There should be an assessment at the conclusion of the project on the positive impacts to the private sector, for example, whether the renewable energy projects were able to lower electricity costs resulting in reduced overhead costs to the private sector.

Table 1: Approved Green Climate Fund Project Funding for FICs

Source: Green Climate Fund

Project	Project Focus	GCF Funding (USD)
Cook Islands	Renewable energy (multiple countries)	2.4m grant
	Climate information and knowledge services for resilience (multiple countries)	9.4m grant
Federated States of Micronesia	Renewable energy (multiple countries)	2.4m grant
	Climate resilient food security	8.5m grant
Fiji	Water supply & sanitation	31m grant
	Agrophotovoltaic systems	5m (1.1m grant & 3.9m loan)
	Global subnational climate fund – Technical Assistance (TA) Facility	440,485
	Global subnational climate fund – Equity	3.5m (equity)
Kiribati	Water supply	28.6m grant
Nauru	Climate resilient port	26.9m grant
	Renewable energy (multiple countries)	20m grant
Niue	Climate information and knowledge services for resilience (multiple countries)	7.2m grant
Palau	Climate information and knowledge services for resilience (multiple countries)	9.3m grant
Papua New Guinea	Renewable energy (multiple countries)	50m grant
Republic of Marshall Islands	Pacific Resilience Project Phase 2	25m grant
	Climate vulnerability in the water sector	18.6m grant
	Climate information and knowledge services for resilience (multiple countries)	9.4m grant
	Renewable energy (multiple countries)	2.4m grant
Samoa	Flood management	57.7m grant
	Renewable energy (multiple countries)	2.4m grant
Solomon Islands	Tina River hydropower	86m (70m loan & 16m grant)
Tonga	Renewable energy	29.9m grant
	Renewable energy (multiple countries)	2.4m grant
Tuvalu	Coastal adaptation	36m grant
	Climate information and knowledge services for resilience (multiple countries)	9.4m grant
Vanuatu	Climate information services	18.1m grant

(Note: GCF funding for multi-country projects are estimate budgets to be allocated for each country)

Source: Green Climate Fund



4. Challenges affecting private sector engagement in accessing climate finance

Some common barriers to effectively engage the private sector in the discussion and accessing of climate finance include:

- i. Lack of appropriate incentives and an enabling environment to boost private sector climate proofing investments;
- ii. Lack of information on national initiatives and interaction by government with the private sector such as country programmes, pipeline projects, planning and implementation;
- iii. Limited understanding by the private sector of their role and how to maximise this role to access climate change resources;
- iv. Burdensome requirements and fiduciary standards applied by funding agencies regardless of size, capacity or need;
- v. Limited understanding by the private sector on the available funding sources and how to access them for climate change projects; and
- vi. Limited capacity and ability to prepare bankable projects that contribute to mitigating the impacts of climate change and building resilience to business operations.

5. Options to address these challenges

The following are some practical options that could be considered by governments and national private sector organisations to progress climate finance initiatives:

5.1 Policy incentives and regulatory frameworks

Establishing targeted policy incentives and regulatory frameworks, supported by strong political will, is crucial to attracting climate finance investments. Private sector companies prefer investing in stable economic conditions with lower risks including low transaction costs⁹. This allows the private sector to innovate, improve efficiency and provide green investments for the economy through subsidies, tax incentives and exemptions. An example is the energy pricing reforms used in Fiji and Vanuatu¹⁰ to promote the development of energy generation from renewable sources. Similarly, in French Polynesia, tax credits of up to 40% are available on investments in renewable energies, including energy generation from solar, wind, hydro, geothermal, wave, biomass and waste sources¹¹. In Vanuatu, the National Green Energy Fund (NGEF) was established to boost household and public institution energy access. The NGEF also provided a pathway for local businesses and industries to invest in clean, climate-resilient energy to meet their economic needs, and create opportunities for rural communities.

⁹To unlock private sector engagement in climate action, the Government of the Republic of Korea created policy incentives through greenhouse gas reduction targets and carbon pricing schemes, in which the private sector must participate to reduce national gas emissions by 20% by 2030.

¹⁰For Fiji, a 100% tax write-off is available in the year of expenditure on renewable energy plant and machinery. In Vanuatu, Government has used donor funding to subsidise the purchase of 5w to 30w 'Plug and Play' solar systems to provide lighting and charge mobile phones through the Vanuatu Rural Electrification Project.

¹¹<https://www.spc.int/sites/default/files/wordpresscontent/wp-content/uploads/2016/12/Greener-taxes-and-subsidies-in-PICTs.pdf>



In Palau, an Energy Efficiency Subsidy Programme was established whereby international partners and the National Development Bank of Palau (NDBP) allows moderate income families to build new homes, with choices of energy saving suitable to the environment. The NDBP provides subsidies to the borrower ranging from a minimum of USD 3,000 to USD 10,000 depending on the features selected by the owner. Other commercial institutions such as development banks in the Pacific can be accredited to these multilateral funds with support from national governments. This will allow the private sector to leverage resources whereby banks are better able to programme funds and access concessional loans. Fiji's National Development Bank has been accredited to the GCF with a few more countries planning to do the same.

5.2 Technical support for the private sector

Developing countries often seek technical assistance to identify relevant instruments to finance adaptation and mitigation projects. There is an opportunity for national development banks to set-up a project preparation facility funded annually and blended with other funds, such as the GCF Readiness Support, to assist the private sector and other counterparts with project preparation. In some Pacific island countries, an initial mapping of mitigation and adaptation activities in Cook Islands, Samoa, Solomon Islands and Vanuatu¹² has enabled the collation of baseline information that can support the private sector's need for financing. Under the EU-funded Intra-ACP Global Climate Change Alliance (GCCA)+ Pacific Adaptation to Climate Change and Resilience (PACRES) support, it will deepen regional and public sector understanding of the role of the private sector with respect to climate change and resilience. The private sector support implemented by the Pacific Islands Forum Secretariat (PIFS) will run to the end of 2022.

5.3 Stakeholder engagement

National and sub-national stakeholders play an important role in mobilising climate finance and must engage in all facets of planning and implementation of climate change projects. This dialogue must reflect the needs and priorities of communities to adapt to climate change. Such partnerships could be formalised through clear processes, for example, in relevant climate change acts or policies, memoranda of understanding or a private sector strategy specific to climate finance access. A similar approach which supports multi-stakeholder coordination has been implemented in the Solomon Islands under the leadership of the Department of Climate Change and in Vanuatu under the National Advisory Board on Climate Change and Disaster Risk Reduction. Representatives of key central agencies, the private sector and civil society are members of these working groups. The increasing stakeholder engagement will support sharing of private sector resources between countries and will provide an opportunity to form consortia or multi-country programmes for funding. There is also a need to continue building the necessary political, institutional and financial frameworks to support the development of public private partnerships. Fiji through the Ministry of Economy developed a *Public-Private Partnership Implementation Guideline* in 2020.

¹²National mapping of private sector activities has been supported by development partners to collect baseline information related to climate change mitigation and adaptation. Plans are underway to conduct this initiative upon request by Pacific island countries.



5.4 Capacity building

Capacity building of the private sector is crucial to effectively mobilise and deliver any national climate finance initiatives. Strengthening capacity, especially through training, partnerships, funding and business plans to understand and incorporate climate risks is important. The complexity of the process and technical requirements hinder some countries to effectively access climate finance. Some countries are unfamiliar with the financial and climate-related terms to develop strong project proposals, let alone trying to articulate the components of adaptation and mitigation projects. Capacity building initiatives could be in the forms of ‘peer to peer learning’, ‘learning by doing’ and through ‘training of trainers’ with existing international partners such as the Global Green Growth Institute (GGGI). An example of a successful readiness support to build capacity of the private sector is demonstrated by Jamaica who secured funding from the Commonwealth Climate Finance Hub. There is also room to improve engagement of the private sector in climate finance with the GCF NDAs and AEs. PIFS in collaboration with other regional and international partners such as SPREP, SPC, ADB, GCF, GCF accredited entities and the Frontier Fund have been facilitating workshops for the three sub-regional groups in the Pacific.

6. Opportunities for the private sector to access the Green Climate Fund

The GCF is a dedicated fund set up by the United Nations Framework Convention on Climate Change in 2010 to help developing countries reduce their greenhouse gas emissions and enhance their ability to respond to climate change by channeling climate finance. The Fund provides grants and concessional loans or other facilities approved by the GCF Board. These include debt, equity and guarantees that can be accessed via the GCF’s accredited entities towards low emission (mitigation) and climate-resilient (adaptation) projects and programmes developed by the public and private sectors. The Fund aims to equally balance its allocation between adaptation and mitigation over time and provide significant resources to the private sector.

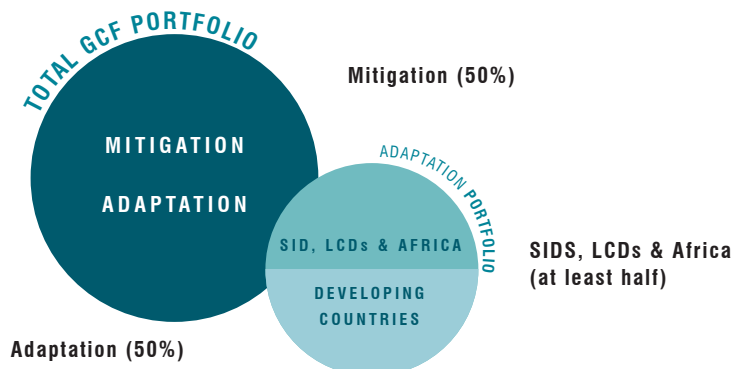
Case Study 3: Accelerating Jamaica’s private sector engagement in climate action

Jamaica is vulnerable to the effects of climate change and the private sector has relatively limited awareness and knowledge of climate change finance and how to access it. Consequently, the private sector in Jamaica started exploring ways of reducing their vulnerability to climate change while learning to make societies more resilient to climate change. With the support of the Commonwealth Climate Finance Hub, the Climate Change Division of Jamaica’s Ministry of Economic Growth and Job Creation secured USD 582,000 from the GCF. These funds were used to implement a readiness initiative to mobilise the private sector in supporting low carbon and climate resilient development in Jamaica and other Caribbean countries. The private sector remains a key player in building resilience and Jamaica is committed to laying the groundwork in supporting private sector mitigation and adaptation investments.

Source: <https://thecommonwealth.org/media/news/blog-four-ways-jamaica-boosting-private-sector-engagement-climate-action>



Figure 2: Green Climate Fund Portfolio



Source: Green Climate Fund

6.1 Accredited entities

The GCF works through various approved entities to channel resources to projects and programmes. Any sub-national, national, regional, public or private agency can apply to become an accredited entity¹³ (AE) provided it can demonstrate its compliance with the Fund's fiduciary, environmental, social and gender policies. These AE will work with the countries or the private sector to develop and submit funding proposals which will depend on the intended project size¹⁴. Accredited entities such as the Asian Development Bank (ADB), the European Bank for Reconstruction and Development (EBRD), the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA) together known as the World Bank and the International Finance Corporation (IFC), can support large scale and high risk projects for the private sector through concessional loans, equity, guarantees and blending of loans and grants. Countries can also access the Fund through multiple accredited entities simultaneously. The Fiji Development Bank (FDB) is the first development bank in the region to be accredited for direct access to the GCF at the national level. The accreditation strengthens Fiji's capacity to take ownership of its climate finance needs to respond to the impacts of climate change. FDB accreditation provides a point of entry for enhanced private sector engagement in the region. Other countries are also exploring opportunities to have their national development banks accredited to the GCF due to their ability to manage financial resources and compliance with best-practice fiduciary standards.

6.2 National Designated Authority

The Fund works directly with countries through the National Designated Authority¹⁵ (NDA) or focal point to support climate change adaptation and mitigation initiatives. It serves as the point of communication with the Fund and covers a range of functions ranging from strategic oversight of the Fund's activities in the country, convening national stakeholder consultations and to implement the no-objection procedure on funding propos-

¹³Government institutions that serve as the interface between each country and the GCF. They provide broad strategic oversight of the Fund's activities in the country and communicate the country's priorities for financing low-emission and climate-resilient development.

¹⁴Classification of GCF Projects vary from micro (USD 0 – 10 million), small (USD 10 – 50 million), medium (USF 50 – 250 million) and large (>USD 250 million).

¹⁵Government institutions that serve as the interface between each country and the GCF. They provide broad strategic oversight of the Fund's activities in the country and communicate the country's priorities for financing low-emission and climate-resilient development.

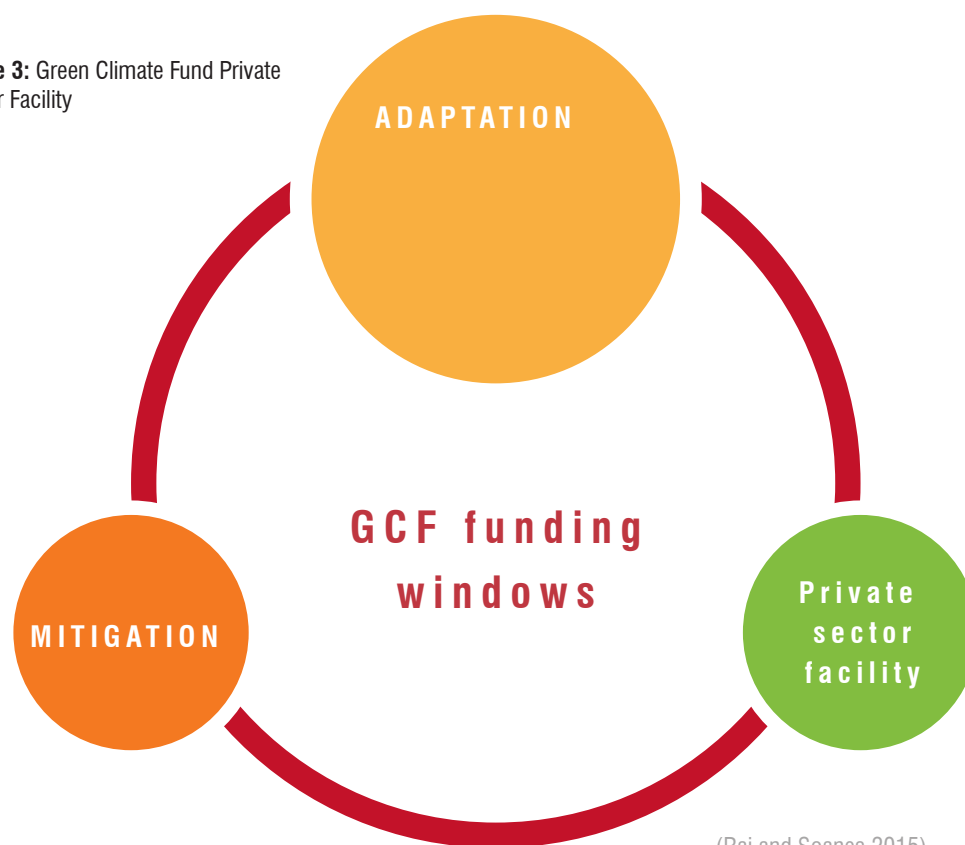


als submitted to the Fund. Any project proposal submitted by the AE without the no-objection letter from the NDA will be held back from the GCF Board. The GCF recommends that the NDA be placed within a ministry or authority conversant with the country’s national budget, economic policies and their interrelation with climate change-related priorities and development plans. A list of NDAs in the region is provided as Annex I.

6.3 GCF Private Sector Facility

The GCF has set up the Private Sector Facility (PSF) where it can access grants and concessional loans to support climate change adaptation and mitigation projects¹⁶. There is no minimum or maximum ceiling, as the funding will depend on the project size. For smaller businesses, bundling or clustering can be an option to access the PSF. The private sector can also use a simplified approval process¹⁷ for certain small-scale projects of up to USD 10 million. This can reduce time and effort in the preparation, review, approval and disbursement of small-scale projects.

Figure 3: Green Climate Fund Private Sector Facility



(Rai and Soanes 2015)

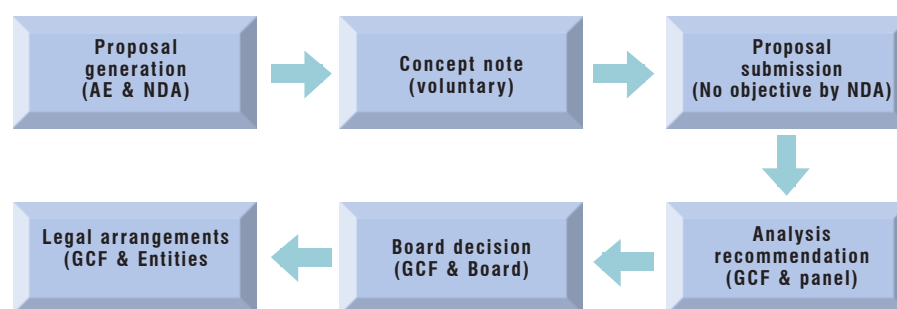
¹⁶Mitigation is an intervention to reduce the emissions sources or enhance the sinks of greenhouse gases. Adaptation is an ‘adjustment in natural or human systems in response to actual or expected climatic stimuli or their effects, which moderates harm or exploits beneficial opportunities’ (IPCC 2001).

¹⁷A simplified process where proposal documents are simplified and presented in a single, up-front list with a maximum of 20 pages or 10,000 words



While selecting an AE to work with, the private sector will bear in mind the track record and capacity of the relevant entity to manage the project once approved by the GCF. This will ensure more effective project implementation. Secondly, the private sector could consider the different risk categories which are usually associated with the project size. Large scale projects may pose higher environmental and social risks compared to small scale projects. Most importantly, the selection of the AE by the private sector is linked to the technical capacity of the AE to progress a submission based on the private sector needs. An application for the PSF will have to be submitted by the private sector through an AE with a no-objection letter from the GCF's NDA as demonstrated in Figure 3 below. The duration of the concept idea, i.e. from the proposal generation to the approval stage by the GCF and fund disbursement, may take 6 to 18 months, or more if additional information on the application is required.

Figure 4: GCF Proposal Approval



Source: Green Climate Fund

Generally, there are two ways in which the private sector can access GCF funding.

- i. It can submit proposals with a no-objection letter through the normal process. The proposal will be assessed by the GCF private sector team before it is forwarded to the Technical Advisory Panel and then the GCF Board for a decision. There is no restriction on the project size, but funding will require some co-financing commitments since funding may not be purely grant-based. The project ideas identified in the mapping report could evolve into a concept for submission to the GCF, and later into a full proposal for the private sector. Most GCF-approved projects in the Pacific are government-led with the private sector playing a secondary role.
- ii. Respond to 'call for proposals/concept notes' under the GCF Private Sector Facility. So far two global calls for proposals have been made. This is where the national private sector mapping is useful so that as soon as the GCF issues another call for concept notes, national private sector organisations such as the Chamber of Commerce can submit a concept on behalf of its members as the timeline for submission is usually short (within one month).



In 2019, Vanuatu was the first country in the Pacific to access a readiness grant from the GCF to mobilise the private sector towards climate action.

Case Study 4: GCF Readiness Support for Vanuatu's Private Sector

In 2018 a project addressing the issues faced by the private sector in accessing climate finance was submitted by the Vanuatu Business Resilience Council, a sub-committee of the Vanuatu Chamber of Commerce and Industry (VCCI), in partnership with the Global Green Growth Institute (GGGI) to the GCF for consideration. The project was successful in securing funds from the GCF in early 2019, and its first phase is set for completion in August 2020. The project focuses on growing the capacity and the ability of Micro, Small and Medium-sized Enterprises to not only survive but thrive in the face of climate change. Training workshops have been planned for tourism operations and business owners in the agriculture sector to develop and grow their business models, while also planning and preparing for the increasing impacts of climate change and natural disasters. The project also supported the setting up of a Project Preparation Unit (PPU), designed to assist businesses in the private sector to develop project proposals focused on mitigation and adaptation to present to donors with the endorsement of the Vanuatu government. Local consultants have been identified who would work with the PPU in the conceptual development for the private sector.

Source: <https://vcci.vu/update-on-our-green-climate-fund-readiness-project-assisting-vanuatus-private-sector-to-access-climate-finance/>

6.4 Potential areas for private sector investment

Climate finance could be scaled up in a number of different areas to support improved climate resilience and reduced carbon emissions across countries in the Pacific region. The GCF makes investments within eight strategic result areas, in line with country priorities:

- i. Energy generation and access
- ii. Transport
- iii. Buildings, cities, industries and appliances
- iv. Forests and land use
- v. Health, food and water security
- vi. Livelihoods of people and communities
- vii. Ecosystems and ecosystem services
- viii. Infrastructure and built environment



Table 2: Potential areas of investment for the private sector

Mitigation		Adaptation	
Areas of Intervention	Potential Scope	Areas of Intervention	Potential Scope
Switch to renewable energy power.	Solar, biomass (incl. off-grid/de-centralised).	Climate-proof key physical infrastructure.	Airports, ports.
Electrification of transport.	Public/private, road/sea-integrating w/RE supply.	Enhance adaptive capacity.	Strengthen green infrastructure (reefs, mangroves) and, where relevant, grey infrastructure (e.g. seawalls).
Reduce usage of key resources (power, water) through efficiency measures.	Energy retrofits of hotels and other key building stock.		

Given the significant projected investment needs (\$450 – \$775m p.a. to 2050, or 1.5 – 2.5% of regional GDP) to build climate resilience and reduce emissions in the Pacific region, innovative public-private partnerships that leverage the funding capacity and know-how of the private sector are needed.

7. Way forward

Although access to climate change finance is still a challenge in the region, some efforts have been made by countries to improve their national systems and to integrate climate change and disaster risk policies into their national plans and budgets. These improvements will need to be built upon with some means of collaboration between government, private sector, development partners, civil society and the communities. A partnership agreement can be drawn up to support this initiative between government and the private sector. Countries cannot afford to leave out the private sector in climate change and disaster response activities. The private sector has the comparative advantage to increase climate resilience investments with positive benefits for the economy if appropriate policies and incentives are provided. Governments can support the private sector by putting in place appropriate measures and procedures to maximise private sector contributions to resilience building.

Climate change and the COVID-19 pandemic are related. While the current pandemic increases pressure on small island state economies, climate change continues to be a threat to the livelihoods of Pacific people. Even when the immediate danger to COVID-19 is over, climate change impacts will still be experienced, and vulnerable communities will continue to fight. For this reason, governments and key stakeholders must recognise the complexity of these two issues. Rather than brushing aside the climate agenda, governments and its key partners including the private sector must elevate its climate change response on the experiences and lessons learnt from responding to the immediate threat of COVID-19.



Appendix: List of GCF's National Designated Authority in the Pacific region

Country	National Designated Authority	Contact
Cook Islands	Mr. Wayne King Director of Climate Change, Office of the Prime Minister Private Bag, Avarua, Rarotonga	Phone: +682 25494 Email: wayne.king@cookislands.gov.ck
Federated States of Micronesia	Honourable Eugene Amor Secretary, Department of Finance and Administration PS 158, Palikir, Pohnpei	Phone: +691 320 2640 Email: eamor@sboc.fm
Fiji	Mr. Shiri Gounder Acting Permanent Secretary for Economy P.O. Box 2212, Government Buildings, Suva	Phone: +679 330 7011 Email: shiri.gounder@economy.gov.fj
Kiribati	Hon. Dr. Teuea Toatu Minister for Finance and Economic Development P.O. Box 67, Bairiki, Tarawa	Phone: +686 21806 Email: hmfed@mefp.gov.ki
Niue	His Excellency Hon. Sir Toke Talagi National Authorizing Officer, Minister for Project Management and Coordination Unit PO Box 40, Fale Fono, Alofi	Phone: +683 4200 Email: pats.sionetama@mail.gov.nu
Republic of Marshall Islands	Mr Clarence Samuel Director, Office of Environmental Planning and Policy Coordination (OEPPC) PO Box 975, Majuro 96960	Phone: +692 625-7944 Phone: +692 625-7945 Email: clarencesam@gmail.com
Palau	Mr. Ngirataoch Nick Ngwal Senior Advisor to the President Office of the President, P.O. Box 6051, Koror, Palau	Phone: +680 767 2403 Email: nngwal@gmail.com Email: rop.president@palaunet.com
Papua New Guinea	Mr. Ruel Yamuna Managing Director, Climate Change and Development Authority Avara Annex Building, Brampton Street, Port Moresby, Papua New Guinea	Email: ryamuna959@gmail.com
Samoa	Mr. Leasiosiofaasisina Malielegaoi Chief Executive Officer Level 6, Central Bank Building, Apia	Phone: +685 34333 Email: Oscar.Malielegaoi@mof.gov.ws
Solomon Islands	Dr. Melchior Mataka Permanent Secretary P.O. Box 21, Honiara	Phone: +677 23031 Phone: +677 28054 Email: MMataka@mecdm.gov.sb Email: melmataka@gmail.com
Tonga	Mr. Paula Ma'u Chief Executive Officer Ministry of Meteorology, Energy, Information, Disaster Management, Environment, Climate Change and Communications Taufaahau Road, Nukualofa	Phone: +676 28170 Email: paulm@mic.gov.to
Tuvalu	Honourable Seve Paeniu Minister of Finance Vaiaku, Funafuti	Phone: +688 20517 Email: platasi@gov.tv Email: pepetua@gmail.com
Vanuatu	Mrs Esline Garaebiti Director General Ministry of Climate Change Adaptation, Meteorology, Geo-Hazards, Environment, Energy and Disaster Management PMB 9074, Port Vila	Phone: +678 22068 Phone: +678 7747970 Email: gesline@vanuatu.gov.vu





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