



PACIFIC ISLANDS FORUM SECRETARIAT

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Pacific Climate Change Finance Assessment *Nauru Case Study*

Presentation for the
Pacific Climate Change Roundtable
(July 2013)

Pacific Climate Change Finance Assessment
Nauru Case Study

FINAL REPORT
May 2013

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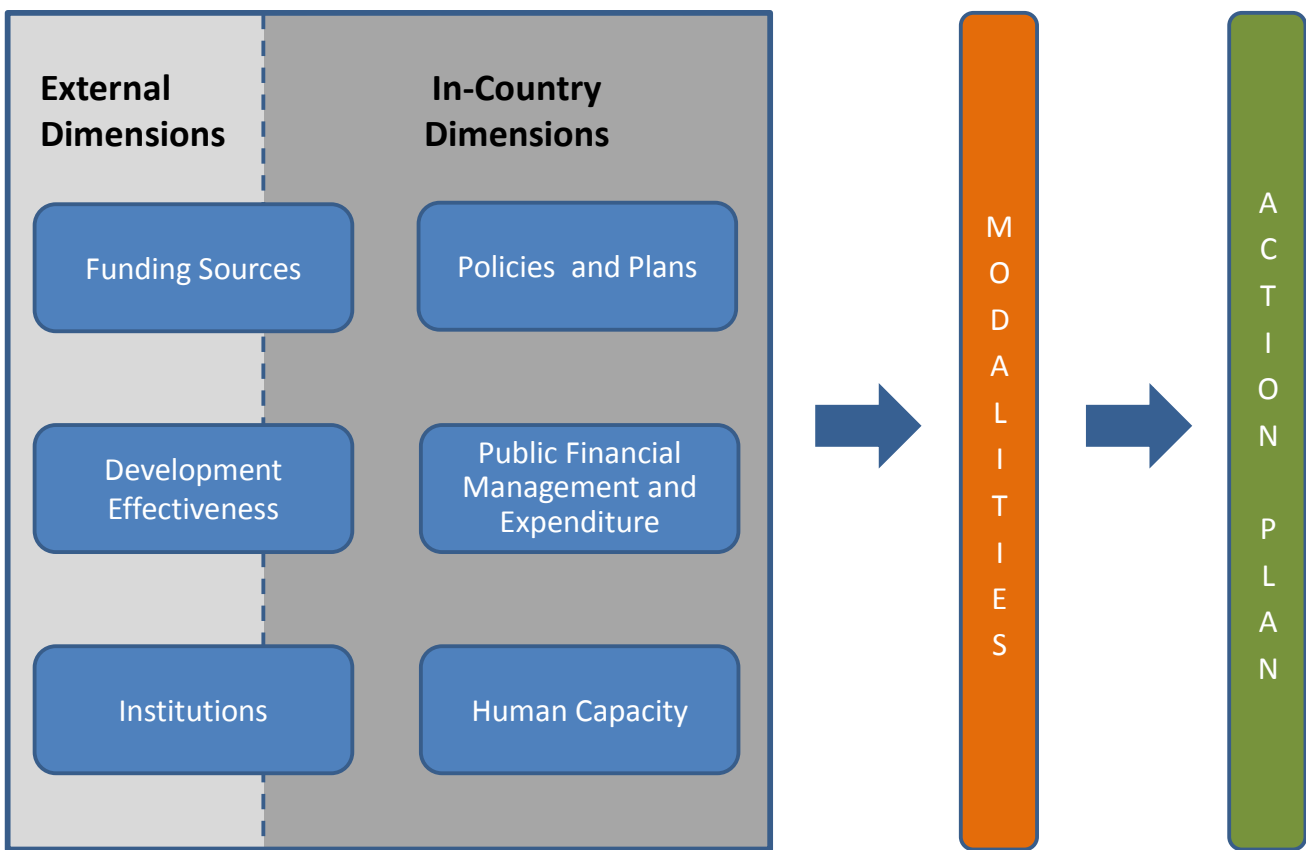
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Pacific CCF Assessment Framework

1. Assists countries and development partners make decisions on measures to improve access to and management of climate change resources.
2. Builds on existing global and regional assessment tools and frameworks
3. Implemented as part of the Nauru Case Study
4. Assesses CCF issues across six interrelated dimensions to inform development of a CCF Action Plan







What is ‘Climate Change Financing’?

1. There is no internationally recognised definition of ‘Climate Change Financing’. It is commonly understood to mean financial flows for ‘mitigation’ and ‘adaptation’ activities.
2. Nauru’s interpretation of CCF was initially narrow.

Climate Change Mitigation

An activity should be classified as climate change mitigation related if it contributes to the objective of stabilisation of greenhouse gas (GHG) concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system by promoting efforts to reduce or limit GHG emissions or to enhance GHG sequestration.

Climate Change Adaptation

An activity should be classified as climate change adaptation related if it intends to reduce the vulnerability of human or natural systems to the impacts of climate change and climate-related risks, by maintaining or increasing adaptive capacity and resilience.



Funding Sources

1. The aim of a funding source analysis is to provide a comprehensive understanding of the climate change finance landscape for a particular country.

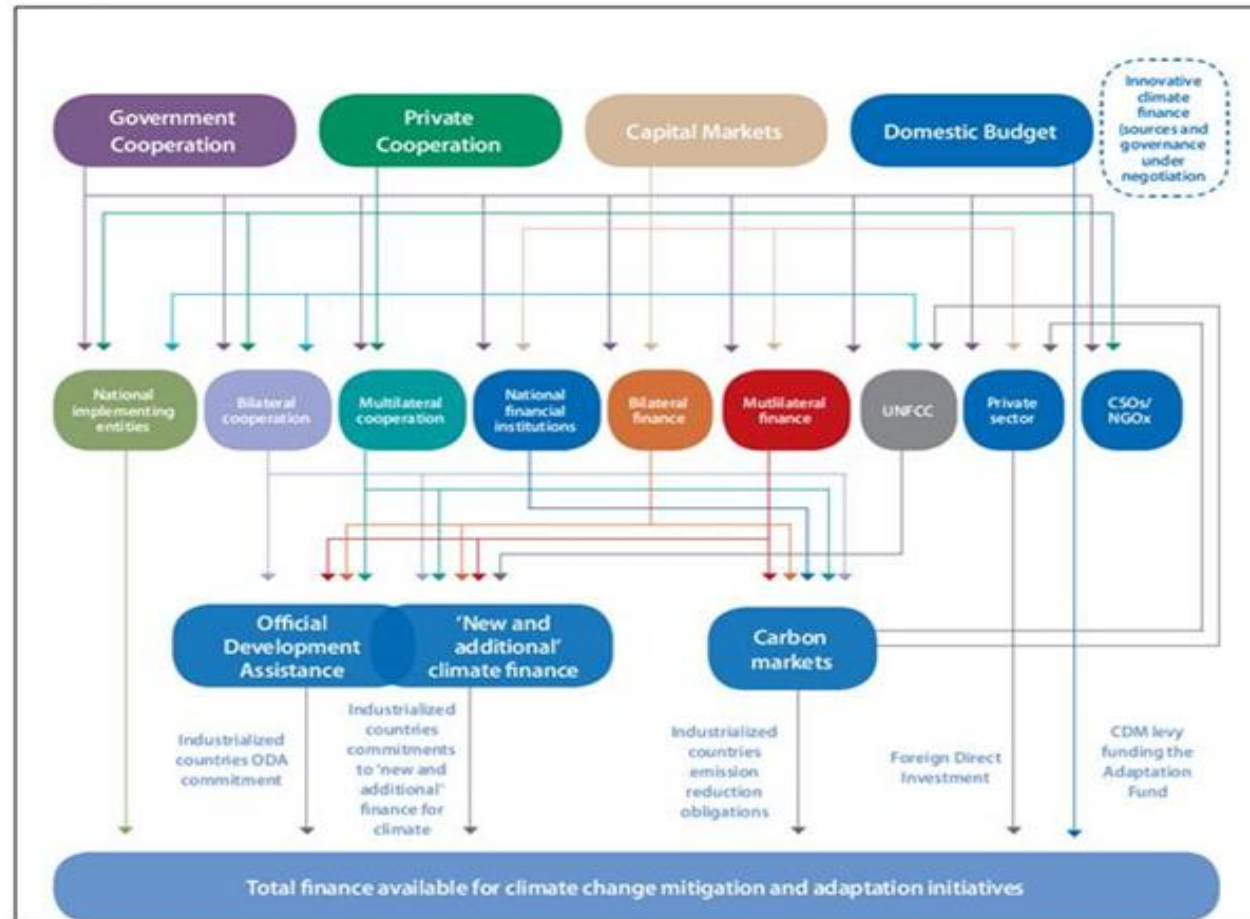
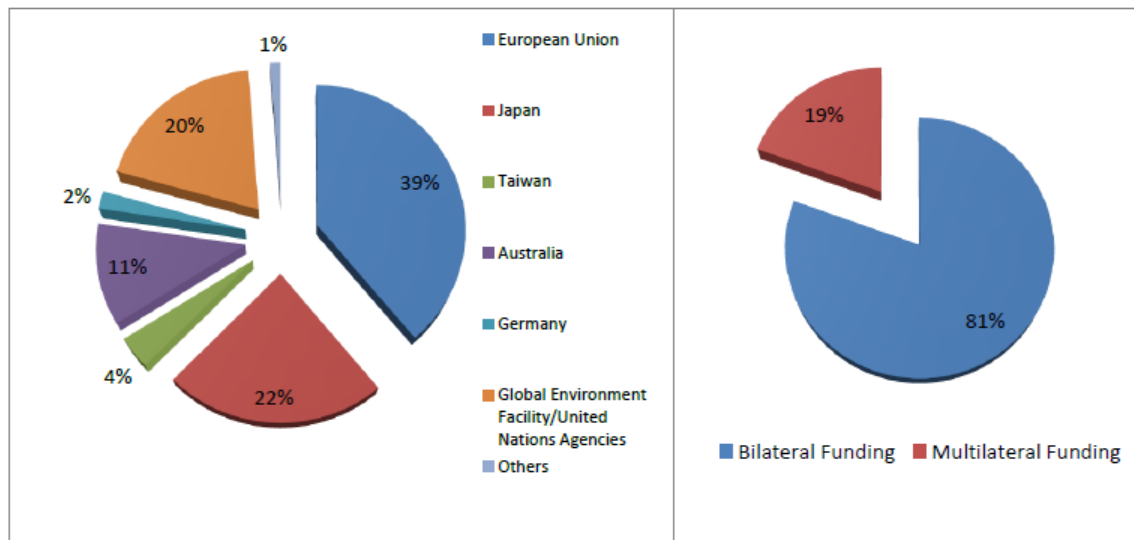




Figure 12 a) Proportion of Climate Change Assistance by Source (2005 to Present)
b) Proportion of Climate Change Related Assistance from Bilateral and Multilateral Sources (2005 to Present)



1. The majority of climate change related expenditure is accessed from bilateral sources.

Example Recommendations

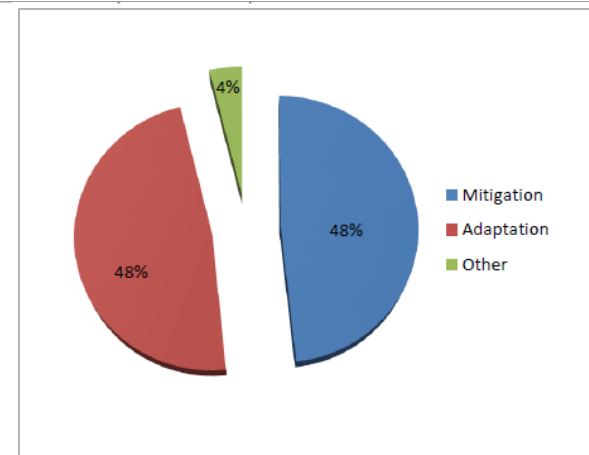
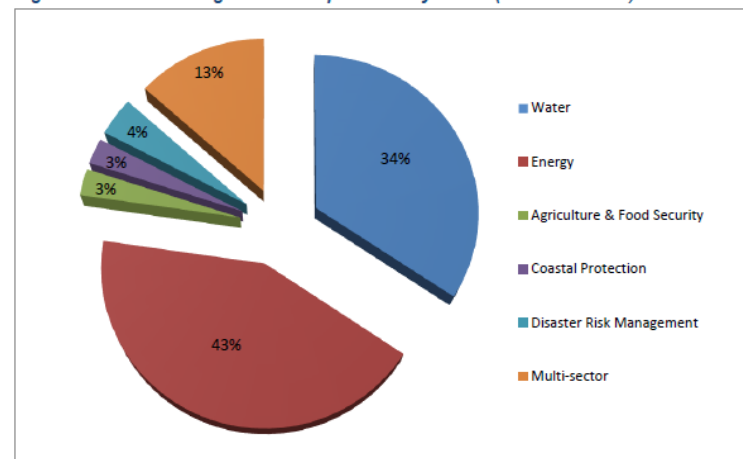
- GoN should focus limited resources on maintaining and strengthening engagement with key bilateral partners.
- Delegation of tasks to external partners may be an effective approach to engagement where capacity is limited (e.g. RTSM).



Policies and Plans

1. Nauru's climate change program has focused on the energy and water sectors, with an even split between adaptation and mitigation.
2. Climate change has not been integrated into all policies and plans

Figure 14 Climate Change Related Expenditure by Sector (2005 to Present)



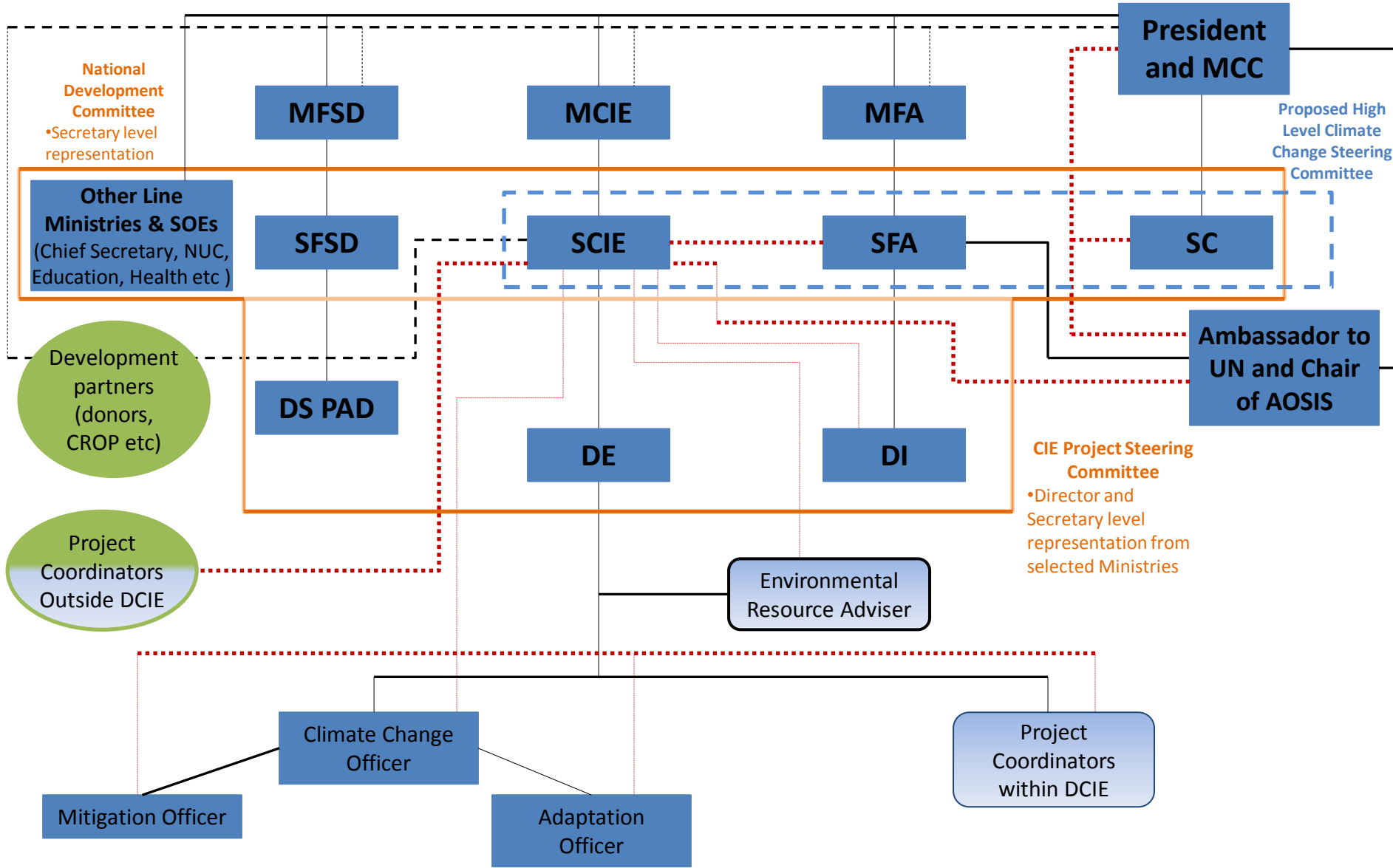
Example Recommendations

- *Climate change related expenditure is broadly in line with expressed priorities. Climate change priorities should be updated to inform development and review of relevant national and sectoral plans.*



Institutions

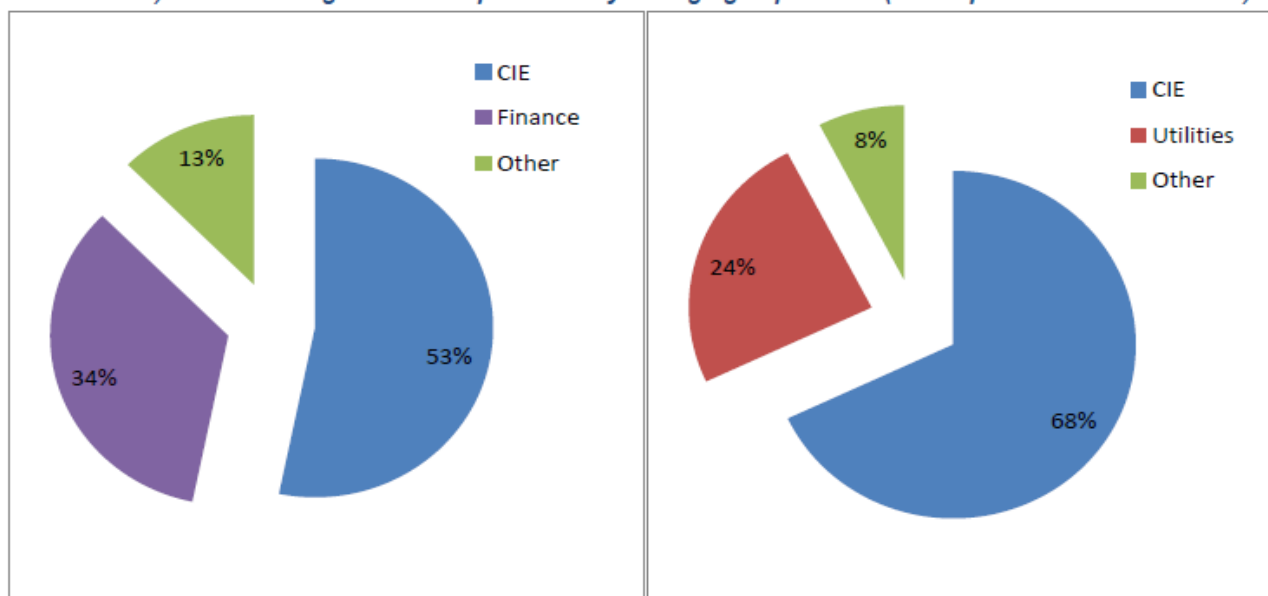
1. Institutions are a key factor in determining how effectively a country identifies needs, makes decisions and implements agreed actions.
2. The aim of this analysis is to provide an understanding of the rules, organisations and social norms that facilitate action on climate change.
 - Considers a variety of stakeholders
 - Considers issues such as: organisational structure and processes; internal and external coordination; decision making processes; political, legal and cultural frameworks; clarity of roles and responsibilities; and support infrastructure



- Permanent Staff
- Stakeholders outside Government
- Established coordination mechanisms
- Formal line of reporting
- Formal communications
- Project Staff
- Vacant position
- Proposed coordination mechanisms
- Informal communication



Figure 16 a) Climate Change Related Expenditure by Department Head (Development Fund Only)
b) Climate Change Related Expenditure by Managing Department (Development Fund and In-Kind)



1. Department of Commerce Industry and Environment (DCIE) and the Department of Finance and Sustainable Development oversee the majority of climate change related expenditure.
2. DCIE are responsible for implementation of the majority of climate change related activities.



PFM and Expenditure

1. Strong public financial management is essential for implementation of policies and the achievement of development objectives.
 - Also facilitates increased support from development partners and the use of more flexible modalities.
 - The Public Expenditure and Financial Accountability (PEFA) framework provides a tool to extract information on the performance of PFM systems, processes and institutions.
2. Expenditure analysis helps to determine whether fiscal policy is sustainable, whether expenditure is consistent with policy objectives and whether value for money is being achieved.



Human Capacity

1. Accessing and managing climate change resources depends heavily on the capacity of donors and recipient countries to develop and implement policies and programs.
2. This analysis assesses:
 - The ability of individuals to manage programs and projects;
 - Individual attitudes, knowledge, behaviour and actions; and
 - How a country manages and develops its human resources.
3. For Nauru some key findings included:
 - Capacity of key line agencies was limited and that sufficient management resources should be included in project budgets
 - Short term capacity supplementation could be useful through internal secondments or external mechanisms (e.g. RTSM)



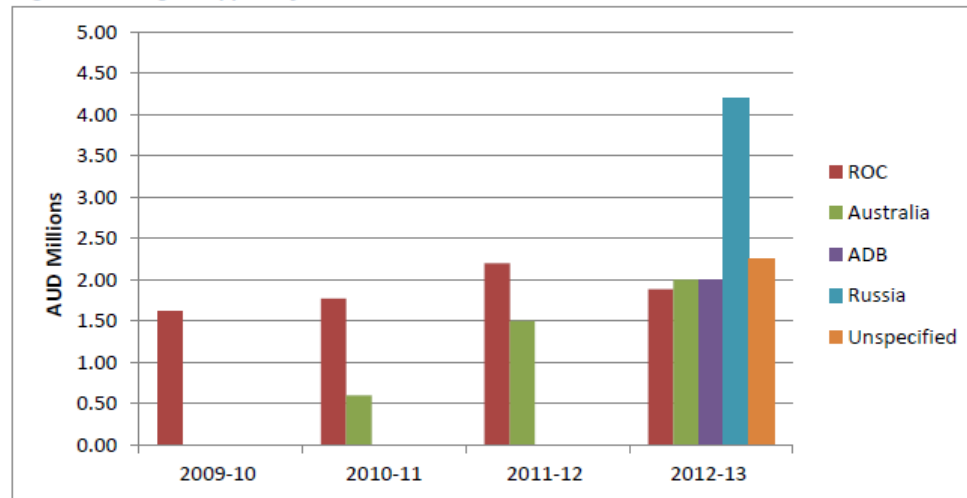
Development Effectiveness

1. Efforts to improve development effectiveness will be central to improving access to and management of climate change resources.
2. Development effectiveness issues not specifically covered by the other dimensions include: ownership and leadership; alignment and harmonisation; and managing for results and mutual accountability.
3. For Nauru some key findings included:
 - There was strong ownership and leadership associated with national policies; however sectoral policies do not have the same level of support.
 - Arrangements for monitoring and reporting should be improved.



Modalities

Figure 15 Budget Support by Donor



1. Delivery of overall assistance to Nauru as budget support has increased in terms of volume of funds and number of donors.
2. The majority of climate change related expenditure is delivered as in-kind support or through government systems as projects.

Example Recommendations

- *GoN should work with development partners to utilise more flexible modalities for delivery of climate change assistance where appropriate.*
- *GoN accesses assistance through a range of modalities and this is likely to continue. The greatest returns are likely to come from working with partners who have or are planning to use more flexible modalities.*



Climate Change Finance Action Plan

1. The results of the analyses undertaken under each dimension of climate change financing must be considered together to determine:
 - Which sources of assistance a country should target;
 - Where to focus efforts to strengthen country systems and processes; and
 - What mix of modalities could assist in accessing and managing climate change resources.
2. The recommendations emerging from these analyses enables development of a Climate Change Finance Action Plan.



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Thank You

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