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**Notes/Comments on slides of Power Point Presentation
by A.F.Elisaia on the European Commission Roundtable
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**SLIDE 1
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**SLIDE 2
The Most Vulnerable of the Vulnerable**

Every country or region claims that they are the most vulnerable. What is widely accepted is that the Pacific region especially the low-lying islands are at the front-line against the negative impacts of climate change. There is credibility therefore in the Pacific region's claim as being the most vulnerable of the vulnerable.

These are common features among the Pacific island states that cannot be changed, over time.

All these features combine to make our development challenges especially complex. Not surprisingly, the systems and policies that have evolved in the region to address these challenges at all levels, are equally complex.

**SLIDE 3:
Pacific islands challenges and vulnerabilities**

Pacific island leaders have acknowledged that climate change remains the greatest and urgent challenge of our time. It threatens not only our livelihoods and living standards, but it also poses existential dangers for some of our communities.

Measurable damage is now occurring in parts of the Pacific where climate change will continue to adversely affect numerous sectors, including water resources, agriculture, forestry, fisheries, human settlements, ecological systems (particularly forests and coral reefs), and human health (particularly insect-borne diseases). Climate change compounds the challenges we face from existing global threats particularly the "triple development threats" of fuel, food and the financial crises.

Complexity and moving goal posts: Against this complexity, we are often faced with moving goal posts when it comes to resource availability, development partner interests and capacity to implement. The various packages in which goodwill and support is pledged, can itself be a mirage or illusion, if principles of good governance, transparency, accountability and donor best practice are not the foundation upon which they are delivered, OR, if strengthened national policy and systems are not the basis for guiding this development assistance.

This requires a common understanding, a certain degree of trust, flexibility and innovative approaches and mutual accountability amongst all stakeholders to effectively address.

Clear articulation of priorities. We must be clear where resources and efforts are required, thus an articulation of our priorities must be specific and unambiguous.

In the Pacific Leaders Communiqué of 2010, they "*recognized the importance of both concrete measures to address immediate adaptation needs, improved climate change science and understanding adaptive capacity, to underpin effective adaptation planning*".

As we pursued improved access to climate change resources we must ensure we have in place the quantitative and qualitative information and data necessary to effectively utilize these resources.

Increased funding expected in future. Funding for climate change adaptation and mitigation are expected to increase manifold over the coming years. This makes the effectiveness of its delivery and use critical not only for the impact of mitigation and adaptation measures but also for development outcomes and poverty reduction.

For the Pacific countries, the issue is one of ownership and the difficulty in integrating climate change in national policy, planning and budgetary processes when the funding priorities in many cases are effectively determined externally. On those issues, the experience so far shows cause for concern that the progress and lessons from joint efforts on aid and development effectiveness are not being transmitted to climate change finance. The projectised and earmarked nature of many of the funding mechanisms means that countries have to establish special management arrangements instead of using country systems.

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Underpinnings of EU engagement with Pacific Region in climate change

The Pacific and the EU have a long standing and close partnership rooted in history.

The European Union has been engaging with Pacific Island countries progressively since the mid 1970s. This process accelerated with the inclusion in 2000 of the 6 remaining Pacific island countries under the ACP States framework, a development that resulted in expanding funding opportunities for the 14 Pacific ACP group, from guaranteed market access to targeted assistance in a variety of fields.

The relationship is underscored by our regions engagement through such arrangements as the three-yearly **EU-PIF Ministerial Meeting**, the **Global Climate Change Alliance to the Pacific** and the workings of the EU-ACP under the **Cotonou Agreement**. These frameworks are further enhanced by the “**Declaration by the EU and Pacific Islands Forum States on Climate Change**” and the “**Memorandum of Understanding between the Pacific Islands Forum Secretariat and European Commission**’.

Climate change is a global problem that requires global solutions and we must find ways to work together and apply our collective understanding, appreciation for each other’s challenges and vulnerability for meaningful progress to happen.

So whilst the UNFCCC negotiations must go on and are extremely important, it is often at the practical level of international cooperation that real tangible progress is made. The resultant development assistance and cooperation in specific areas of need and interest between the two regions, this is where I feel we can truly take steps forward and address the practical implications of climate change.

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Areas of EU/Pacific cooperation to date

Our region has gained much from its partnership with the EU through;

- i. Our pursuit of greater and bolder commitments to deeper and more ambitious emissions reductions.
- ii. The pursuit of technology and enabling environments that foster technology that will truly transform large economies towards greener pathways, in particular through renewable energies.
- iii. The need to highlight the plight of the most affected and vulnerable to climate change, in particular the small island developing states and to heed their call for greater mitigation efforts and greater adaptation support.
- iv. The need to explore practical measures of adaptation that bring together Disaster Risk Reduction efforts and climate change adaptation efforts to build our countries resilience to climate change and the many other challenges we face.
- v. Empowering smaller and less capable countries, with the necessary capacity to effectively respond to climate change, including through capacity supplementation, and
- vi. Strengthening the national systems of recipient countries to better channel ODA and climate change financing directly into national systems. This will help to increase the ability of countries to harness resources (ODA, climate change financing and national resources) to respond to climate change.

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Food for Thought:
Possible Modalities for Pacific region to access Climate change resources

The current financing system seems to be focused more on reaping global benefits through large mitigation projects as opposed to being designed to support small projects by island states for their survival.

With varying funds available with different conditions and approval processes and different capacities of countries, a mix of modalities needs to be considered for implementation simultaneously.

The following options are already part of the discussions in the Pacific region:

- Direct budgetary support (and sectoral support) to address climate change challenges in a sustainable way, led by PICs themselves.
- National Trust Fund arrangements offer a promising modality for climate change resources to accrue over time and facilitate disbursement rates that are commensurate with the human, institutional, and absorptive capacities of PICs.
- A regional or sub-regional fund can present significant benefits in well defined sectors/areas such as infrastructure, specific health challenges, and energy.
- Pacific regional agencies could support the region in providing backstopping assistance in the interface between PICs and the plethora of global, multilateral and bilateral funds and projects especially for the small island states with less capacity in-country to deal with the many complex climate change challenges.
- Direct access to climate finances either through accredited National, Regional or Multilateral implementing entities.

SLIDE 7
Please Don't Just Listen: Hear us
Some Takeaways and Unsolicited Advice

The "one-size-fits-all" approach adopted by some development partners when delivering programmes to our region is partly to be blamed for the low level of accessibility to, and of utilization of resources by some of our members.

No two island states are the same and the EU must be attentive to these unique and sometimes peculiar circumstances when designing programmes to respond to the region's specific needs. Pacific countries because of their inherent vulnerabilities are

prevented sometimes, more by design than by choice, from benefiting optimally from assistance to the wider international community.

Unless new initiatives benefit all Pacific island countries equally, irrespective of their sizes and populations, political clout and economic influence, then history hasn't taught us anything.

To help Pacific countries respond effectively to climate change, customized modalities of access and delivery are needed. Easy access and the ability to manage new climate resources are critical. In their absence, any funding assistance, old or new, Fast track finance or the new Green Climate Fund, any cooperation will continue to by-pass our islands whose needs in absolute terms are just as compelling, if not greater than some of the other "special category" countries.

Ultimately we should accept that solutions to national or regional problems must be forged as cooperative undertakings by the Pacific countries and their partners. They can't be designed elsewhere and imposed in the Pacific, as unilateral initiatives are rarely effective and sustainable. Solutions should be homegrown, owned and nationally driven.

Technology Transfer: Turning a challenge into an opportunity

Adaptation efforts against the impacts of climate change remain a priority need of Pacific countries. But our region is not limiting itself to adaptation projects only. Some countries, Samoa included, are aiming to be carbon-neutral in the near future, conditional on financial and technological help from the industrialized world.

Our message is clear.

We want to be part of the global solution. Being smaller, isolated and impoverished doesn't have to be a disadvantage. With the right assistance and appropriate technology, Pacific countries can pursue low carbon plans, implement climate friendly technologies where feasible, and prove that they are viable. Even if these are on a small scale, if we can demonstrate that they can succeed, it breeds confidence and inspires others about their deployment, their replication on a larger scale, and we can show that harnessing nature, through renewable energy technology, is both possible and economically sound.

What we need are more practical examples demonstrating that green development which builds resilience of communities and takes into account future adaptation needs, CAN be achieved through working closely with our development partners?

Technology transfer for mitigation and adaptation

Technology development for mitigation and adaptation should be on an equal footing and must be part and parcel of all Joint EU/PICs initiatives and should profit all Pacific countries, not a monopoly to be enjoyed only by those with big private sectors.

SLIDE 8
Challenges for the Vulnerable:
Success in the Pacific Region is possible
As demonstrated by SAMOA

For Samoa, fifty (50) years of development co-operation experience provide important lessons on how public finance can be channelled to a country.

Key lessons include the need for greater ownership of development policies by partner countries, co-ordination among donors and alignment of external flows on domestic policies and systems. All together, these principles make it easier to capture the inflow of climate finance at the country level, improve predictability of future finance, and reduce administrative burdens for partner countries.

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We all learn from borrowed knowledge
Some good practices for the taking

Some donors and partner countries initiated joint approaches in the context of climate-related ODA in Samoa,

- Existing sectoral budget support by the EU is used to integrate climate change adaptation into water and sanitation sector policies.
- A National climate fund to blend domestic and external sources of finance and disburse them in cross-sectoral manner is being developed with the help of TA funded by the World Bank Pilot Project on Climate Resilience.
- Targeted investments through the World Bank climate resilience grant financing have been channelled towards climate proofing economic corridors for the country (Airport road) as well as provide coastal infrastructure protection for village communities.
- Use of a Multilateral Implementing Entity – UNDP is the current MIE to await Samoa's application to accredit its Ministry of Finance as the National Implementing Entity.

These best practices can be replicated/adapted in other Pacific countries. In this connection Samoa has been invited to prepare good practice case studies as well as peer review good climate change financing practices in other Pacific countries.

Strengthening and using public financial management systems of partner countries is deemed to be the best way to blend domestic and external resources and ensure partner country ownership in the use of the finance. Currently, however, few countries know how much external and internal public finance is used to address climate change. To address this challenge, some innovative approaches are being developed. For example, Climate Public Expenditure and Institutional Review (CPEIR) methodology was developed by the Capacity Development for Development Effectiveness facility (CDDE)

and the World Bank. It includes an exercise to identify climate-relevant budget expenditures based on the county's budget codes. The analysis has already been piloted in 4 Asian countries and a pilot has just begun for Samoa.

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Success requires extra work or effect Key activities undertaken to effectively manage climate change finance

1. Samoa established a Climate Resilience Coordination Unit within the Ministry of Finance in 2011 to promote co-ordination inside the government and a coherent approach by development partners providing climate finance in the country. The Unit's roles include:

2. Supporting donors are working with the government to develop common approaches to integrate climate change into national planning at the country level. This will involve not only traditional development donors, but also more specialised donors such as climate funds. Initiatives will be demand driven and fully country-led, and take into account existing policies such as the SDS (national strategy), National Adaptation Programmes of Action (NAPAs) and Nationally Appropriate Mitigation Actions (NAMAs).

3. Samoa has a robust coordination mechanism internally as well as with development partners to promote a coherent approach in the provision and management of climate finance. This is based on existing national aid co-ordination and planning mechanisms at both national and sector level including the use of an existing climate change policy framework.

3. Discussion is underway with development partners on the use of a pooled funding mechanism for climate change financing from all sources.

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Transparency and Accountability are both sides of the same coin

Partner countries supporting this initiative will develop a capacity development plan to effectively track and control climate finance. The capacities could include:

- **Capacity to track external climate finance flows, e.g. by strengthening aid information management system**

There is close collaboration between the Ministry of Finance, development partners and all other line ministries to ensure that national aid databases for managing development assistance capture the full picture of climate finance inflows. Agencies including UN, Climate Funds and Development Banks, are encouraged to provide relevant information, as their climate-

related flow is not captured in globally available datasets such as the OECD statistics.

- **Capacity to identify climate-relevant components of domestic budgets e.g. CPEIR studies**

The CPEIR as initiated in Samoa will develop and implement practical guidance to support it in strengthening the national budget systems so that climate change activities can be seen and climate change finance tracked across sectors. Countries will be able, on an ongoing basis, to quantify the climate-relevant component of their domestic budget with a view to increasing their access to climate change finance for the budget and incentivising climate change measures across the public expenditure programme.

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End of Presentation
Thank You