POLICY BRIEF

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TURNING THE TIDE: IMPROVING ACCESS TO CLIMATE FINANCING IN THE PACIFIC ISLANDS

WHAT IS THE PROBLEM?

The United Nations Framework Convention on Climate Change (UNFCCC) commits developed countries to provide assistance to 'developing country parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation.' Despite recent commitments of 'fast-start' climate funding from donors, Pacific Island governments face significant obstacles in accessing sufficient resources to address the adverse effects of climate change on food security, water supply, coastal management and public health. Greater international coordination is required to increase access to climate finance for small island states. Without this coordination, efforts to achieve the Millennium Development Goals by 2015 could be set back, due to the diversion of long-term development funding to disaster response and rebuilding.

WHAT SHOULD BE DONE?

Donor countries can help strengthen Pacific access to climate finance and improve outcomes for vulnerable communities through strengthening existing measures and developing more innovative approaches. This is important not only to help Pacific Island countries but also to ensure donors meet their own global funding commitments. Australia alone requires a tenfold increase in current climate financing to meet its fair share of the global funding pledge of US$100 billion each year by 2020. Better approaches include international lobbying for special access mechanisms for Small Island Developing States in financial mechanisms like the new Green Climate Fund; renewed efforts to build the capacity of national government institutions; programs and structures to improve donor coordination; development of national climate trust funds and a Pacific Regional Climate Change Fund; and, above all, more targeted action on the ground to assist the most vulnerable communities with concrete adaptation programs, especially through civil society organisations.

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Lowy Institute Policy Briefs are designed to address a particular, current policy issue and to suggest solutions. They are deliberately prescriptive, specifically addressing two questions: What is the problem? What should be done?

Climate finance – a pillar of global negotiations

In December 2008, countries from around the world gathered in Poland for global climate negotiations under the United Nations Framework Convention on Climate Change (UNFCCC). Addressing the plenary session, Tuvalu's then Prime Minister Apisai Ielemia argued that vulnerable island nations in the Pacific require easier access to funding for adaptation and mitigation, so they can respond to the challenge of climate change:

> 'Small Island Developing States like Tuvalu need direct access and expeditious disbursement of funding for real adaptation urgently, because we are suffering already from the effects of climate change. How else can we say it more clearly! It seems however that some key industrialised states are trying to make the Adaptation Fund inaccessible to those most in need. I am compelled to say we are deeply disappointed with the manner some of our partners are burying us in red tape. This is totally unacceptable.'[1]

One of the central pillars of global climate negotiations is the need to improve access for developing countries to funding and technical resources. The UNFCCC commits developed country parties to provide assistance to 'developing country parties that are particularly vulnerable to the adverse effects of climate change in meeting the costs of adaptation.'[2] But efforts to establish effective mechanisms for climate financing are complex, with governments trying to balance the accountability required for the allocation of tens of billions of dollars with the urgent need for resources to flow into the poorest communities in the world.

This question is of particular importance for Least Developed Countries (LDCs) and Small Island Developing States (SIDS) in the Pacific, which work with other nations in the Alliance of Small Island States (AOSIS).[3] They are amongst the nations most vulnerable to the adverse effects of climate change, but often lack the necessary resources to reduce greenhouse gas emissions and adapt to the immediate effects of climate change.

There is a central tension in the debate over climate financing. International institutions and bilateral partners have questioned the absorptive capacity of Pacific Island countries to spend additional funding effectively. In turn, Pacific governments and community organisations have raised concerns over the inflexibility and bureaucracy of donor programs, which can limit the flow of resources to those most in need.

At the 2010 Pacific Islands Forum meeting, Pacific leaders asked officials to advise on options to improve access to, and management of, climate change resources. The issue is a very high priority for Pacific Island governments and will be discussed at the Pacific Islands Forum meeting in New Zealand in September 2011.

Mobilising resources to respond to climate change

Over the last decade, a number of climate funds have been established under the UNFCCC and there are now more than forty international and regional mechanisms. These institutions include the Least Developed Countries Fund (LDCF) and Special Climate Change Fund (SCCF) under the Global Environment Facility (GEF); the Kyoto Protocol Adaptation Fund; and Climate Investment Funds (CIFs) administered by the World Bank.[4]

Beyond the global funds, there are a range of bilateral initiatives, including Japan's Hatoyama Initiative (formerly the Cool Earth Partnership), the European Commission's Global Climate Change Alliance (GCCA) and Australia's International Climate Change Adaptation Initiative (ICCAI) and International Forest Carbon Initiative (IFCI).

After the failure to negotiate a legally binding treaty at the 2009 Conference of the Parties in Copenhagen, 141 nations initially indicated support for the 'Copenhagen Accord'. The Accord included pledges for both short- and long-term financial support for developing countries to deal with climate change, including 'fast-start' or 'fast-track' funding approaching US$30 billion in 2010-12 and a goal of US$100 billion a year by 2020.[5]

These pledges were reaffirmed at the 2010 Cancun conference, which saw significant advances on the idea, initially raised in Copenhagen, to establish a new Green Climate Fund. The conference agreed to establish a Transitional Committee to develop the structure, mandate and priorities of this new fund.

This debate on climate financing is part of an intensely political struggle on the global response to climate change. There is evidence that the major OECD countries see climate financing for small island states as a way of playing them off against other developing countries in the G77 negotiating group. According to a US diplomatic cable released by WikiLeaks, in February 2010 EU Climate Action Commissioner Connie Hedegaard told US Deputy Special Envoy for Climate Change Jonathan Pershing that 'the AOSIS (Alliance of Small Island States) countries "could be our best allies" given their need for financing.'[6]

A UN High-Level Advisory Group on Climate Change Financing, tasked to identify potential sources of finance to achieve the goal of raising US$100 billion a year by 2020, delivered its report to UN Secretary General Ban Ki-Moon in November 2010.[7] The European Union, Japan and other nations have now made specific pledges on 'fast-start' finance and in December 2010, Australia's Ministry for Climate Change and Energy Efficiency Greg Combet outlined an A$599 million package.[8]

Pacific governments have welcomed these commitments from donor partners. However, many Pacific leaders have stressed that they are not yet benefitting from the fast-start funding. Diplomats have highlighted the complexity of using existing institutions such as the Global Environment Facility (GEF), as one reason why developing nations have lobbied for the new Green Climate Fund.[9] They have raised concerns about the complexity, delay and effectiveness of accessing climate funding, and the failure to fully deliver on pledges.

Kiribati President Anote Tong has stressed the difficulty of accessing adaptation funds:

> 'We regret to say that up to now we have not been able to access any of the fast-start funds pledged. I acknowledge that many

> elements of any international regime on climate change will take several years to conclude, but…the urgent need for the flow of adaptation funds to address the more urgent adaptation needs of the most vulnerable countries is a matter over which there is general consensus. It is not a matter for negotiation or to procrastinate over otherwise it will be too late for some countries and any subsequent agreement will be meaningless.'[10]

There are advantages to fixing this problem now. Early action on adaptation has practical benefits, as governments – both donors and recipients – could strengthen their capacity to implement larger-scale programs in the future.[11] To this end Pacific leaders have highlighted seven ongoing problems facing Pacific nations as they try to access increased funding.

1) Adequacy of adaptation funds

Developed countries have failed to commit adequate funds for technology transfer and adaptation, with research suggesting two to three times more funds are required.[12] With a target of US$30 billion for 2010-2012, developed countries announced fast-start finance pledges before May 2011 amounting to US$28.14 billion. However, according to information formally reported to the United Nations by member governments, only US$12.14 billion of the pledged amounts had actually been requested or budgeted by executive bodies in these countries.[13] David Sheppard, Director of the Secretariat of the Pacific Regional Environment Program (SPREP) states that: 'We all recognise that we need a quantum leap in climate financing.'[14]

2) Balance between adaptation and mitigation

Australia's current package of climate financing has struck a rough balance between funds for adaptation and mitigation. This is not true for other major donors, with estimates that just 10-20 per cent of global funds allocated to date have been spent on helping people in vulnerable countries adapt to the impacts of climate change.[15] This is a major concern for Forum island countries, which have long expressed greater interest in adaptation rather than mitigation funding. Given the small size of their transport and energy sectors, there is limited opportunity for extensive emissions cuts. Pacific Island countries only contribute 0.03% of global greenhouse gas emissions and the average per capita emissions are 0.96 tonnes of carbon dioxide (CO2) per year. In contrast, the latest Australian National Greenhouse Accounts show that Australia's per capita emissions were 25.7 tonnes in 2009, nearly twice the OECD average and more than four times the world average.[16]

3) New and additional

All key climate agreements state that climate finance for developing countries will be 'new and additional' beyond existing Official Development Assistance (ODA), but this term has never been properly defined. OECD countries use competing definitions and baselines, and there is now a complex political and technical debate on defining 'additionality.'[17] This is becoming a major sticking point in the global negotiations and, consistent with the polluter-pays principle, Pacific governments are calling for new and additional funds, allocated within fixed timelines to allow forward planning. Money pledged for adaptation and mitigation in Australia's fast-start package has been drawn from the ODA budget, but the amount of climate financing required will rise rapidly over the next decade. To meet its fair share of the global commitment of US$100 billion a year by 2020, Australia will need to increase tenfold its current commitment, from A$200 million annually to more than A$2 billion a year by 2020.

At a time when there is an expanding aid program and bipartisan support to increase the aid budget to 0.5 per cent of GNI by 2015, this has not raised much public debate – though circumstances may change in coming years, as opposition politicians have stated they will cut funds for Australia's adaptation initiative on winning government.[18] Given countries like Australia will need to find predictable long-term sources of finance outside the aid program to meet its share of the global commitment of US$100 billion a year, a proportion of revenue generated from carbon taxes or emissions trading schemes should be allocated to international financing of adaptation and low-carbon development in developing countries.

4) Grants not loans

Some funds from Japan's Hatoyama Initiative, the UK's Environmental Transformation Fund and the World Bank are being offered as loans, rather than grants. Pacific governments have criticised this practice, which means that the poorest and most vulnerable nations will have to repay the funds required to address problems created by the industrialised donor countries, based on their historic legacy of greenhouse gas emissions.

5) Special vulnerability of island nations

All countries around the world face hazards from climate change and extreme weather events. But compared to other nations, Pacific Island countries face particular challenges due to their comparative smallness, remoteness and archipelagic character. Compared to larger Least Developed Country nations in Africa and Asia who can mount projects assisting tens of thousands of people, Pacific governments must help small village communities in far-flung archipelagos, at much greater expense per capita. Efforts to gain a special SIDS status in global agreements have faced resistance from many larger developing countries which also want to be specifically highlighted.

6) Complexity of funding systems

The governance arrangements of the international financial institutions can disadvantage SIDS and LDCs by creating burdensome administrative processes. The global funding architecture is complex and many existing funding mechanisms are not designed to take into account the small size and capacity constraints of SIDS. For example, Tuvalu's environment department has just five permanent staff: the Director; a Climate Change Officer; a Biodiversity Officer, an officer for environmental monitoring and assessment (currently overseas on study leave) and a Clerk / Librarian. Other staff are added for specific projects, but this adds extra administrative burden for core staff.[19]

7) Differing perspectives over REDD+

In the Pacific there is extensive debate over the UN Reducing Emissions from Deforestation and Degradation (REDD) program, where carbon offset trading may provide a key source of finance. Pacific countries do not have a united position on REDD, with significant differences between larger Melanesian countries and smaller atoll nations.[20] There are also governance issues related to management of REDD projects, concerns over existing corruption in the logging industry and protests over the lack of informed consent for indigenous land and resource owners in REDD projects.[21]

Funding for adaptation in Solomon Islands

To illustrate these problems, the accompanying Analysis paper contains a detailed case study of the Solomon Islands government's successful bid for a US$5.5 million adaptation funding grant, finally approved by the Adaptation Fund in March 2011.[22]

Climate change is not just an environment issue and Solomon Islands, like many countries, faces serious challenges to develop 'whole of government' responses and link national planning initiatives with line ministries and community-based organisations. The Solomon Islands government acknowledges many constraints – institutional, human and financial – to promoting action on climate change. Solomon Island's 2008 National Adaptation Program of Action (NAPA) stressed that effective adaptation will require support from partners to strengthen institutions, finance, information and technological support.[23]

But the complexity of reporting, varying timelines and administrative requirements of partnering agencies means obtaining this support can be a lengthy process. This in turn raises problems of dashed expectations from grassroots communities, who expect that increased funding will lead to action on the ground rather than a series of project documents.

While acknowledging the need for better capacity in line and coordinating ministries, the Solomon Islands Government, working with aid donors, NGOs and community organisations, has taken initiatives to strengthen its climate response, including the development of a National Adaptation Program of Action (NAPA), and National Disaster Risk Management Plan; merging the National Disaster Management Office (NDMO) into the new Ministry of Environment, Climate Change, Disaster Management and Meteorology (MECDM), to better integrate climate change and disaster response and a proposal to establish an inter-ministerial structure on climate change.

Even with increased support, the climate change unit of the Ministry of Environment only has four dedicated positions, of which only two were staffed in March 2011. The Ministry hopes to soon increase unit staffing to five, but faces a daunting task to address all the required activities, lacking even office space and equipment.[24]

In spite of all these constraints, Solomon Islands are the first member of the Pacific Islands Forum and one of a few countries in the world to successfully gain adaptation funding from the Kyoto Protocol Adaptation Fund. As detailed in the Analysis paper case study, this project aims to reach 307,000 people in 51,000 households in the capital Honiara and 17 other communities, and will provide lessons for broader programs of climate adaptation financing in the region.

Strengthening Pacific access to climate finance

Given the difficulties Pacific Island countries experience in accessing appropriate and timely levels of funding, a flexible portfolio of bilateral, regional and multilateral mechanisms for climate adaptation funding would be the best response to addressing the problems governments in the region face. Although multiple financing mechanisms risk adding to administrative and financial costs, a mix of climate funding systems, that draw on the strengths of existing development partnerships, are the most practical means of assisting the region.

The following are recommendations for developing a flexible approach to strengthening access to climate finance for Pacific Island countries:

1) Improving SIDS access to financial mechanisms

Pacific governments are lobbying for specific windows or modes of access for SIDS in global funds. There are already examples where tailored systems have improved funding. For example, the GEF Pacific Alliance for Sustainability has provided a unique model which has delivered more than $200 million to Pacific countries through 30 projects since 2006. This is an increase over the first fifteen years of GEF funding (1991-2006), when Pacific countries only obtained US$86 million in grants, the lowest amount for any region in the world.[25]

Pacific representatives are active in key climate financing institutions: Fiji represents SIDS on the Adaptation Fund Board (AFB), while Samoa's UN Ambassador is one of two SIDS representatives on the new Transitional Committee to establish the Green Climate Fund. Australia, also a member of this committee, could support Pacific Island representatives as they lobby for greater access to funding for island nations. In relevant fora, such as the G20 and Major Economies Forum, Australia should also lobby for specific SIDS access mechanisms within global funding initiatives.

2) Developing national trust funds

The Pacific region has long experience with trust funds as a development mechanism (although some have been better managed than others). The Asian Development Bank has noted: 'Donors and development institutions are finding that where sound policy and governance structures are in place, trust funds can be an effective way to accumulate, preserve, grow, and mobilise capital for development.'[26]

For climate financing, environmental trust funds could be expanded to cover a range of adaptation initiatives. For example, in November 2009, the Republic of Palau introduced a 'Green Fee tax', included in the US$35 departure tax for non-Palauan passport holders. This has generated a fund with millions of dollars to help conservation efforts in Palau, protecting the very ecological assets that tourists are seeking.

3) Creating a Pacific Regional Climate Change Fund

Given the limited institutional capacity of some smaller island nations, Pacific governments are also investigating the creation of a Pacific Regional Climate Change Fund – a region-wide financing mechanism to administer, manage and monitor the influx of adaptation and mitigation funding.[27]

Some donor governments have expressed reservations about creating a new regional fund that would involve high levels of administration, suggesting that more effort should be placed on strengthening institutional capacity and donor coordination at national level.[28] However, there are a number of practical advantages for a regional funding mechanism:

- some of the smallest Pacific nations (such as Cook Islands, Tokelau, Niue and US and French Pacific territories) are not full members of the United Nations, the World Bank or other multilateral institutions, and face eligibility hurdles to access their funds and programs
- a regional fund could assist with funding predictability, with PICs accessing funding from one mechanism on a determined timeline rather than using a multiplicity of donor processes
- there are many existing national trust funds in the Pacific and lessons on well-governed funds provide a model for a broader regional initiative.

Australia and other donors should support the design and creation of a well-managed regional fund, developing standards of appropriate governance and fiduciary responsibility, as part of broader efforts to establish improved regional access to international climate funds.

4) Strengthening national institutions

International and regional coordination must be aimed at improving action at national and community level. The accompanying Analysis paper gives detailed examples of a number of areas where work is underway to ensure that Pacific Island countries manage and effectively utilise adaptation funds:

- *Developing national plans of action:* existing LDC National Adaptation Programs of Action (NAPAs) could be replicated by other non-LDC countries and territories (currently only LDCs are required to develop a NAPA but the consultation process involved in setting adaptation priorities could be valuable for all Pacific Island countries and territories).
- *Improving national collaboration on climate change:* through regular climate change roundtables and ad hoc task forces; NGO-government collaboration; or parliamentary standing committees on climate change.
- *Improving capacity for reporting and monitoring:* ensuring that adequate Measurement, Reporting and Verification (MRV) systems are in place to meet UNFCCC reporting requirements.
- *Linking disasters and climate change:* integration of planning and policy for these two sectors through 'Joint National Actions Plan on Climate Change Adaptation and Disaster Risk Management' (JNAP). Tonga and the Cook Islands have already developed JNAP, other countries plan to follow.[29]
- *Strengthening Climate Finance Planning:* closer alignment of climate finance and National Sustainable Development Plans; accreditation as National Implementing Entities (NIE); workshops, training and mentoring of relevant staff on how to access the Kyoto Protocol Adaptation Fund and, in the future, the new Green Climate Fund.

- *Documenting and sharing experiences with financing mechanisms:* Case studies must draw out lessons learned on how to unlock climate finance, examining aspects such as the expertise used; skill requirements; the role of national and regional institutions; the role of legislation; and communications.

5) Strengthening donor coordination

Much of the literature on climate finance highlights the weak institutional capacity of Pacific island states and their lack of 'absorptive capacity' to manage and effectively utilise increased allocations of adaptation and development finance. Pacific governments readily acknowledge these constraints and are moving to address this weakness. In turn, however, Pacific leaders and officials have highlighted that one of the region's biggest challenges is effective donor coordination, as island states deal with a complex array of multilateral and bilateral climate initiatives.

Government officials and community leaders have expressed concern that there will be extensive administrative and reporting requirements to access funding, which places burdens on SIDS who are already constrained in obtaining resources. Some donors are aware of this concern: UNDP claims that it has halved the average turnaround time to access its adaptation financing since 2005, from 20 to 10 months.[30]

Encouraging harmonised criteria between donors (e.g. on procurement or fiduciary standards) was another high priority for governments in the region. Other officials raised concern about staff turnover in donor agencies, arguing that sustainability of programming on climate change requires a long-term outlook, awareness of existing regional and local initiatives and coordination with other agencies, based on personal contact as much as institutional mechanisms. For example, a 2009 review of AusAID found that that 'only 49 per cent of APS staff finished 2008 in the same section they began it in' and discovered 'a range of instances where high staff turnover has compromised the quality of Australia's program management.'[31]

Many of these concerns can be addressed by strengthening existing inter-agency fora where coordination could be increased, such as the Development Partners for Climate Change (DPCC), the Pacific Climate Change Roundtable (PCCR), improved interagency networking in the Council of Regional Organisations of the Pacific (CROP), and strengthened partnerships with UN and regional agencies which offer technical and professional assistance. There are currently proposals that need donor support, such as a regional Technical Backstopping Mechanism that could provide information, mentoring and technical support tailored to the particular needs of small island states and a Pacific Climate Change Portal as a tool for coordination and information sharing.[32]

f) Action on the ground

Through the Pacific Adaptation to Climate Change Program (PACC) and a range of community-initiated projects, there is already a growing body of community-based projects that are providing tangible benefits for communities, with improved water supply, forest management or reef protection.[33] These successes need to be analysed and replicated, then extended by:

- *Prioritising civil society and community initiatives:* Promoting greater involvement with the community sector, through dedicated funding windows for community-based organisations and improved mechanisms to allow communication between donors, governments, NGOs and affected communities.
- *Sharing information on best practice on adaptation:* monitoring, evaluation and documentation of successful community adaptation initiatives, with research on the use of traditional knowledge in responses to the adverse effects of climate change.[34]
- *Linking gender and climate finance:* integrating gender analysis into climate adaptation funding systems, to address the difficulties that Pacific women face in accessing resources.[35] Another area to prioritise is children, who make up more than 40 per cent of most Pacific island populations and should be a primary focus for adaptation initiatives.[36]

Conclusion

Projections of the Intergovernmental Panel on Climate Change (IPCC) and Australian scientific researchers have highlighted the current and long-term challenges of global warming, especially for vulnerable islands in Oceania.[37]

A central reason for early action in response to these environmental challenges is that adverse effects of climate change will impact on core areas for economic, social and human development: public health, agriculture, nutrition and the development of public infrastructure.

Failure to act could set back efforts to achieve the Millennium Development Goals by 2015, due to the diversion of long-term development funding to disaster response and rebuilding. In contrast, early action on adaptation has practical benefits, as governments – both donors and recipients – could strengthen their capacity to implement larger-scale programs in the future.

This Policy Brief is an abridged version of a longer Lowy Institute Analysis: Improving access to climate financing for the Pacific Islands (also published July 2011).

NOTES

1 Apisai Ielemia, Prime Minister of Tuvalu, Statement to the UN Framework on Climate Change Conference of Parties, Poznan, Poland, 11 December 2008.

2 Article 4(4), United Nations Framework Convention on Climate Change (UNFCCC), 1771 UNTS 107, opened for signature 9 May 1992, entered into force 24 March 1994.

3 Five LDCs are located in the Pacific (Tuvalu, Kiribati, Samoa, Solomon Islands, and Vanuatu) and are amongst the smallest in the LDC group, with populations ranging from 10,000 to 500,000.

4 Further details of these institutions are available from a range of useful websites: Climate Funding Options (http://www.climatefinanceoptions.org/cfo/FundingSourceBySource?tid=14); Fast Start Finance (http://www.faststartfinance.org/); Heinrich Boll Stiftung (http://www.boell.de/ecology/climate/climate-energy-climate-finance-fundamentals-briefing-11183.html); UNFCCC Adaptation Fund (http://www.adaptation-fund.org/); World Bank Development, Climate and Finance Issues (http://climatechange.worldbank.org/climatechange/content/development-climate-finance); Climate Funds Update (http://www.climatefundsupdate.org/) or the World Resources Institute (http://www.wri.org/publication/summary-of-developed-country-fast-start-climate-finance-pledges).

5 Details of both donors and recipients can be found at the Fast Start Finance website: http://www.faststartfinance.org/.

6 Climate: Pershing and Hedegaard commit to close co-operation, US cable from Brussels embassy UNCLAS section, 17 February 2010, online at http://www.guardian.co.uk/world/us-embassy-cables-documents/249185.

7 *Report of the Secretary-General's High-level Advisory Group on Climate Change Financing*, UN, New York, November 2010. Bob McMullan, the former Parliamentary Secretary for International Development Assistance in the Rudd government, was an Australian representative in the High-Level Advisory Group.

8 Details of the package are outlined in Department of Climate Change, *Australia's fast-start finance progress report*, December 2010.

9 Interview with Samoa's UN Ambassador Ali'ioaiga Feturi Elisaia, Alofi, Niue, March 2011.

10 Statement by Anote Tong, President of the Republic of Kiribati, 65th Session of the UN General Assembly, 25 September 2010.

11 The Commonwealth Secretariat notes: 'Whilst securing the governance system for the international architecture is critical, attention also needs to be given to the early delivery of sufficient finance so that lesson learning can begin and national systems can strengthen so that they operate effectively at scale.' in *Frameworks and capacities for using climate finance: considerations for the Commonwealth*, background paper for the Commonwealth High-Level Meeting on Climate Finance, Wiston House, West Sussex, UK, 23–25 January 2011.

12 Martin Parry et al, *Assessing the costs of adaptation to climate change – a review of the UNFCC and other recent estimates*, Grantham Institute for Climate Change, Imperial College, London, August 2009.

13 For data and discussion, see World Resources Institute (WRI), *Summary of developed country 'fast-start' climate finance pledges*, updated 20 May 2011: http://www.wri.org/publication/summary-of-developed-country-fast-start-climate-finance-pledges.

14 Interview with David Sheppard, Pacific Climate Change Roundtable, Alofi, Niue, March 2011.

15 Oxfam International, *Righting two wrongs: making a new global climate fund work for poor people*. Oxfam Briefing Note, 6 October 2010. IIED,

Fast-start adaptation funding: keeping promises from Copenhagen, IIED Briefing, November 2010.

16 On Australia, see Ross Garnaut, *Progress towards effective global action on climate change, Garnaut Climate Change Review – Update Paper two, 2011*. For international data and comparisons, see *The impact of climate change on the development prospects of the Least Developed Countries and Small Island Developing States*, Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN-OHRLLS), 2009, pp 12-13.

17 For a useful summary, see Jessica Brown, Neil Bird and Liane Schalatek, *Climate finance additionality: emerging definitions and their implications*, Climate Finance Policy Brief No.2, Heinrich Boll Stiftung, June 2010.

18 Opposition proposes cuts in Australian climate adaptation aid, *Pacific Beat*, Radio Australia, 3 August 2010.

19 Personal communication, Mataio Tekinene, Environment Director of the Ministry of Natural Resources and Environment, Funafuti, Tuvalu, April 2011. For the example of Niue, an island nation of just 1,514 people, see Jon Barnett, The effect of aid on capacity to adapt to climate change – insights from Niue, *Political Science*, Vol. 60, June 2008.

20 See for example the critique by Tuvalu's chief climate negotiator Ian Fry, Reducing emissions from deforestation and forest degradation: opportunities and pitfalls in developing a new legal regime, *Review of European Community and International Environmental Law* Vol. 17 (2) 2008.

21 Greenpeace report, *PNG: not ready for REDD*, Greenpeace Australia-Pacific, 2010, recommends that Papua New Guinea only receives REDD funding when it places a moratorium on all logging and deforestation, and introduces safeguards for biodiversity, indigenous and landowners' rights and ending corruption and illegal logging.

22 This section is based on research in Solomon Islands in November 2008 and February 2011, and interviews with a range of government officials, donors, NGOs and community organisations.

23 Ministry of Environment, Conservation and Meteorology, *Solomon Islands National Adaptation Programmes of Action*, November 2008, pp 5-6.

24 Interview with Ministry of Environment staff, Honiara, February 2011.

25 However, in spite of current reforms, interviewees continued to raise issues associated with GEF, including access of resources and heavy procedural and reporting requirements, as well as the difficulty of involving civil society.

26 For discussion of best practice in managing Pacific trust funds, see Benjamin Graham, *Trust funds in the Pacific: their role and future*, Asian Development Bank, Manila, 2005.

27 For details see *Mobilising climate change funding in the Pacific Islands Region - A report to the Secretariat of the Pacific Regional Environment Program (SPREP)*, October 2010.

28 The section reflects debates at the 2011 Pacific Climate Change Roundtable in Niue, and interviews with officials and government representatives in Honiara, Alofi and Canberra.

29 For a detailed overview of the process see Lupe Matoto and Luisa Tuiafitu Malolo, Ministry of Environment and Climate Change (MECC), *Tonga's key achievements since the 2009 PCCR*, presentation online at: http://www.sprep.org/climate_change/PCCR/documents/Tongapresentation.pptxfinal.pptx. On the Cook Islands JNAP, see the presentation by Pasha Carruthers, National Environment Services: http://www.sprep.org/climate_change/PCCR/documents/CookIslandsCCADRM.ppt.

30 Interview with UNDP staff, Honiara, February 2011. See also *United Nations Development*

Program & Climate Change Adaptation - A Quarterly Update of Activities, Issue No. 5, February 2011.

31 Australian National Audit Office (ANAO), *AusAID's management of the expanding Australian aid program, The Auditor General Audit Report No.15, 2009–10, Performance Audit*, pp 49-50.

32 *Mobilising climate change funding in the Pacific Islands Region - A report to the Secretariat of the Pacific Regional Environment Program (SPREP).*

33 For an overview of community-based initiatives, see Community Based Adaptation Exchange (http://community.eldis.org/.59b70e3d/), the Small Island States Policy and Practice website (http://sids-l.iisd.org/) or the Pacific Climate Change Virtual Library (http://pigcos.soest.hawaii.edu/piccp/joomla/).

34 One excellent example of this work is Penehuro Fatu Lefale, Ua 'afa le Aso - Stormy weather today: traditional ecological knowledge of weather and climate. The Samoa experience, *Climatic Change*, No. 100, 2010, pp 317–335. For other examples of mobilising traditional knowledge for disaster preparedness and adaptation, see Nic Maclellan, Preparing for storms – protecting the islands, *Islands Business*, January 2011.

35 See for example Liane Schalatek, *Gender and climate finance: double mainstreaming for sustainable development*, Heinrich Böll Foundation North America, May 2009; Cheryl Anderson et al, *The gendered dimensions of disaster risk management and adaptation to climate change – stories from the Pacific*, AusAID / UNDP Pacific Centre, Suva, 2008.

36 The author was the researcher for a 2010 study on this issue for UNICEF Pacific. See M.Urbano et al, *Children and climate change in the Pacific islands – report to UNICEF Pacific*, Nossal Institute for Public Health University of Melbourne, April 2010.

37 For a summary of current science from Australian and regional perspectives, see Australian Academy of Science, *The science of climate change – questions and answers*, AAS, August 2010, and Australian Government, *Pacific Climate Change Science Program Annual Report 2009-10.*

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