



PACIFIC ISLANDS FORUM SECRETARIAT

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PACIFIC ISLANDS FORUM

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# Lessons learned from Strengthening Private Sector engagement in Climate Finance in the Pacific

## GCF Structured Dialogue with the Pacific

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# Why Private Sector engagement is important?



NEEDED TO SUPPORT NDC PLEDGES

**\$13.5 trillion<sup>3</sup>**



NEEDED TO LIMIT TO 2°C

**\$16.5 trillion<sup>4</sup>**

## Cost of implementing conditional NDCs for selected PICs:

- Fiji – At least US\$500 million
- Vanuatu – At least US\$400 million
- Solomon Islands – At least US\$200 million
- Nauru – At least US\$50 million

## Adaptation cost for coastal protection in PICs (World Bank Pacific Possible 2017 Report):

- *Best case scenario* - PICs will require up to US\$234m/year by 2020 and US\$285m/year by 2040.

# Activities undertaken to support private sector

- Forum Economic Ministers tasked PIFS in 2017 to explore concrete options to improve private sector engagement in climate finance.
- In response PIFS, in collaboration with a number of partners, has undertaken a number of activities, including:
  - ✓ Inaugural sub-regional private sector workshop for Melanesia (Fiji, Solomon Islands, Vanuatu & PNG) on accessing climate finance and promoting public-private partnerships, 9 – 10 April 2018. A collaborative effort between PIFS, PNG CCDA, USAID Climate Ready project, and GCF PSF. **Support is sought from the Fund and partners to convene similar workshops for Micronesia and Polynesia sub-regions.**
  - ✓ Support to a national private sector mapping (early 2018) and private sector climate finance trade show in Vanuatu (5 April 2018, through the PIFS/GIZ/DFAT CFRP). **Similar mapping is planned for Samoa, Solomon Islands, Nauru & other PIC readiness programs.**
  - ✓ Support to a regional private sector meeting in French Polynesia in late March 2018 & the recent Global Employers Forum in Suva, July 2018 (FCEF) – climate finance a dedicated session.
  - ✓ Support to a Private Sector Dialogue preparatory meeting, 6 – 8 August 2018 in Auckland – Access to climate finance is a dedicated session. Joint effort between PIFS, PIPSO & Pacific Cooperation Foundation.

## Challenges for private sector engagement

- Lack of appropriate strategic and regulatory frameworks at the national level;
- Lack of incentive systems to encourage investor's appetite for risk;
- Lack of adequate training and expertise to develop a viable business proposals for adaptation measures; and
- Private sector disconnect from the national discourse on funding opportunities.

# Options for strengthening private sector engagement

- Consideration of tax incentives for businesses that invest in green projects;
- Legislative reforms in sectors such as energy and transport;
- Countries may learn from Fiji's experience with the 'green bond' and Vanuatu in setting up a national green energy fund;
- Timely dissemination of information on funding opportunities; and,
- Pooling of resources and forging consortiums.

## Opportunities to impart Positive Change:

- **FEMM 2018 tasked** PIFS to develop an **options paper** for private sector access to climate finance, including a **donor database**, for consideration in the 2019 FEMM.
- **Economic Ministers agreed** to provide a **status report** in the next FEMM on how respective governments are addressing the specific barriers to private sector engagement.
- **FEMM 2018 endorsement of a Pacific Resilience Facility** concept and commended for Leaders endorsement – will include a private sector sub-fund.
- The **Pacific Resilience Partnership for the FRDP** endorsed by Pacific Leaders in 2017 recognises the role of private sector – 2 private sector reps in PRP Taskforce.