



저작자표시-비영리-변경금지 2.0 대한민국

이용자는 아래의 조건을 따르는 경우에 한하여 자유롭게

- 이 저작물을 복제, 배포, 전송, 전시, 공연 및 방송할 수 있습니다.

다음과 같은 조건을 따라야 합니다:



저작자표시. 귀하는 원저작자를 표시하여야 합니다.



비영리. 귀하는 이 저작물을 영리 목적으로 이용할 수 없습니다.



변경금지. 귀하는 이 저작물을 개작, 변형 또는 가공할 수 없습니다.

- 귀하는, 이 저작물의 재이용이나 배포의 경우, 이 저작물에 적용된 이용허락조건을 명확하게 나타내어야 합니다.
- 저작권자로부터 별도의 허가를 받으면 이러한 조건들은 적용되지 않습니다.

저작권법에 따른 이용자의 권리는 위의 내용에 의하여 영향을 받지 않습니다.

이것은 [이용허락규약\(Legal Code\)](#)을 이해하기 쉽게 요약한 것입니다.

[Disclaimer](#)

도시계획학 석사 학위논문

**Accessing Climate Adaptation  
Finance in the Pacific Island  
Countries: A Case Study  
of the Fiji Islands**

남태평양도서국의 기후변화 적응 재정에  
대한 접근성 연구: 피지 사례를 중심으로

2017년 2월

서울대학교 환경대학원  
환경계획학과 환경관리전공  
김 지 혜

# Accessing Climate Adaptation Finance in the Pacific Island Countries

- A Case Study of the Fiji Islands -

지도교수 윤순진

이 논문을 도시계획학 석사학위 논문으로 제출함

2016년 10월

서울대학교 환경대학원

환경계획학과 환경관리전공

김 지 혜

김지혜의 석사학위 논문을 인준함

2016년 12월

위원장 \_\_\_\_\_ 홍종호 (인)

부위원장 \_\_\_\_\_ 신혜란 (인)

위원 \_\_\_\_\_ 윤순진 (인)

# **Abstract**

## **Accessing Climate Finance in the Pacific Island Countries: A Case Study of the Fiji Islands**

Jihyea Kim

Department of Environmental Planning  
Graduate School of Environmental Studies  
Seoul National University

The Paris Agreement made at the 21<sup>st</sup> session of the Conference of Parties (COP) of the United Nations Framework Convention on Climate Change (UNFCCC) was the first-ever universal, legally binding global climate deal that set the stage for a new era of enhanced climate finance for developing countries. Reaffirming the commitment of developed countries to mobilize 100 billion USD a year by 2020, the agreement stressed the equal importance of adaptation finance alongside mitigation finance and called for UNFCCC climate funds to balance their allocation and distribution of climate finance. Within this framework, climate adaptation finance was emphasized as an important source of finance for the Pacific Island Countries (PICs) – islands that bear little responsibility for climate change but are extremely vulnerable to the impacts of climate change. Funding has been made available for the region; however, access to these funds has not been an easy task for the PICs and the gap between the inflow of funds and the actual needed amount is increasing.

This study uses the case study of Fiji to understand the system of climate adaptation finance in the PICs, the challenges that hinder them from

accessing the needed amounts of finance, and the opportunities that lie ahead. The study is a qualitative exploratory study in that it seeks to determine the nature of the research issue on which little or no previous research has been done. Literature reviews, site visits and interviews are used as a means of exploring the research objectives and collecting initial information and data needed to answer the research questions.

The results of this study are divided into two parts. First, the three key elements of the climate finance system are financial flow, actor groups and modes of access. The current climate adaptation finance system in Fiji consists of two types of flow- bilateral and multilateral; four main actor groups- donors, finance institutions, implementing entities, and recipient government; and two modes of access- direct and indirect. Differing combinations of these three elements create diverse structures of climate adaptation finance. Second, the three main challenges of accessing climate adaptation finance are: national capacity constraints that limit access; complex, long and different processes for access; and the potential adverse effects of direct access accreditation on national systems. The three main opportunities for future access are: increased attention to national institutional strengthening and capacity building; streamlined processes for accreditation and project approval for PICs; and regional information sharing and networking. The findings of this exploratory case study of Fiji serve as a broad reflection of the reality of accessing climate adaptation finance in the PICs and provide a basis for future research on climate adaptation finance in the Pacific region.

**Keywords: Climate Change Adaptation, Adaptation Finance, Accessing Adaptation Finance, Fiji, Pacific Island Countries**

**Student Number: 2014-24025**

# Table of Contents

I. Introduction.....	1
1. Research Background.....	1
2. Research Purpose, Scope and Objectives.....	4
II. Literature Review and Theoretical Framework .....	6
1. Climate Adaptation Finance .....	6
2. Accessing Climate Adaptation Finance .....	18
III. Case Introduction: The Fiji Islands .....	26
1. Geographic, Political and Socio-Economic Background .....	26
2. Climate Change Impacts and Urgent Needs in Fiji .....	30
3. Climate Change Awareness of Pacific Communities .....	35
IV. Research Methodology .....	38
1. Research Methodology and Design.....	38
2. Research Reliability and Validity .....	46
V. Accessing Climate Adaptation Finance in Fiji.....	48
1. Architecture of Climate Adaptation Finance .....	48
2. Accreditation and Project Approval .....	58
3. Status of Access for Fiji and the PICs .....	67

VI. Challenges and Opportunities in Accessing Climate Adaptation Finance in Fiji .....	70
1. Challenges in Accessing Adaptation Finance.....	70
2. Opportunities in Accessing Adaptation Finance .....	90
3. Summary of Findings and the Way Forward.....	97
VII. Conclusion .....	101
1. Research Summary.....	101
2. Implications of Research and Future Research .....	102
References .....	105
[Appendix A].....	115
[Appendix B].....	116
Abstract [Korean].....	120

## Figures

[Figure 1] Global International Adaptation-Related Public Finance.....	9
[Figure 2] Estimated Annual Adaptation Finance Needs for Developing Countries Through the Years (Source: Dougherty-Choux 2015) .....	12
[Figure 3] Global Climate Finance System.....	13
[Figure 4] Map of Fiji .....	27
[Figure 5] Tropical Cyclones Passing Within 400 km of Suva .....	32
[Figure 6] Framework Model.....	46
[Figure 7] Architecture of the Climate Finance System in Fiji .....	49
[Figure 8] Bilateral Indirect Access to Adaptation Finance in Fiji.....	54
[Figure 9] Bilateral Direct Access to Adaptation Finance in Fiji .....	55
[Figure 10] Multilateral Indirect Access of Adaptation Finance in Fiji .....	56
[Figure 11] Multilateral Direct Access of Adaptation Finance in Fiji .....	57



## Tables

[Table 1] Roles of Key Actor Groups of Global Climate Finance .....	16
[Table 2] Conceptual Framework of Challenges.....	23
[Table 3] Conceptual Framework of Opportunities.....	24
[Table 4] Projected Changes in Annual Average Temperature and Sea Level in Fiji .....	31
[Table 5] Resources Used for Qualitative Research.....	42
[Table 6] List of Interviewees .....	45
[Table 7] Number of Adaptation Projects by Actor Group.....	50
[Table 8] Amount Financed of Adaptation Projects by Donors .....	51
[Table 9] Accreditation Processes and Standards.....	61
[Table 10] Project Approval Processes and Criteria.....	64
[Table 11] Comparison of Projects/Programs Between Regions .....	68
[Table 12] Comparison of Projects/Programs Between PICs.....	68
[Table 13] List of Climate Change Adaptation Projects in Fiji (Bilateral)....	116
[Table 14] List of Climate Change Adaptation Projects in Fiji (Multilateral) .....	119

# **I. Introduction**

## **1. Research Background**

The Paris Agreement made at the 21<sup>st</sup> session of the Conference of Parties (COP) of the United Nations Framework Convention on Climate Change (UNFCCC) in December 2015 was a historic moment in the history of international climate change negotiations. As the first-ever universal, legally binding global climate deal, the Paris Agreement was adopted by 195 countries that agreed on a global action plan to combat climate change. Ambitious targets were created to lower greenhouse gas emissions so as to limit increases in global temperatures to well below 2°C, while also enhancing adaptation to climate change in developing countries by minimizing loss and damage and building regional and international support and cooperation (Bodle et al. 2016). The agreement also reaffirmed the commitment of developed countries in mobilizing 100 billion USD a year by 2020 which will be allocated as climate finance according to the specific needs and special circumstances of the developing countries, least developed countries and those particularly vulnerable to the adverse impacts of climate change. The mobilization and delivery of these funds would be administered mainly by the UNFCCC climate change funds that operate under differing mandates but with the unified goal of helping developing countries combat climate change. The Paris Agreement entered into force on November 4<sup>th</sup>, 2016 just days before the 22<sup>nd</sup> session of the COP held in Marrakech where the 195 Parties came together to further strengthen the operationalization and implementation of the Paris Agreement (Maclellan and Meads 2016).

One of the major outputs of the Paris Agreement was the universal recognition that in order to realize the goals of the Agreement, the international community must go further in delivering climate action before 2020. Adequate flows of finance, technology and capacity building to developing countries, are crucial. In fact, the momentum created in the lead up to Paris among public and private entities in mobilizing financial resources for climate action still continues to grow and intensify through enhanced systems of climate finance that guide and assist in delivering financial resources to developing countries for mitigation, adaptation or cross-cutting sectors. Moreover, while in the past mitigation finance constituted a larger portion of the allocated resources, the Paris Agreement stressed the equal importance of adaptation alongside mitigation, calling for a balance between overall adaptation and mitigation finance. This was demonstrated through the UNFCCC Parties mandating equal allocation of funds for mitigation and adaptation that are managed by the Green Climate Fund (GCF), a financial mechanism created by the UNFCCC to mobilize, manage and allocate climate finance to developing countries (Mogelgaard et al. 2015).

With the increased recognition for adaptation finance, the size and range of adaptation finance has increased and broadened in the recent years, making financial resources more available to developing countries. In the global climate finance architecture, developing countries are able to access funds through accredited implemented entities that serve as intermediaries of the funds. These implementing entities play a critical role in accessing new sources of finance, developing projects and delivering the finance to recipient countries (Cisse 2012). However, throughout the recent years, accessing climate adaptation finance has not been an easy task for most developing countries; especially the Small Island Developing States (SIDS), island

countries that bear little responsibility for climate change, but are extremely vulnerable to its impacts due to their geographical, socio-economic and climate profiles. Spread across three regions, the SIDS consist of 39 island countries that remain poorly funded with large gaps in their national capacities to effectively combat climate change.

The Pacific Island Countries (PICs), a major group of the SIDS, also face great needs for climate adaptation financing especially due to the increase in extreme events- the most recent being TC Winston- that have not only destroyed the coasts of many Pacific islands but also killed hundreds of coastal villagers (Durand et al 2016). With the threats of climate change at their doorstep, the Pacific region has called for international financial assistance which has enabled many doors of adaptation financing to be opened to the region. Various international, regional and national implementing entities working in the PICs are currently seeking access to the new and additional sources of adaptation finance- with limited success. Despite the active promotion and encouragement from climate change funds and development banks to apply for project funding, accessing funds has not been a simple task. Inefficiencies and complexities of the climate finance system and the stringent standards that implementing entities and national governments do not have the capacity to satisfy are a few obstacles among many that have caused severe delays and confusion in the PICs. This phenomenon is causing an unusual situation in which although the donors have opened the doors of adaptation finance to the PICs and the recipients are eagerly seeking access, only a small portion of the needed funds is reaching the region and the gaps in finance are continuing to grow as the impacts of climate change worsen.

## **2. Research Purpose, Scope and Objectives**

The purpose of this study is to understand the way in which PICs can access climate adaptation finance and identify the various challenges that implementing entities face that hinder them from accessing more financial resources. The case study of Fiji is utilized to provide country-specific findings that can be used to demonstrate broader insights on the Pacific region. With the increased activities of the international community in adaptation finance, literature on climate adaptation finance is growing. However, a large majority of the literature is based on theoretical and conceptual studies of the financing system and its sources and actors while less attention is paid to how climate adaptation can be accessed by developing countries and what obstacles or opportunities there may be for least developed countries and smaller island countries. In more specific, there is a scarcity of literature that performs country-specific research in the PICs and their pursuit of access to climate adaptation finance. Thus, this study is significant in that it attempts to fill this inherent gap in literature by conducting exploratory research in Fiji and making broader implications for the Pacific region. The findings of this study will be a useful contribution to the academic field of climate adaptation finance and to the field of climate change studies in the PICs.

The scope of the research is to provide field-based insights into the challenges and faced by implementing entities in accessing climate adaptation in Fiji and potential opportunities that can enable easier and quicker access to resources. It is important to note that this is an exploratory research that focuses on the discovery of information and ideas as opposed to the collection of statistically accurate data. Also, this research does not intend to study the experiences of a single implementing entity in accessing a specific climate

fund, but instead explores on the experiences of diverse implementing entities in accessing various UNFCCC climate funds.

The objectives of this study are to first, examine the current structure and process of accessing climate adaptation finance in Fiji; second, to identify the challenges that implementing entities face in access sources of climate adaptation finance in Fiji; and third, to identify the opportunities for implementing entities in accessing sources. To guide the research to fulfill the objectives of the study, the following three research questions are asked and addressed: 1) what is the current structure and process of accessing climate adaptation finance in Fiji?; 2) what are challenges that implementing entities face in accessing sources of climate adaptation finance in Fiji?; and 3) what are the opportunities for implementing entities in accessing sources of climate adaptation finance in Fiji?

Section one provides an introduction of the research and explains the background, purpose, scope and objectives of the research. Section two examines the existing literature and frameworks used in climate adaptation finance and the access of climate adaptation finance. Section three gives a basic overview of Fiji and the political, socio-economic, climate change impacts and needs faced by the country. Section four explains the methodology used to conduct the research and how data was collected and analyzed. Sections five and six discuss the findings of the study through two main themes- how climate adaptation finance is accessed in Fiji and what the challenges and opportunities are for Fiji in accessing more adaptation finance in the future- and suggests options for the way forward. Section seven concludes the research with a summary of the study, the implications and need for future research.

## **II. Literature Review and Theoretical Framework**

This section examines the existing literature on climate adaptation finance and accessing climate adaptation finance, providing a theoretical framework for analysis. The aim of this literature review lies in critically engaging with related work from different disciplines and describing the main conceptual framework that will guide the research process. In the end of the chapter, it is hoped that the reader obtains comprehensive knowledge of climate adaptation finance and how it can be accessed by developing countries and understands the clear and cohesive theoretical framework that will be used in designing research methods, conducting fieldwork and analyzing data in the upcoming chapters.

### **1. Climate Adaptation Finance**

Countries, communities, people and ecosystems around the world are struggling to cope with the adverse impacts of existing climate conditions and variability. Climate risks and impacts will increase significantly in the coming decades even if emissions of greenhouse gases are stabilized at a level that is consistent with the temperature goal of the UNFCCC. Climate change scholars (Thompson et al. 1991; Pierre and Peters 2000; Mertz et al. 2009; Persson et al. 2009; Mogelgaard et al. 2015) state that although anthropogenic emissions of greenhouse gases associated with the use of fossil fuels are mainly from the rich industrialized countries, the impacts of climate change will be more severe in poor developing countries. This is because 1) the physical impacts of floods, droughts, heat waves and tropical cyclones are expected to be relatively large in developing country regions, especially in the

island states 2) many developing countries rely heavily on agriculture and forestry for national income and employment 3) there is high vulnerability due to the high number of poor and 4) economic and technological capacity to adapt to climatic change is very limited.

From the outset of the international climate regime, it was recognized that developed countries had the responsibility to provide financial assistance to developing countries to support their fight against climate change. Furthermore, international agreements like the Bali Action Plan (BAP) adopted at COP 13 in 2007, the Copenhagen Agreement adopted at COP 15 in 2009, and the Cancun Agreement adopted at COP 16 in 2010 succeeded in raising the political status of adaptation and laid the foundation for a more detailed discussion of international climate adaptation finance (Kates 2000; Honkonen 2009; Persson 2011). More recently, climate adaptation financing has been strongly emphasized in the COP 21 Paris Agreement and further highlighted in national climate plans known as the Intended Nationally Determined Contributions (INDCs), of which almost all developing states underlined their needs for adaptation finance. In this way, climate adaptation finance has risen in importance and scope, enabling enhanced negotiations for adaptation finance to be of equal importance with climate mitigation finance in international climate change finance (Mogelgaard et al. 2015; Bodle et al. 2016).

#### a) Defining Climate Adaptation Finance

Definitions of climate adaptation finance vary across scholars and development organizations as the term itself is complex with various dimensions. However, before defining climate adaptation finance, definitions of climate change adaptation must be discussed. Climate change adaptation is



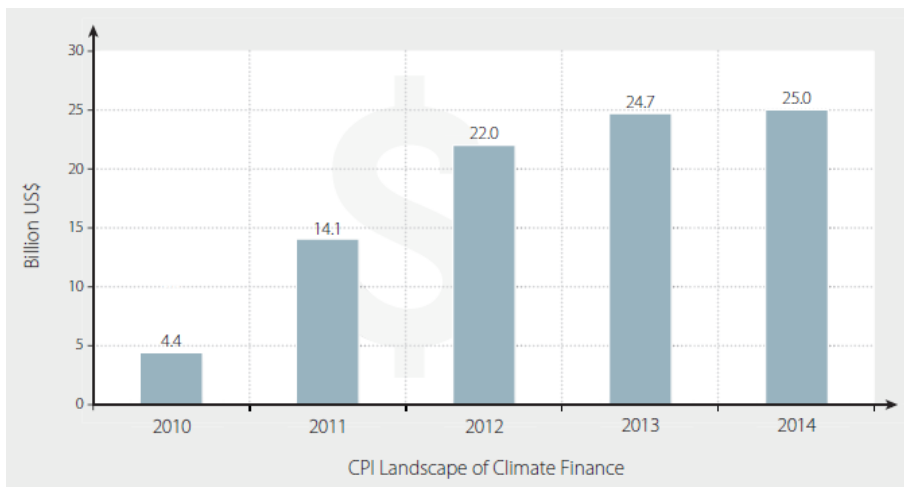
defined in the 5<sup>th</sup> Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) as “the process of adjustment to actual or expected climatic and its effects”. Noble et al 2014 further explains that in human systems, adaptation refers to the efforts to moderate harm or utilize benefits; in natural systems, adaptation refers to the human interventions that may facilitate necessary adjustments to the effects of climate change. The term “finance” is defined in the United Nations Environment Programme’s (UNEP) Adaptation Finance Gap Report (AGR) 2016 as the allocation of investment capital, and the way such capital is mobilized and delivered. Investment capital is made available as finance to different public and private actors in need of funding through intermediary institutions. With this definition in mind, climate adaptation finance can be broadly defined as the mobilization, allocation and delivery of investment capital made available as finance to actors in need of funding for climate change adaptation.

b) Adaptation finance in the framework of climate finance.

The UNFCCC 2010 called on its developed country parties to provide US\$100 billion annually by 2020 for climate action in developing countries. However, there was no agreement as to the type of funding that will be mobilized to meet this goal and thus financing is expected to come from a wide variety of sources- public and private, bilateral and multilateral, including alternative sources. This uncertainty hampers efforts to monitor progress toward meeting the goal, despite recent efforts to improve tracking for climate finance.

Noting this uncertainty, the OECD reported in their 2015 climate finance assessment that climate finance volumes flowing from developed to developing countries that qualify to meet the US\$100 billion goal amounted

to an annual average of US\$57 billion in the period between 2013 and 2014. Of this, about US\$9.3 billion (16.3%) was directed to adaptation, and a further US\$3.7 billion (6.49%) was directed to cross-cutting projects. Among the US\$9.3 billion for adaptation, the majority was accounted for by public climate finance provided by donor governments. In relation to climate finance post-2014, studies conducted by Buchner et al 2015 show that public adaptation finance amounted to between US\$23 billion and US\$26 billion in 2014, or US\$25 billion globally on average. This accounts for 17 per cent of all public climate finance committed in 2014. About US\$22.5 billion (90 per cent of the total US\$25 billion) was directed to developing countries. In terms of private sector climate finance, of the small fraction of that can be tracked today, less than ten per cent is directed to climate change adaptation. Overall, Adaptation finance volumes have been increasing since 2010, the first year for which data are available. Figure 1 demonstrates this increase in adaptation-related finance from 2010 to 2014.



**[Figure 1] Global International Adaptation-Related Public Finance**  
**(Source: Buchner et al 2015)**

Adaptation finance can take the form of international public finance, public domestic finance, private international finance, or private domestic finance. The public sector is the main funder of public planned adaptation that is directed at collective, societal needs. It channels domestic and international budgets into a wide range of projects aimed at increasing resilience to climate change. International budgets are earmarked and follow certain rules aimed at facilitating the tracking of such financing. Conversely, domestic budgets are typically managed by line ministries and are seldom earmarked as supporting adaptation to climate change. Therefore, while data concerning international public finance is relatively complete, data on domestic budgets is limited (UNEP 2016). For this reason, this study focuses on the PIC's access to international public finance for adaptation.

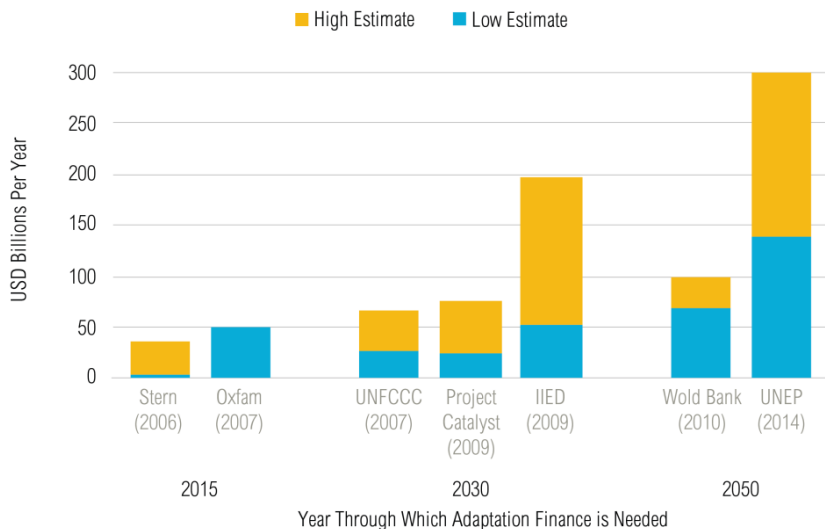
#### c) Adaptation Gaps and Costs

Increased attention to adaptation has been accompanied by a growing awareness about the gap between where countries are (achievements) and where they want to be (needs). Burton et al 2006 defines adaptation gaps as the difference between the level of adaptation actually implemented and the target or goal that reflects nationally determined needs related to climate change impacts, as well as resource limitations and competing priorities. Olhoff et al 2014 explains that this gap is often referred to as an adaptation deficit. There is broad recognition that existing adaptation deficits or gaps are a subset of a larger development gap. Delays in both adaptation and mitigation action are likely to increase the development gap; thus, to build future adaptive capacity and lower costs, it is important to reduce the existing adaptation gap.

As the impacts of climate change have increased more severely than expected or projected by the international community, the estimated adaptation gaps and costs for developing countries are doubling or tripling every few years. Chambwera et al 2014 defines adaptation costs as the costs of planning, preparing, facilitating and implementing adaptation measures, including transaction costs. Over the last decade, numerous reports emerged with variations in estimates of needs and costs revealing the uncertainty and evolving scientific knowledge. The IPCC AR5 reported global estimates of the costs of adaptation in developing countries of between US\$70billion and US\$100 billion per year in the period between 2010 and 2050. However the IPCC report notes that there is low confidence in these estimates because there is compelling evidence pointing to important omissions and shortcomings in the data and methods. Based on an assessment of national and sector studies, the AGR 2014 by UNEP indicated that by 2030 the costs of adaptation could be two to three times higher than the range cited in the IPCC, and plausibly four to five times higher by 2050.

At the lower end, a study done by UNFCCC in 2007 projected that adaptation costs for developing countries would be a minimum of approximately \$28 billion annually by 2030. At the higher end, the UNEP recently estimated that a maximum of \$300 billion annually by 2050. The wide ranges of estimates of the costs of adaptation reflect major differences in objectives, methods, assumptions and coverage across studies. Figure 2 demonstrates the differing estimates in various literature that have reported adaptation costs. The largest divergences are seen in the estimates for the year 2030 and 2050. The IIED 2009 estimates are almost three times those of the UNFCCC 2007 for the year 2030; and the UNEP 2014 estimates are almost four times those of the World Bank 2010. It is almost important to note that

adaptation costs can also vary across regions, because future impacts are location specific. Furthermore, the estimates reported only cover a subset of all developing countries. They are thus of a partial and highly preliminary nature. Nonetheless, they signify that developing countries currently experience and anticipate considerable adaptation costs (Dougherty-Choux 2015; Olhoff et al. 2014).

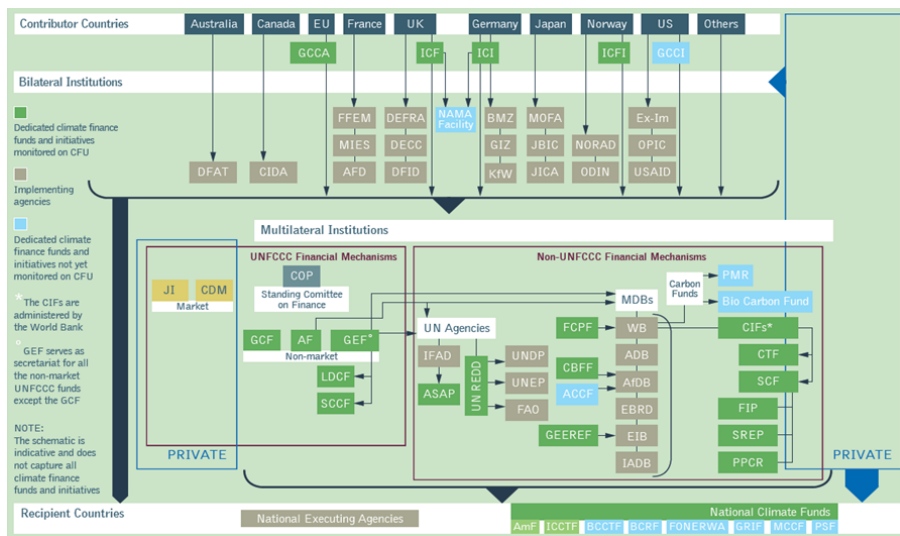


**[Figure 2] Estimated Annual Adaptation Finance Needs for Developing Countries Through the Years (Source: Dougherty-Choux 2015)**

#### d) Framework of Global Climate Finance System

The international public financial system for climate change adaptation is a complex and evolving network of bilateral and multilateral funds. Christiansen et al 2012 comments that funds have unique combinations of thematic and geographic foci and they their own set of information requirements and eligibility criteria for funding requests. If we go beyond public funding sources, there is an even greater diversity of private and philanthropic institutions that invest in climate change adaptation projects.

These sources also have diverse funding levels, motivations, and thematic and geographic foci. With the ongoing international agreements on climate finance and the recent Paris Agreement, a further diversification of sources, agents and channels of international adaptation can be expected in the coming years. Schalatek et al 2015 proposes a basic framework of the global climate finance system as seen in Figure 3. This framework consists of three key elements: financial flow, actor groups, and modes of access. For the purposes of this research, the three elements will be explained in terms of international public adaptation finance.



[Figure 3] Global Climate Finance System  
(Source: Schalatek et al. 2015)

### *Financial Flows of International Public Adaptation Finance*

There are two flows international public adaptation finance: bilateral and multilateral flow. Each type of flow determines the kind of institutions governments choose to send financial assistance; the selection of institutions also determines the level of control that governments have. Bilateral flow occurs when donors choose to provide financing to recipient countries

through their own bilateral institutions. Donors send funds to bilateral institutions within their own countries. The bilateral institutions distribute the funds directly to implementing entities (IEs) of multilateral development banks or national executing agencies in the recipient countries. Through bilateral flow, donors are allowed greater control on the use of funds by specifying recipients or other aspects of disbursement. Bilateral entities use their own systems of classification, reporting and monitoring that follow the governance structures of their respective countries (GHA 2016). As of 2015, the bilateral and multilateral flows made up US\$22 billion of the US\$25 billion total of adaptation finance for both developed and developing countries. Direct public contributions from governments, ministries, and agencies made up an additional US\$3 billion (Buchner et al. 2015).

Multilateral flow occurs when donors contribute earmarked finances to multilateral institutions manage, allocate and disburse funds according their mandates. Contributor countries send funds to multilateral institutions that mobilize funds from multiple governments. Multilateral institutions incorporate climate change considerations in their core lending and operations and selectively distribute funds to IEs of multinational development banks or regional/national IEs. In both scenarios, once the funds reach the IEs, they allocate the funds to national government departments, NGOs, research institutions, and community groups that work together to implement climate change projects in the recipient countries (Rossati 2013; Dodman and Mitlin 2011). Multilateral flow diverges from donor-dominated governance structures typical in bilateral flow. It enables developing country governments to have a greater voice and representation in decision-making. Multilateral institutions are of two types: dedicated climate funds and multilateral development banks (Nakhoda et al. 2014).

Dedicated climate change funds provide finance in the form of grants, loans or other instruments at more advantageous terms than those provided by commercial lenders or financial institutions. This is one of the features that allow climate change funds to support multilateral development banks, as well as other IEs, with regard to breaking down financial and non-financial barriers that deter investment in climate change adaptation (Ayers and Huq 2009). The four UNFCCC climate funds selected for this research are the Least Developed Countries Fund (LDCF) and Special Climate Change Fund (SCCF) managed by the Global Environmental Facility (GEF), the Adaptation Fund (AF) and the Green Climate Fund (GCF) which was operationalized in 2015.

#### *Actors of International Public Adaptation Finance*

There are four main groups of key actors of public adaptation finance. The first group is donors (contributor countries), the second group is bilateral/multilateral finance institutions, the third group is implementing entities and the fourth group is recipient national government ministries. Donors are the contributors of climate finance. Bilateral/multilateral finance institutions are the intermediaries of donors and recipients in that they receive direct contributions and allocate funds to developing countries. Implementing entities (IEs) are intermediary institutions that are accredited to receive direct financial transfers from bilateral and multilateral financial sources in order to implement projects and programs. There are three types of IEs- national, regional and international. National IEs are designated by the national governments of the recipient development countries and can be range from national finance or planning ministries to NGOs. Regional IEs are developed to cover a number of countries in the same region and are managed through guidelines and regulations agreed by all member countries. International IEs



are most often country offices of multilateral development banks or UN agencies that are located in recipient developing countries all around the world (Cisse 2012). Recipient national government ministries are the official recipients of the funds that are transferred from implementing entities. All key actors perform six core functions: policy making; securing commitments and raising funds; disbursing funds; promoting institutional coherence, coordination, and linkage; monitoring performance and securing accountability; and compliance. No one actor is capable of performing all of these functions. Rather, these functions are distributed across the groups of actors. The basic functions of each group are shown in Table 1 (Nakhooda et al. 2014; Dodman and Mitlin 2011; Callaghan 2015).

**[Table 1] Roles of Key Actor Groups of Global Climate Finance**

<b>Actor Group</b>	<b>Roles</b>
<b>Donors (Contributing Countries)</b>	Commit, mobilize and contribute funds for climate change adaptation initiatives
<b>Bilateral/Multilateral Finance Institutions</b>	Mobilize and allocate funds/resources Manage project-cycle Accredit implementing entities Provide overall oversight Provide scientific and technical advice Standard setting and accountability Accredit implementing entities
<b>Implementing Entities</b>	Financial planning and expertise Writing and developing projects/programs Conducting feasibility studies Access and deliver finance Implement and execute projects Build local cooperation Monitor, report and verify Provide management systems and control mechanisms
<b>Recipient National Government Ministries</b>	Build local capacities for projects implementation Hire international/local experts and businesses Manage project implementation in communities Monitor/report status of projects to IEs

### *Modes of Access for International Public Adaptation Finance*

There are two types of access: indirect access and direct access. Indirect access is a widely-used form of climate finance delivery in which recipient countries use the international and regional IEs as third-party intermediaries that provide critical services in terms of finance delivery and project implementation. In indirect access, the flow of finance and disbursement of finance follows the rules and regulations of the multilateral finance institutions and also the international/regional IEs before it reaches the recipient country. While project preparation and approval may be faster and easier through experienced IEs with expertise in climate change, the intermediary function of IEs increases transaction costs and creates complex levels of coordination between IEs, national governments, and communities that may take time and resources to administer. Furthermore, due to the intervention of these third-party agencies in implementing, monitoring and evaluating projects, ownership of communities and national ministries of projects would most likely decrease (Reed 2009).

Direct access allows recipient countries to use their own designated national IEs to directly access finance. It allows accredited entities from recipient countries to access financial resources directly from finance institutions without passing through an international intermediary. It also enables recipient countries to use their own regulations and rules to access financial resources and allows freedom to assign a national IE of its own choosing and under its control. This operational freedom has been a rallying point for many developing countries and is supported by many developing countries as a means to secure broader competition and greater country ownership. However, implementing of direct access arrangements are slow and difficult because they require the same stringent level of fiduciary

standards, competitive procurement practices and environmental and social safeguards demanded of existing international and regional agencies. This causes direct access national IEs to go beyond their capacities to satisfy even the minimum criteria needed to be eligible to access finance (Lattanzio 2011).

## **2. Accessing Climate Adaptation Finance**

Although the term “access to climate adaptation finance” is not clearly defined in literature, the definition of “access” and “climate adaptation finance” can be put together to form a working definition for this research. The dictionary defines “access” to be the ability or right to approach or use. Climate adaptation finance as defined above is the mobilization, allocation and delivery of investment capital made available as finance to actors in need of funding for climate change adaptation. When put together, “access to climate adaptation finance” can be defined as the ability or right to approach or use the investment capital made available as finance to actors in need of funding for climate change adaptation. Methods for accessing climate adaptation finance differ between bilateral and multilateral climate finance; following the specific purposes of this research, this section will examine multilateral flow of finance from dedicated climate adaptation funds to developing countries.

### **a) Two Steps to Access**

Under both indirect and direct access modalities, developing countries must approach an accredited implementing entity of the climate fund that they wish to access. In the case of indirect access, developing countries will partner with accredited international/regional implementing entities; in the case of direct access, developing countries will partner with

their respective accredited national implementing entities. Through the accredited implementing entities, the developed country governments can develop project proposals and submit them to the respective climate funds as a request for funding. Through this process, two main components of access can be identified: accreditation and project approval process (Mukhier 2013; Fransen et al. 2013).

First, in both direct and indirect access, implementing entities need to be accredited by the climate fund in order to be eligible to access climate finance. The term “accreditation” in climate finance refers to the official recognition and authorization of an implementing entity that meets required standards to deliver, manage and implement climate finance in recipient countries. Implementing entities that are accredited carry out a range of activities that usually include the development of funding proposals and the management and monitoring of projects and programs. Recipient countries may access financial resources through multiple entities simultaneously. In indirect access, international and regional implementing entities go through processes of accreditation for each of the climate funds. In direct access, national implementing entities go through processes of accreditation for each of the climate funds. During the accreditation process, each entity will undergo an assessment to make sure they adhere to sound accreditation standards, implement effective social and environmental safeguards to identify any project risks in advance, prevent any harm and improve the effectiveness and sustainability of results. Once accredited, implementing entities work directly with the secretariats of the climate funds in accessing resources for climate finance (Lattanzio, 2011; Callaghan 2015).

Second, accredited implementing entities can submit project proposals to the climate fund they are accredited in order to receive project

funding. IEs will work with recipient country governments and focal points to develop concepts or projects/ programs that meet the priorities of the countries and that are relevant to the criteria of the climate funds. Concepts are basic ideas of the projects that countries and IEs are interested in and concepts are developed into projects or programs. Here it is important to understand the difference between projects and programs. A project is a time-bound arrangement established to deliver specific outputs in line with predefined time, cost and quality constraints. A program is a portfolio comprised of multiple projects that are managed and coordinated as one unit with the objective of achieving outcomes and benefits. A program is typically less apt to be time-bound than a project. For both projects and programs, the IEs and countries will decide on the scale (size of project), the requested funds, and the duration of the project/program. When the project proposals are fully developed and submitted, they are processed and reviewed by the Secretariat of the climate funds, assessed by technical experts and then submitted to the Board of the fund that makes funding decisions on the submitted projects. Once approved by the Board or Council, legal arrangements are made between the climate fund, IEs and countries to allow the safe, quick and efficient delivery of funds to the countries (Mukhier 2013; Callaghan 2015).

#### b) Readiness Support to Aid Access

Readiness support is defined by the UNDP as the capacities of countries to plan for, access, deliver, and monitor and report on climate finance, both international and domestic, in ways that are catalytic and fully integrated with national development priorities and achievement of the SDGs. Areas of focus for such an approach are (1) national capacities in place to plan

for finance, particularly from the international community (2) capacities to access different forms and types of finance at the national level (3) capacities to deliver finance and implement/execute activities (4) capacities to monitor, report, and verify on financial expenditures and associated results/transformational impacts, particularly to the international community (Vandeweerd et al 2012; Brown 2013).

Readiness support applies to implementing entities and national government ministries that need financial support in building capacity to access climate finance. In the two steps of access described above, some implementing entities will not have the necessary technical capacity or financial mechanisms required for accreditation; and even among accredited implementing entities, some will have difficulty developing quality project proposals due to weak capacities of national governments of small developing countries that do not have the necessary capacity to fulfill the criteria of the climate funds. This means that implementing entities and national government ministries will need readiness support even before they can be eligible to access climate finance. The readiness grant policies differ for each fund; however, most give priority to particularly weak and vulnerable countries like the least developed countries, African states and small island states (Falconer and Stadelmann 2015).

### c) The Role of Implementing Entities

IEs play an important role in the regime of climate finance because they are central to the effective and efficient access, use and distribution of climate finance and implementation of projects and programs in the recipient countries. At project level, effective spending and implementation of public and private financing requires convincing, technically sound project proposals

that maximize impact and have solid impact monitoring and evaluation systems. Developing projects and programs requires technical expertise to identify appropriate technological planning and capacities, and financial expertise to optimize costs and returns for the project and to develop projects that are attractive to public or private investors. Good project implementation is based on advanced management and operational know-how. At the national level, effective and efficient spending of funds requires, amongst other issues, appropriate procurement guidelines under the public finance system (Dodman and Mitlin 2011; GIZ 2013; Lattanzio 2011; Reed 2009). Furthermore IEs provide critical mechanism services that enhance the transparent spending and implementation of climate finance. They provide sound accountability mechanisms and strong integrity management systems in addition to internal control mechanisms that can track how climate funding resources are used. IEs also prepare reliable reports on income and expenditures which provides the necessary data for external financial control to arrange audits by independent authorities such as supreme audit institutions (Nakhoda et al. 2014; Callaghan 2015; GIZ 2013).

#### d) Conceptual Framework of Challenges and Opportunities in Access

Among the many key roles that IEs play in climate adaptation finance, accessing adaptation finance is one of the more important as the amount and scale of access that an IE has will determine the range of projects that it can administer in developing countries. As seen in the previous sections, implementing entities need to go through processes of accreditation and project approval in order to gain access to necessary adaptation finance. However, accessing this finance is not always easy and various challenges appear in the accreditation processes of climate funds or in project

development which occurs in collaboration with national government ministries. Sections of various literature on accessing climate adaptation finance (Christiansen et al 2012; Fletcher et al 2013; Olhoff et al 2014; Waibuta et al 2015; OECD 2015) were utilized, integrated and restructured by the researcher to form a conceptual framework of the challenges and opportunities experienced by implementing entities seen in Tables 2 and 3.

**[Table 2] Conceptual Framework of Challenges Faced by Implementing Entities in Accessing Adaptation Finance**

No.	Challenges	Description
1	Stringent and numerous accreditation criteria	<ul style="list-style-type: none"> <li>• Difficult to comply with fiduciary standards, gender policy, environmental and social safeguards</li> <li>• Need a fully functional independent audit committee, various procurement committees, relevant national guidelines and so on</li> </ul>
2	Long waiting time and expensive costs of accreditation	<ul style="list-style-type: none"> <li>• Process can take at least 1 year up to 2-3 years</li> <li>• Waiting time causes delays in access to finance that may be urgently needed by countries</li> <li>• Non-refundable accreditation fees</li> <li>• Preparing documents, creating and implementing policies is not only time-consuming but also expensive</li> </ul>
3	Lack of information about sources of climate finance and how to gain access	<ul style="list-style-type: none"> <li>• Information on adaptation finance at the national and local level is often scattered and incomplete</li> <li>• Limited information sharing due to underlying competition for resources</li> </ul>
4	Low level of technical capacity and limited availability of climate data	<ul style="list-style-type: none"> <li>• Lack of technical capacity to design and develop project or program proposals</li> <li>• Difficulty in monetizing benefits of enhanced resilience and estimating costs and thus to calculate overall project costs over the long term</li> <li>• High staff turnover in many developing country governments</li> <li>• Lack of historical climate data; lack of technical expertise to develop and interpret climate models</li> <li>• Limited project track records on best practices and failures</li> </ul>



5	A lack of coherent policies, legal and regulatory frameworks and budget	<ul style="list-style-type: none"> <li>Misalignments between policies for climate adaptation include: infrastructure regulations that deter investment in resilience; planning policies that encourage development in vulnerable areas; poorly designed insurance mechanisms; and underpricing of natural resources</li> </ul>
6	Disadvantages of Direct Access	<ul style="list-style-type: none"> <li>For national IEs seeking direct access to climate finance, the effort needed to satisfy requirements place enormous burdens on government ministries and local stakeholders</li> <li>Building technical and financial capacities necessary for direct access in smaller countries will be time-consuming and costly</li> </ul>

**[Table 3] Conceptual Framework of Opportunities for Implementing Entities in Accessing Adaptation Finance**

No.	Opportunities	Description
1	Information sharing and networking	<ul style="list-style-type: none"> <li>Increase of international, regional, national workshops that bring IEs and governments together to share information and knowledge on climate adaptation funding</li> <li>Regional networks among IEs and countries to learn from past experiences in access to climate finance</li> </ul>
2	Build institutional capacity through readiness programs	<ul style="list-style-type: none"> <li>Utilize readiness programs offered by climate funds to strengthen the technical and financial capacities of national ministries</li> </ul>
3	Streamlined accreditation for small IEs	<ul style="list-style-type: none"> <li>Climate funds are establishing streamlined processes for accreditation and project approval</li> <li>Small IEs can use the streamlined processes to get accredited faster with less requirements</li> <li>IEs wishing to deliver small-scale projects can use streamlined project approval processes to get projects approved quicker</li> </ul>

4	Long-term capacity building	<ul style="list-style-type: none"> <li>• Train and re-train local experts in climate change and climate finance</li> <li>• Ensure that knowledge gained from external experts are recorded and transferred to local experts</li> <li>• Maneuver government budgets towards long-term ministry officials training</li> <li>• Align development projects related to climate change together so that IEs can assist, supplement and complement each other's capacities</li> </ul>
5	Utilizing benefits of indirect access	<ul style="list-style-type: none"> <li>• Utilize the services that international and regional IEs can offer in terms of financial management and procurement policies</li> <li>• Many of the IEs that are already accredited to climate funds are the international IEs</li> </ul>
6	Rise of regional projects/programs	<ul style="list-style-type: none"> <li>• Instead of individual country projects, group countries together into regional programs</li> <li>• Foster the strengthening of regional IEs through regional cooperation</li> </ul>

### **III. Case Introduction: The Fiji Islands**

Section one introduced the research and explained the background, purpose, scope and objectives of the research. Section two examined the existing literature on climate adaptation finance and accessing climate adaptation finance, providing a theoretical framework for analysis. This section provides background information on the geographical, political and socio-economic context of Fiji and discusses the climate change impacts and special vulnerabilities faced by Fiji and other PICs.

#### **1. Geographic, Political and Socio-Economic Background**

##### **a) Geographic Background**

The Fiji Islands (commonly known as Fiji) are a group of 800 volcanic and coral islands covering 18,376 km<sup>2</sup> located in the Pacific region. Fiji lies 1,850 km north of Auckland, New Zealand, and 2,800 km north-east of Sydney, Australia (see Figure 4). Fiji is also surrounded by the island groups of Tuvalu, Wallis and Futuna, Tonga, New Caledonia, Vanuatu and Solomon Islands. Much of Fiji is volcanic in origin, with the larger islands featuring heavily populated coastal plains and uninhabited mountainous interiors. Many of the smaller islands have coral reefs. The highest point is Mt Tomanivi on Viti Levu (1,323 m). The main rivers are the Sigatoka, Rewa and Ba on Viti Levu and the Dreketi on Vanua Levu; their deltas contain most of the country's arable land (World Bank 2015).

There are two main islands, Viti Levu and Vanua Levu that support the majority of the total population of approximately 886,500 people. Viti Levu is the center of Fiji's politics and economy and is home to the country's

capital, Suva City. Currently, 90% of the population lives on the coast due to the vast majority of services, infrastructure, agricultural production and social centers that are located on the coast. Fiji's climate is oceanic tropical in which the dry season is from May to October and the rainy season is from November to April. Day temperatures range from 20 to 29°C and humidity is high. On average, the country is affected by a hurricane every other year (Fletcher et al. 2013; World Bank 2015; The Commonwealth 2015).



**[Figure 4] Map of Fiji**  
(Source: Google Maps)

## b) Political and Socio-Economic Background

Fiji, originally a colony of Britain, became independent in 1970 after nearly a century of British colonization. After gaining independence, Fiji adopted a constitutional democratic form of government based on the Westminster rule. However democratic rule was interrupted by two military coups in 1987, one in 2000 and another one in 2006 which resulted in an interim-military-led government (Hayward-Jones 2011). As a result of this political situation, Fiji was suspended from the Commonwealth and the Pacific Islands Forum and placed under travel restrictions by Australia on September 2009. In efforts to stabilize the country and regain its international alliances, the Fiji government renewed the constitution with a period of public consultation and on September 2013 the president promulgated the new constitution. A year later on September 2014, Fiji held democratic elections that marked a critical step in Fiji's transition to democracy. The elections were welcomed by the international community and Australia, the Commonwealth and Pacific Island Forum decided to lift Fiji's suspension on October 2014 (Fletcher 2013; Australian Government 2016).

The foundations of Fiji's economy are broadly sound and perceptions of increased transparency and accountability following Fiji's return to democracy have boosted the economy. Expansionary fiscal policies, particularly large infrastructure and social expenditure programs, as well as persistently accommodative monetary policy, have supported six years of economic growth since 2010. The Reserve Bank of Fiji estimates that Gross Domestic Product (GDP) grew by four per cent in 2015. This growth is broad based, mainly driven by the transport and storage; financial and insurance; tourism and construction sectors. Despite an initial growth forecast of 3.5 per cent for 2016, this has been revised down to 2.2 per cent following the

Tropical Cyclone Winston. Public debt is 48 per cent of GDP; most of which is held domestically, and the projected fiscal deficit for 2016 was 2.9 per cent of GDP prior to Tropical Cyclone Winston. (Leo 2016).

Tropical Cyclone Winston (TC Winston) caused widespread damage across Fiji in February 2016. With sustained winds of 230 km per hour and gusts of 325 km per hour, TC Winston was one of the most severe to ever hit the South Pacific. An estimated 350 000 Fijians were affected (roughly 40 percent of the population) and the Fiji Government estimated total damage at USD 500 million (Wall 2016). The government lead emergency response with assistance from Australia who continues to support the government as it is still transitioning to the longer term recovery and reconstruction phase. Australian support is focused on returning life to normal, giving Fijians back their schools, medical clinics and livelihoods. The principle of ‘build back better’ will underpin their efforts for rebuilding infrastructure and communities that are more resilient to natural disasters (Australian Government 2016).

Fiji’s population is divided between indigenous Fijians and Indo-Fijians, the descendants of indentured laborers brought from India. The two groups were of roughly equal numbers until the mid-2000s, by which time coups and agitation had prompted thousands of Indo-Fijians to flee. Indigenous Fijians now make up small overall majority. Mixing between the two groups is minimal, and informal segregation runs deep at almost every level of society. Fiji is ranked 100th out of 187 countries in the UNDP Human Development Index (HDI), placing the country in the top six countries of the medium human development category ranking it as one of the countries with higher levels of social development in the Pacific (UNDP 2011).

## **2. Climate Change Impacts and Urgent Needs in Fiji**

### **a) Climate Change Impacts in Fiji**

As a member of the SIDS, Fiji is highly vulnerable to climate change. The greatest impacts of climate change the Fiji faces are: sea level rise which leads to increases in coastal erosion, coastal inundation, increased exposure to wave action and retreat of mangroves; increase in sea surface temperatures leads to increases in coral bleaching and damaging of coastal biodiversity; and changes in storm and cyclone patterns cause greater incidence of floods and island inundation.

Projections for all emissions scenarios indicate that the annual average air temperature and sea-surface temperature will increase in the future in Fiji (Table 4 top). Since 1942, annual maximum and minimum temperatures have increased in both Suva and Nadi. In Suva, maximum temperatures have increased at a rate of 0.15°C per decade and at Nadi Airport the rate of increase has been 0.04°C per decade. By 2030, under a very high emissions scenario, this increase in temperature is projected to be in the range of 0.5–1.0°C. Later in the century the range of the projected temperature increase under the different scenarios broadens. Sea level is expected to continue to rise in Fiji (Table 4 bottom). Since 1993, satellite data indicate sea level has risen in Fiji by about 6 mm per year. This is larger than the global average of 2.8–3.6 mm per year. By 2030, under a very high emissions scenario, this rise in sea level is projected to be in the range of 8–17 cm. The sea-level rise combined with natural year-to-year changes will accentuate the impact of storm surges and coastal flooding (PACCSAP 2015). Although carrying considerable uncertainty, rainfall is projected to increase in the wet season and decrease in the dry season, while extreme rainfall days are likely to occur more frequently.

**[Table 4] Projected Changes in Annual Average Temperature and Sea Level in Fiji**

	2030 (°C)	2050 (°C)	2070 (°C)	2090 (°C)
Very low emissions scenario	0.4–0.8	0.5–1.0	0.4–1.1	0.3–1.1
Low emissions scenario	0.3–1.0	0.6–1.4	0.7–1.8	0.8–2.0
Medium emissions scenario	0.4–0.9	0.6–1.3	0.9–1.8	1.2–2.5
Very high emissions scenario	0.5–1.0	0.8–2.0	1.4–2.9	1.9–4.0

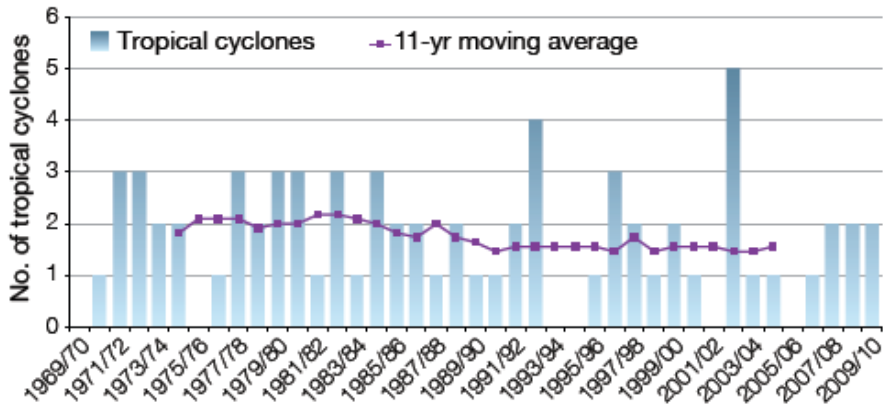
  

	2030 (cm)	2050 (cm)	2070 (cm)	2090 (cm)
Very low emissions scenario	7–17	13–29	18–43	22–57
Low emissions scenario	7–17	14–30	21–47	28–65
Medium emissions scenario	7–16	13–29	20–46	28–66
Very high emissions scenario	8–17	16–33	26–56	39–86

**(Source: PACCSAP 2015)**

Tropical cyclones usually affect Fiji between November and April, and occasionally in October and May in El Niño years. In the 41-year period between 1969 and 2010, 70 tropical cyclones passed within 400 km of Suva, an average of one to two cyclones per season. Over this period, cyclones occurred more frequently in El Niño years (Figure 5). Tropical cyclones in the Fiji islands are predicted to occur less frequently but an increase in severe storms is expected. This means that while there may be fewer intense tropical cyclones there may be an increased frequency of response required to severe storms that cause damage through flooding, high winds and storm surge (PACCSAP 2015).





**[Figure 5] Tropical Cyclones Passing Within 400 km of Suva**  
 Eleven-year moving average in purple (Source: PACCSAP 2015)

Due to these impacts, Fiji’s ecosystems and biodiversity, particularly marine and coastal, of Fiji are at serious risk. This has serious implications for Fiji’s economic growth as the country relies heavily on its natural resources for economic development; fisheries, forestry and agriculture are its primary industries. Major sectors such as agriculture, water, energy, forests, tourism, health and transport are already being affected. Over the last five years, hundreds of villages have requested assistance for relocation and other services to increase their resilience to the adverse impacts of climate change and natural disasters (PICCAP 2005; PACCSAP 2015).

b) Urgent Needs for Adaptation in the Pacific

The Pacific Island Countries (PICs) consist of 15 island countries: the Commonwealth of the Northern Mariana Islands, the Federated States of Micronesia, Fiji, French Polynesia, Kiribati, the Marshall Islands, Nauru, New Caledonia, New Zealand, Palau, Solomon Islands, Tonga, Tuvalu, Vanuatu, and Wallis and Futuna. The PICs are grouped together due to their similar characteristics- small populations, remote locations, high telecommunications

and transportation costs, and poor infrastructure (WHO 2013). All PICs are “developing”, some of them among the “least developed.” The total population in the region is only 6.6 million and 35%–45% of the population are under 14 years of age. In most countries, a democratic style of government co-exists with traditional social systems. Many economies rely on a single or just a few commodities (Nunn 2012; McNaught et al 2014).

Climate change is an immediate and serious threat to sustainable development and poverty eradication in many Pacific Island Countries, and for some their very survival. Many are envisaged as being on the “front line” of climate change, “the canary in the coalmine”, with entire islands are destined to “disappear” or “sink” within the next few decades. Yet these countries are amongst the least able to adapt and to respond; and the consequences they face, and already now bear, are significantly disproportionate to their collective miniscule contributions to global emissions. While there are no specific projections for the Pacific Islands region available for the next 100 years, it is clear that temperatures are likely to rise here (as elsewhere) by as much as 4°C by the year 2100 (2090-2099 relative to 1980-1999). This is expected to cause a sea-level rise of more than one meter, perhaps around two meters, above present levels by the year 2100 (Nunn 2012). What is very important to note is that, whatever global action is taken now to mitigate the causes of this climate change, the effects of this are unlikely to have any significant impact on temperature rise and sea-level rise to 2100 and probably well beyond this time (Overpeck and Weiss 2009; Magee et al 2016).

In February 2016, the strongest cyclone ever recorded in the Southern Hemisphere, Cyclone Winston, devastated parts of Fiji with gusts up to 325km per hour. The cyclone impacted approximately 540,400 people,

equivalent to 62% of the country's total population. 44 people were killed and 30,369 houses, 495 schools and 88 health clinics and medical facilities damaged or destroyed. Only about 2% of those significantly impacted had insurance, making it difficult for people who lost everything to get back on their feet. The damage and losses from Winston amounted to \$199 billion Fiji dollars (not including the value of destroyed environmental assets and losses in environment services), around one fifth of Fiji's 2014 GDP. To put this into perspective, if Australia experienced damage worth one fifth of its GDP from a disaster, it would amount to around \$300 billion Australian dollars- an amount 33 times greater than the cost of all natural disasters Australia in 2015 (Maclellan and Meads 2016).

The PICs along with other SIDS islands have been recognized by the international community as having special and urgent needs for climate change- in specific, climate change adaptation. This urgency was addressed through the Barbados Programme of Action when governments pledged to address the special needs of island countries rapidly and in full through international climate finance. In terms of adaptation, the Intergovernmental Panel on Climate Change emphasizes that adaptation costs in PICs are relatively higher per capita due to the small size of their populations and territories, as well as due to the vast geography of the Pacific and the dispersed populations. Therefore, the need for adaptation financing in the PICs is at large and the international community is slowly moving toward the prioritization of not only LDCs and African states but also the SIDS and PICs that face significant financial and resource challenges in adapting to climate change (Nurse et al. 2014; McNaught et al 2014; Magee et al 2016).

### **3. Climate Change Awareness of Pacific Communities**

The severe vulnerability of Pacific islands to climate change leads to large-scale impacts for Pacific communities, especially those near the coastlines where the impacts of climate change are felt the strongest. An interesting fact about Pacific islands is the tendency of communities to locate themselves near the coasts rather than the mountainous inlands. This is because the largest cities and economic centers are nearer to the coast, causing islanders in search of education or jobs to move towards the coasts. In the case of Fiji, the capital city Suva and the next largest city Nadi are both located on opposite ends of Viti Levu coastline. The majority of schools and universities are located in either of the two cities and a large portion of economic and tourist activity is centered in the two cities. Furthermore, the main road called ‘Queens’s road’ that connects Suva and Nadi does not go through the center of the island, but rather circles around the coastline. This is because Fiji and other Pacific islands do not have the resources or manpower to create new roads that connect the inland areas with the coasts; and also considering only a minority of the population live in the inland mountain areas, the governments do not have a strong urge to invest in road construction. Therefore, the majority of both Fijian and Indian communities form alongside the coastline road.

With most of the population living near the coast and the vibrant history of extreme events in the Pacific region, it would be expected that communities are highly informed and aware of the risks and impacts of climate change and eager to participate in resilience programs. In fact, the governments of the Pacific islands have high levels of awareness and strong motivation to access financial resources to aid communities in adapting to climate change impacts. However, institutional excitement and motivation

was not the same for many of the Pacific communities, especially those that were still primitive and closed to foreign entry. Many of the community members did not relate the increase of extreme events and temperature rise to climate change; instead they commented that cyclones, floods and hurricanes had always affected the Pacific so they expected that these events will continue to occur and the rise in temperature was just due to fluctuations in the climate and nothing more. Furthermore, some of the indigenous communities with strict cultural norms and traditions that originated from their ancestors did not welcome the “invasion” of new techniques and methods of increasing community resilience. While financial assistance in the form of cash and donations in the form of clothes and food were widely welcomed, all other forms of support through education, training or technology were regarded as “intrusion.” On the other hand, communities living near bigger cities and economic centers were more open to climate change awareness programs and many of the community members acknowledged the increased dangers that climate change was inflicting on their islands. These communities had more lenient cultural traditions that welcomed foreign assistance in all of its forms and eagerly participated in resilience building programs that could prevent the loss of their communities. This phenomenon could be explained by the fact the proximity of these communities to the large cities enabled more exposure to economic development, education, and information about climate change.

Considering the differences in the level of awareness of climate change in Pacific communities, it is easy to think that traditional indigenous communities are going “backwards” in terms of development. The loss of community members and property due to extreme events, agricultural failure due to changes in temperature and increase in disease infection due to natural

disasters can be viewed to be “detrimental,” “harmful,” and “high risk” factors that lead to unhappiness and destabilization of communities. However, while this may be true for most developing countries, it was hard to find traces of unhappiness, discontent, fear or depression in even the most vulnerable indigenous communities. Even with loss, death and disease, community members lived peaceful and happy lives free from the strains of economic development, accepting that loss due to disaster was an expected force of nature that could not be controlled by humans.

Grothmann and Patt 2005 state that the “motivation” to take adaptive action is an integral determinant of adaptive capacity. What an individual or group of people could do (based on access to resources, services and skills) only partly determines if an adaptive action is taken; it is what they think they can do and what they want to do that ultimately shapes adaptive actions. Furthermore, motivation is influenced by risk perception; the perceived probability and severity of the threat and, importantly, perceived self-efficacy to carry out adaptive actions. Knowing that this motivation differs among Pacific island communities and governments due to indigenous traditions and practices is important in understanding the reason for lower levels of access to climate finance in the Pacific region.

## **IV. Research Methodology**

Section one introduced the research and explained the background, purpose, scope and objectives of the research. Section two (Literature review) examined the existing literature on climate adaptation finance and accessing climate adaptation finance, providing a theoretical framework for analysis. Section three provided background information on the geographical, political and socio-economic context of Fiji and discussed the special vulnerabilities faced by Fiji and other PICs. This section explains the fundamental methodological approaches used by the researcher, the ethical considerations in research as well as the data, materials and methods utilized in the process of addressing the research questions set in Section I (Introduction).

### **1. Research Methodology and Design**

#### **a) Qualitative Exploratory Research**

Exploratory research, as a form of qualitative research, is conducted to determine the nature of a research issue rather than to provide conclusive solutions or answers which is characteristic of conclusive research. Singh 2007 and Dudovskiy 2013 state that exploratory research tends to tackle new issues or problems on which little or no previous research has been done. It can be seen as the initial research that forms the basis of more conclusive research. Exploratory research relies on qualitative research approaches such as informal discussions or semi-structured interviews with primary and secondary stakeholders and more formal approaches like in-depth interviews, focus groups or case studies. Moreover, it is important to note that an exploratory study may not have as rigorous methodology as used in

conclusive studies due to lack of previous studies or data; however, conducting an exploratory study as methodically as possible is best in providing guidance for future studies. The key advantages of exploratory research is that it is flexible and adaptable to changes in research results, it provides groundwork for future research, and it can help identify methods of research design, data collection and analysis.

This study is an exploratory research of the PIC's access to climate adaptation finance through the case study of Fiji. The methodology of this study was designed through the use of qualitative approaches. While literature on general themes of climate finance is at large (Atteridge et al. 2007; Porter et al. 2008; Grasso 2010; Buchner et al 2011; Schalateck 2012; Smallridge et al. 2012; Ellis et al 2013; Polycarp et al. 2013; Kato et al. 2014; and more), previous research in country-specific studies of access to climate adaptation finance is not as numerous (Smith et al. 2009; Denton 2010; Bird 2011; McDowell 2012; Trabacchi et al. 2014; Pauw 2015; and more). Literature on climate adaptation finance access in the Pacific is even fewer (MacLellan 2012; Hay 2013; Carroll 2015, Betzold 2016) with rarely any country-specific studies on Fiji. Among the country-specific studies on access to climate adaptation finance, the majority of research was conducted through informal and semi-structured interviews through which the authors collected and analyzed information. This study also relies on the qualitative methods of interview as a means of exploring the research objectives and collecting initial information and data needed to answer the research questions. It is hoped that the accumulation of such exploratory studies in the PICs can provide strong groundwork for conclusive and solution-seeking studies in the future.

This study has three main objectives set within the context of accessing climate finance in Fiji: 1) to examine the current structure and



process of accessing climate adaptation finance in Fiji; 2) to identify the challenges that implementing entities face in accessing sources of climate adaptation finance; 3) to identify the opportunities that implementing entities face in accessing sources of climate adaptation finance. The first set of findings will set the stage for the exploratory study, providing an overall understanding of the climate adaptation finance system in Fiji. The second and third sets of findings, as major contributions of this study, explore the challenges and opportunities faced by implementing entities in Fiji. In the following sections, a description of the research methodology and data analysis is provided, followed by statements of reliability and validity issues regarding the research design.

#### b) Site Selection

Fiji was selected as the case study site because, as a member country of the PICs, it has been receiving a relatively larger amount of climate finance compared to other PICs. Also, many of the international and regional IEs are based in Fiji and there is relatively more research that has been conducted on climate adaptation finance. Compared to other PICs, Fiji is more economically developed with a wider range of climate change adaptation projects that have been implemented by a relatively wide range of IEs located in Fiji. There are a number of climate change research centers and universities that study the impacts and dangers of climate change, the need for climate finance, and the structure of climate finance flow in Fiji and in the Pacific region. These resources are critical in accessing important information and conducting interviews during the site visits.

### c) Qualitative Data Collection and Interviews

This study is a qualitative exploratory study that utilizes the following sources: books, academic journals, scholarly research articles, policy reports, internet archives (newspaper articles, statistical data, etc.), participant observation, pilot studies, site visit, and semi-structured interviews. Books, academic journals, and scholarly research articles were used in formulating the theoretical framework and literature review related to the climate finance regime and the role of IEs. Policy reports and internet archives were used in selecting, introducing and explaining the case study used for research. Participant observations were done by the researcher while working at two international finance organizations for a year from January 2014 to February 2015 and one regional finance organization located in Fiji during August 2016. Two pilot studies conducted prior to the site visits were used to conduct preliminary interviews; based on the results of the pilot studies, the researcher did site visits to the Fiji islands for a total of 5 weeks. Participant observations and the site visits were used for collecting primary data, engaging and working with IEs, visiting project sites, and conducting semi-structured interviews with various IEs. Interviews were conducted with a total of approximately 16 interviewees that work in international/regional/national IEs. Following the guidelines of ethical research, the research proposal accompanied by a list of questions designed for interviews was sent to the Institutional Review Board of Seoul National University to be certified in order to safeguard the wellbeing of human subjects involved in this study. The researcher also obtained a research grant from the Seoul National University International Office through which the researcher used to conduct field research in Fiji. Detailed information on the resources used for qualitative research can be seen in Table 5.

[Table 5] Resources Used for Qualitative Research

Source	Objective	Data Collection Method	Data Analysis Method	Number
Books	Literature review and theoretical framework	Library E-books Internet sources	Organizing ideas into concepts and theories	10+
Academic Journals				20+
Scholarly Articles				20+
Policy Reports	Case study review	Internet sources	Identifying facts about the case study	10+
Internet Archives				20+
<b>Total Sources</b>				<b>80+</b>
Participant Observation	Observation of research subjects	International and Regional finance institution	Selecting relevant experiences to support research	2
<b>Total Organizations</b>				<b>2</b>
Site Visit	Site observation, primary data collection	Observations and notes	Interpreting notes and data	5
<b>Total Weeks</b>				<b>5</b>
Pilot study	Preliminary interview	Recording and transcription	Interpretation of responses Identify themes and patterns	2
Interview	Obtain insights and data			14
<b>Total Interviewees</b>				<b>16</b>

Under the general framework of qualitative analysis, a researcher can adopt various data collection techniques including but not limited to interviewing, ethnography and participant observation, biographical research, critical discourse analysis and qualitative surveys. Interviews, the most widely used method in qualitative inquiry, can be strictly structured, semi-structured or open ended. This research utilized a semi-structured interview method to collect data on the experiences of implementing entities and investigated three main themes of inquiry: the interviewee's understanding of the structure of climate adaptation finance; the challenges they faced that limited their access;

and the opportunities that exist for implementing entities to access more climate adaptation finance. The interviews were structured to ensure that the interview had a clear direction and theme but there was space for interviewees to express their personal views and expand their answers.

The qualitative field research took place in Suva, Fiji for a total of five weeks divided into two field trips- one week in July 2016 and four weeks in August to September 2016. The interviews were conducted by the researcher in English which is one of the official languages of Fiji alongside Fijian. A translator was not required in the interview processes (including interview, transcription and interpretation) as the researcher was fluent in English. Interviewees that were based in offices outside of Fiji or were abroad on business trips were contacted by phone. Follow up interviews were also conducted after the field research terminated during September to October 2016. Since the research involved human subjects, certification by the IRB was obtained to ensure the ethical standards of data collection and data management. The following ethical standards were achieved: 1) procedures for interviews were laid out in writing and were clearly explained to interviewees before interviews proceeded; 2) a written letter of consent, provided by the researcher, was explained and signed by the interviewee before the interview; 3) interviewees were happy with the location of the interview and if not, were offered alternative locations of their choice; 4) confidentiality of names of interviewees, names of organizations or other employees, personal information of interviewees, and so forth were not be disclosed in the research and dummied names were used instead; 5) a research permit was granted by the Fiji Ministry of Education before conducting interviews in Fiji (this research permit was supported and endorsed by the

University of the South Pacific and the Secretariat of the Pacific Community and permission was granted by the Fiji Ministry of Education).

The following sampling criteria were used to provide boundaries and limitations in the selection of interviewees. The interviewees were: adults in their 20s up to age 55 (retirement age in Fiji) that were employed on a full-time basis; current full-time employees of an implementing entity that is implementing climate change adaptation projects in Fiji; employees working directly on the implementation of climate change adaptation projects and are familiar with climate adaptation finance; employees were located in a Fiji office or a different Pacific office that managed Fiji projects (ex. SPREP office in Samoa that manages Fiji projects). The interviewees were not: non-adults under the age of 20; retired elderly above the age of 55 (retirement age in Fiji); former employees of implementing entities that are not currently working in an implementing entity or organization.

The interviewees were contacted on convenience sampling basis, snowballing from initial three to five people who met the above listed characteristics. Interviewees were contacted through email in advance to enquire of availability and to set time and date of the interview. Each interviewee was asked the same set of questions and the average interview time was from 40-50 minutes. All of the interviews were recorded by a portable recorder, kept in a password-protected computer which was informed before the interviews. At the end of the field research, a total of 16 interviewees were interviewed. Among the 16 interviewees: five people were from international implementing entities, six people were from regional entities and five people were from national implementing entities (Fiji national government ministries). A detailed list of research participants and

their characteristics are displayed in Table 6 below. The list of interview questions used for interviews can be found in Appendix 1.

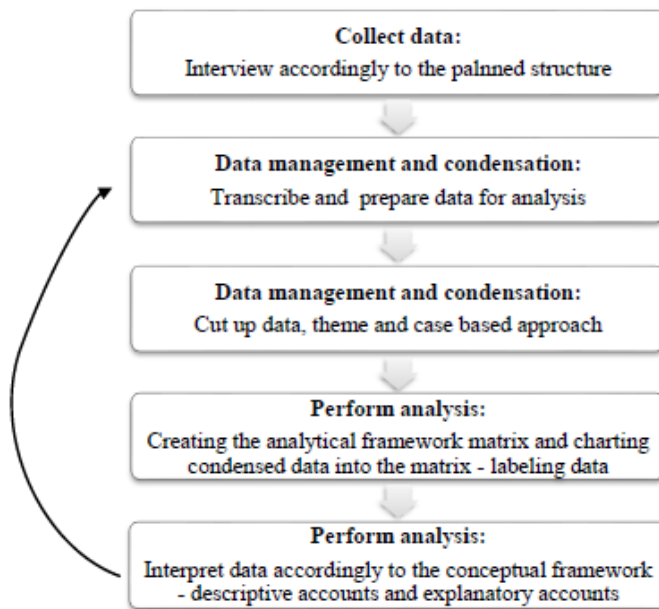
**[Table 6] List of Interviewees**

No.	Affiliation	Interviewee	Characteristics	Location
1	International IE	IIE1	Female, 30s	Global
2		IIE2	Male, 30s	
3		IIE3	Female, 40s	Suva, Fiji
4		IIE4	Male, 30s	
5		IIE5	Male, 50s	
6	Regional IE	RIE1	Female, 30s	Global
7		RIE2	Female, 40s	Suva, Fiji
8		RIE3	Male, 50s	
9		RIE4	Female, 40s	
10		RIE5	Female, 30s	
11		RIE6	Male, 30s	
12	National IE (Fiji Government)	NIE1	Female 30s	Suva, Fiji
13		NIE2	Male, 30s	
14		NIE3	Male 20s	
15		NIE4	Male 30s	
16		NIE5	Male 40s	

#### d) Data Analysis

Responses of interviewees were perceived as their direct experiences in climate adaptation finance. The information retrieved was treated as data that referred to the climate adaptation finance system in Fiji and represented the challenges and opportunities faced in accessing climate adaptation finance. The researcher was more concerned with the content of the data and less concerned with how the data was expressed and structured. To help focus the interviews towards the main objectives of the research, the interviews were structured according to themes which also facilitated the analysis of the collected qualitative data. This research adopted the Framework Method for managing and analyzing qualitative data collected via semi-structured interviews. Like many other qualitative approaches, this method allows comparison and contrasting of qualitative data in a systematic way. Figure 6

illustrates the approach that was adopted to analyze data acquired from the interviews based on the Framework Model approach for analyzing qualitative data (Gale et al. 2013). The outcome of the Framework Model is an analytical framework matrix through which the researcher can conduct analyses cross-cases and inside cases while still keeping connections of data to their cases. The raw transcripts from all interviewees were categorized on a spreadsheet accordingly to the questions asked. The data was then condensed and put into the working analytical framework matrix developed according to the conceptual framework described in Section two.



**[Figure 6] Framework Model**  
(Source: Richie and Lewis 2003)

## 2. Research Reliability and Validity

Qualitative inquiry and analysis produces a different kind of knowledge than quantitative inquiry. Due to fundamental epistemological differences, the concept of reliability and validity in qualitative research

differs from what is understood as reliability and validity in quantitative research. Even so, the most general understanding of the concepts like “reliable” or “sustainable” research and “valid” or “well-grounded” research, as Richie and Lewis 2003 argue, need to be applied in order to ensure the quality of data and its interpretation. To ensure research quality, the authors stress the importance of full and appropriate use of the evidential base and detailed display of research methods, analytic routes and interpretation to the readers. The researcher holds the same views regarding reliability and validity of qualitative research and had thus attempted to provide detailed descriptions of the ways data was collected, managed and analyzed wherever possible.

The issue and ability of generalization is closely related to reliability and validity of research and is also often addressed when discussing the differences between quantitative and qualitative research designs. When conducting qualitative research, it is useful to mind the different levels of generalization- theoretical, inferential and representational generalization- that can be made from findings and also the limits that qualitative research has in terms of the levels of generalization mentioned above. But it does not necessarily mean that qualitative inquiry cannot provide any representational knowledge. The researcher conceptualizes representational generalization in qualitative research as defined by Richie and Lewis 2003 that qualitative research cannot be generalized on a statistical basis rather, it is the content of range of views, experiences, outcomes or other phenomenon under study and the factors and circumstances that shape and influence that can be inferred to the researched population. The researcher also believes that differences in individual opinions among interviewees are given but at the broader level of concepts, qualitative findings can be considered representational of the implementing entities in Fiji.

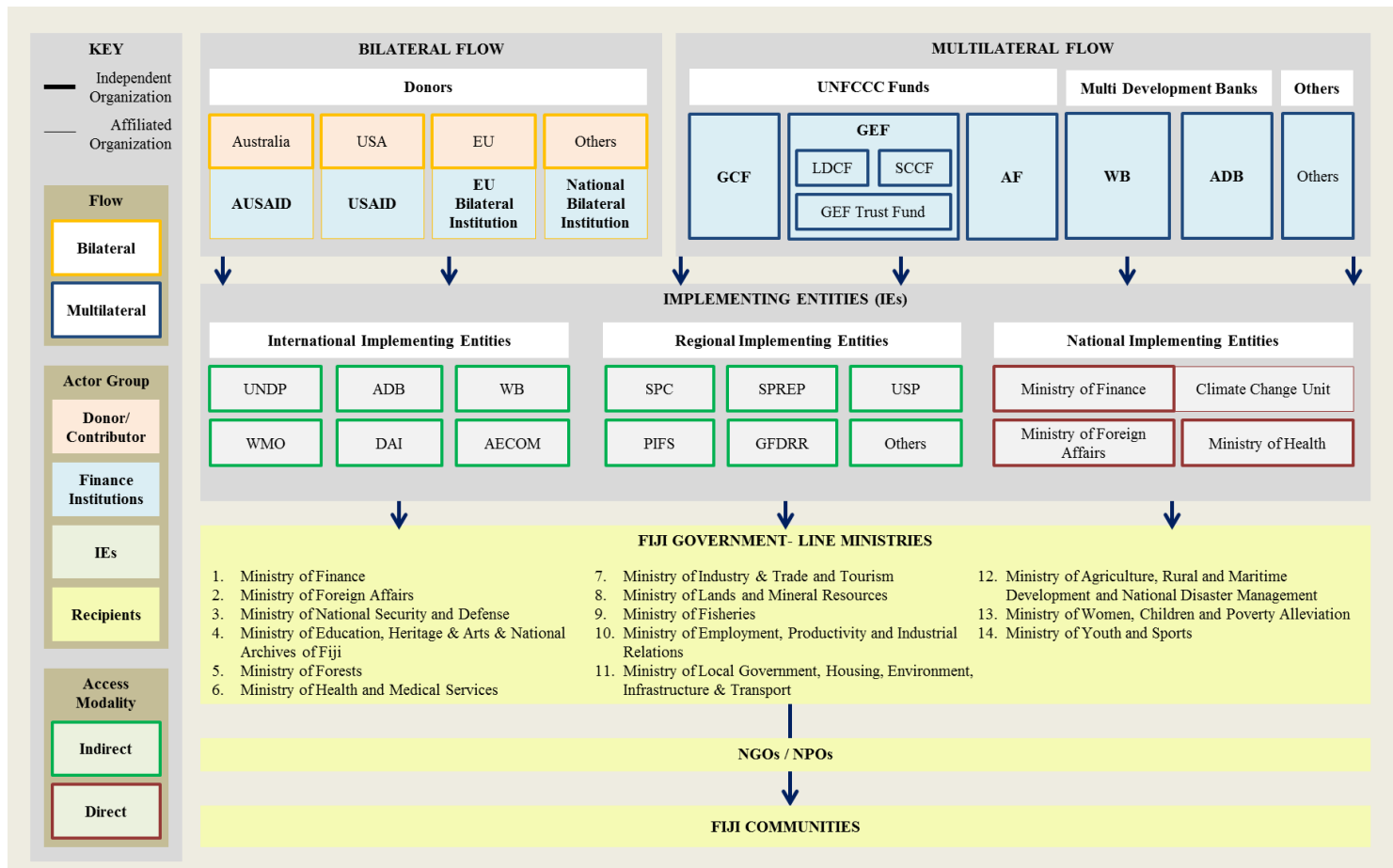


## **V. Accessing Climate Adaptation Finance in Fiji**

Section one provided an introduction of the research. Section two reviewed the literature and frameworks used in climate adaptation finance. Section three gave a basic overview of Fiji and the climate change impacts, needs and community awareness of the country. Section four explained the methodology used to conduct the research. Sections five and six discuss the findings of the study through two main themes- how climate adaptation finance is accessed in Fiji and the challenges and opportunities that exist in accessing adaptation finance in Fiji- and suggests options for the way forward.

### **1. Architecture of Climate Adaptation Finance**

Before going into in-depth discussions, it is helpful to have an understanding of the structure and characteristics of the climate adaptation finance system in Fiji. The researcher collected project data from the Pacific Climate Change Portal (PCCP), a portal that keeps records of all the projects implemented in the Pacific region. The researcher read through the project data for Fiji adaptation projects and organized the data to identify the three key elements of climate finance architecture: financial flow, actor groups and modes of access. Gaps and errors located in the data provided by the portal were filled and corrected through the responses from interviews. The architecture of the climate adaptation finance system in Fiji developed by the researcher can be seen in Figure 7. The diagram displays the financial flow, key actor groups and modes of access of the system which are marked by various colors as specified in the key (on the left).



[Figure 7] Architecture of the Climate Finance System in Fiji

To understand the specific characteristics of the system, further research was required. Using the published list of climate change projects in Fiji (as of March 2016) in the PCCP, the published lists from individual IE websites and responses from interviewees, the researcher developed a comprehensive list of climate change adaptation projects in Fiji. The projects were first separated into the themes of adaptation, mitigation and cross-cutting (integrated) projects. Among a total of 58 climate change projects in Fiji, 39 were adaptation, 12 were mitigation, and 7 were cross-cutting projects. The researcher used the 39 climate adaptation projects to determine the key donors, bilateral/multilateral financial institutions, the recipient IEs and project funding amounts in each of the projects. Tables 7 and 8 show the summarized versions of the number and funding amounts of climate change adaptation projects in Fiji. The full versions can be found in Appendix B. Using the Figure 7 and the two tables, specific characteristics of the financial flow, actor groups, and modes of access seen in the subsections below.

**[Table 7] Number of Adaptation Projects by Actor Group**

<b>Actor Group</b>	<b>Number</b>	<b>List</b>
<b>Project Total</b>	<b>39</b>	-
<b>Total Bilateral</b>	<b>25</b>	-
Donors	-	Australia(10), USA(5), EU(4), Canada(1), Germany(1), Finland(1), Republic of Korea(1), Multiple(2)
Bilateral Institutions		AusAid, USAID, CIDA, GIZ, Finland Bilateral Institution, Korea-PIF Cooperation Fund, Multiple
International IEs		UNDP (1), DAI (1), AECOM (1)
Regional IEs		SPC (8), SPREP (6), USP (2), Multiple (3)
National IEs		Ministry of Finance (1), Multiple (1)
Not determined		Not Determined (1)
<b>Total Multilateral</b>		<b>14</b>
Multilateral Institutions	-	SCCF (2), GEF Trust Fund (1), GCF (1), AF (1), WB (1), ADB (2), IFAD (1), Multiple (5)
International IEs		UNDP (3), ADB (2), GFDRR-WB (1), WMO (1), Multiple (3)
Regional IEs		SPREP (1), SPC (1), Multiple (2)
National IEs		None

[Table 8] Amount Financed of Adaptation Projects by Donors

Actor Group	Number of Projects	Approx. Funding Amount (USD)
<b>Total Funding Amount</b>	<b>39</b>	<b>80.79M</b>
<b>Bilateral Donors</b>	<b>25</b>	<b>19.97M</b>
Australia	10	7.62M
USA	5	5.29M
EU	4	5.35M
Canada	1	0.55M
Germany	1	1.16M
Finland	1	N/A
Republic of Korea	1	N/A
Multiple	2	N/A
<b>Multilateral Institutions</b>	<b>14</b>	<b>60.82M</b>
SCCF	2	7.35M
GEF Trust Fund	1	5.27M
GCF	1	31.0M
AF	1	5.72M
ADB	2	2.55M
WB	1	7.31M
IFAD	1	1.62M
Multiple	5	N/A

\*Note: The funding amounts of the projects are estimations. For regional programs, the total program funds were divided by the number of countries to provide an approximate funding amount for Fiji. Furthermore, the funding amounts of some projects/programs were not able to be fund, thus labeled "N/A." Therefore the funding amounts are mere estimations for the sake of comparing contributions of bilateral and multilateral donors.

### *Financial Flow of Adaptation Finance in Fiji*

First, the characteristics of bilateral and multilateral flow will be discussed separately and then compared. From among the 39 climate change adaptation projects in Fiji, 25 were identified to be bilateral. In terms of funding amount, from a total of approx. USD \$80.79 million, USD \$19.97M was bilateral. For both number of projects and funding amount, the major donors of bilateral flow were Australia, the United States and the European Union (10 projects, 5 projects, 4 projects respectively; and USD \$7.62 million, \$5.29 million, 5.35 million respectively). For multilateral flow, from among the 39 climate change adaptation projects in Fiji, 14 were multilateral. In terms of funding amount, from a total of approx. USD \$80.79 million, USD

\$60.82 million was multilateral. However, the major contributors were different for number of projects and funding amounts: for the number of projects, the SCCF and the ADB were the main contributors (2 projects each); for the funding amount, the GCF, SCCF and WB were the major contributors (USD \$31 million, \$7.35 million, and \$7.31 million respectively). This shows that although it is likely that the contributor with more projects also has the highest funding amount, this is not always true. The GCF funded USD \$31 million for a single project which is almost 5 times that of the SCCF and WB.

When comparing bilateral and multilateral flow, there was a much larger portion of projects identified to be bilateral (25 projects) as opposed to multilateral (14 projects). However, in terms of funding amount, multilateral flow (USD \$60.82 million accounted for the majority of total funds compared to the smaller portion of bilateral flow (USD \$19.96 million). This is most likely due to the fact that multilateral flow investments and grants are usually of larger scale because multilateral institutions mobilize funds from many countries that contribute to the institutions in large lump sums. Bilateral institutions only receive funds from their national government usually on a project by project basis. Therefore, the large difference in funding amounts between bilateral and multilateral flow is expected. Another interesting difference is the preference of type of IEs: while bilateral donors preferred regional IEs, multilateral contributors preferred international IEs. This may be because regional IEs have longer history and experience working in Fiji as opposed to international IEs. Therefore, they could be more attractive to bilateral donors. However, in multilateral access, most of the accredited entities of climate funds are international IEs and only a few regional IEs are accredited. Therefore, even if regional entities have more experience and history, the number of projects that they submit for funding to climate funds

will be much fewer, thus decreasing their chances of being selected. Selection of national IEs were low for both bilateral and multilateral flow much likely due to the fact that the Ministry of Finance has just recently began to serve as a national IE in climate finance.

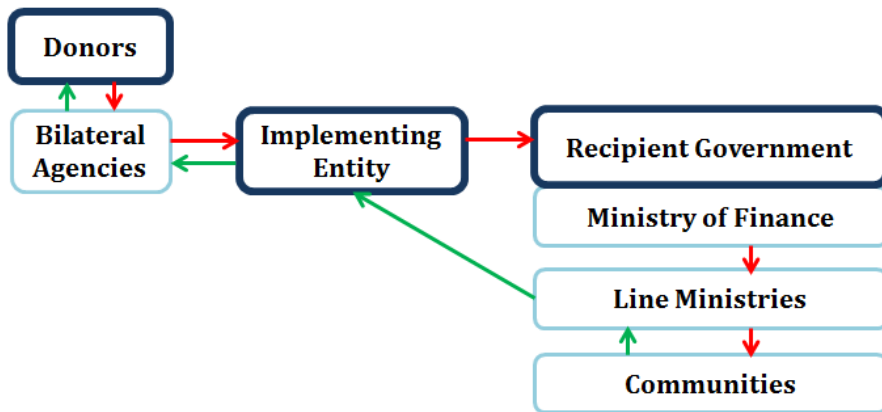
#### *Actor Groups of Adaptation Finance in Fiji*

There are four main actor groups in the climate adaptation finance system in Fiji: donors/contributors, financial institutions, implementing entities, and recipients (Figure 7 key). In the first group, donors and contributors are the bilateral donors (Australia, USA, EU, Canada, Germany, Finland, Republic of Korea and others) and multilateral contributors (UNFCCC climate change dedicated funds- LDCF, SCCF, GCF, AF, multilateral development banks -WB, ADB, and others). In the second group, the financial institutions are the bilateral financial institutions (AusAid, USAID, EU Bilateral Institutions, and other national bilateral institutions) and multilateral financial institutions (the same as the multilateral contributors mentioned above). In the third group, the implementing entities are the international IEs (UNDP, ADB, WB, WMO, DAI, AECOM, and others), the regional IEs (SPC, SPREP, USP, PIFS, GFDRR, and others), and the national IEs (Ministry of Finance, Climate Change Unit, Ministry of Foreign Affairs, Ministry of Health). Lastly, in the fourth group, the recipients are the Fiji government line ministries (14 line ministries listed in Figure 7), the NGOs/NPOs and the Fiji communities.

#### *Modes of Access of Adaptation Finance in Fiji*

The climate adaptation finance system in Fiji displays four main combinations that are grouped by flow (bilateral or multilateral) and then by

access (indirect or direct). The four combinations are: bilateral indirect, bilateral direct, multilateral indirect, multilateral direct. First, in bilateral indirect access (Figure 8), the bilateral

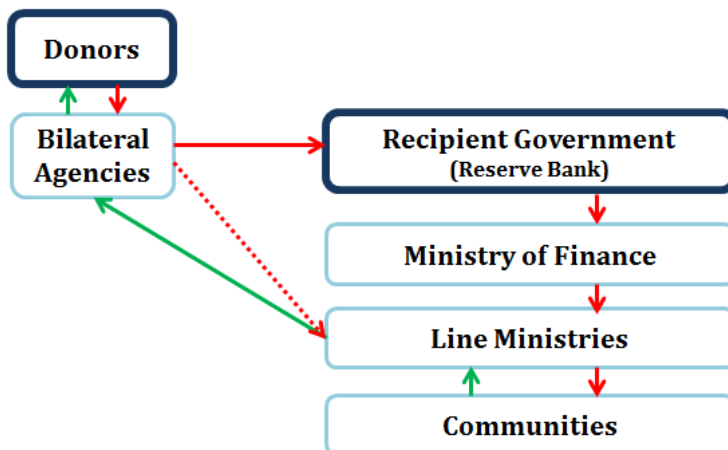


**[Figure 8] Bilateral Indirect Access to Adaptation Finance in Fiji**

The red line indicates direction of funds and the green line indicates direction of reporting. The navy thick line represents independent organizations and the light blue thin line represents affiliated organizations.

donors, send financial contributions to their own bilateral institutions that are given the mandates to allocate the funds to developing countries. In bilateral access, the donor country has a large influence on the selection of recipient governments, the type of projects to be funded, and selection of implementing entities. The bilateral institutions follow national interests and priorities in selecting recipients and projects. In terms of Fiji, when the bilateral institutions select and approve a project for Fiji, the funds are transferred from bilateral institutions to the implementing entity that is responsible for the implementation and management of the project. The implementing entity then transfers the money to the Ministry of Finance (Reserve Bank) who then allocates the money line ministries as mandated by the project. The red line in Figure 8 shows the direction of the flow of finance. In terms of reporting, line ministries do not need to go back through the ministry of finance; instead, they go directly to the implementing entity that gathers the reports and sends

them to the bilateral agencies who then inform their governments. This is shown by the green line in Figure 9.



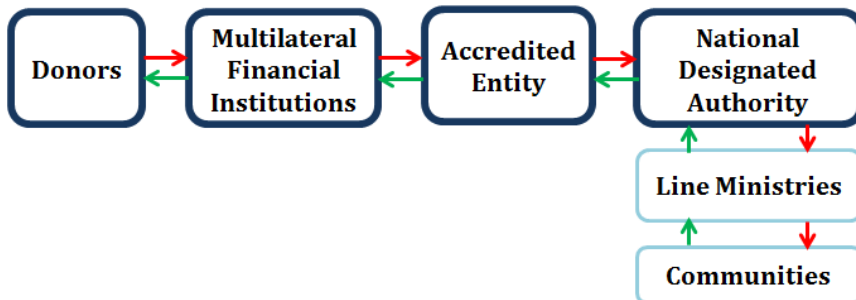
**[Figure 9] Bilateral Direct Access to Adaptation Finance in Fiji**

The red line indicates direction of funds and the green line indicates direction of reporting. The navy thick line represents independent organizations and the light blue thin line represents affiliated organizations.

Second, in bilateral direct access (Figure 9), the bilateral donors, through their own bilateral institutions, allocate the funds directly to the Ministry of Finance (Reserve Bank) that serves as the national IE. The MOF then allocates the money to line ministries as mandated by the project. The red solid line shows the flow of funds from donor to recipient. The red dotted line in Figure 9 indicates that sometimes line ministries are able to receive funds without having to go through the MOF. If line ministries have strong relationships with bilateral donors, funds can be transferred directly to the line ministries which enable them to receive the money much faster than they would if they went through the MOF or an international or regional IE. This is only possible in direct access because in indirect access ministries can only receive funding through the selected implementing entity. In terms of reporting, line ministries do not need to go back through the ministry of



finance; instead, they go directly to the implementing entity that gathers the reports and sends them to the bilateral institutions who then inform their governments. This is shown by the green line in Figure 10.

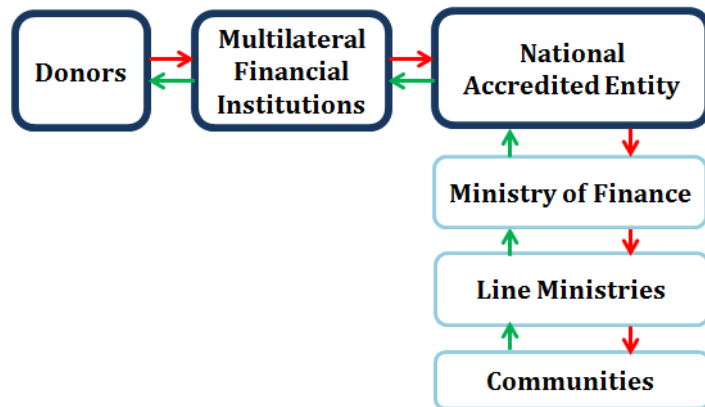


**[Figure 10] Multilateral Indirect Access of Adaptation Finance in Fiji**

The red line indicates direction of funds and the green line indicates direction of reporting. The navy thick line represents independent organizations and the light blue thin line represents affiliated organizations.

Third, in multilateral indirect access (Figure 10), the donors send financial contributions to multilateral financial institutions (MFIs) that are inter-governmental and mandated by international agreements. The MFIs that this research focuses on are the UNFCCC climate change dedicated funds. The climate funds create a pool of resources put together for specific investment themes. Accredited IEs submit project proposals to the climate funds requesting certain amounts of funding for a specific type of project in Fiji. Climate funds then select and approve projects, then disburse the requested amount of funds to the accredited IE responsible for the implementation and management of the project. In indirect access, the IE would be an international/regional IE. Once receiving the funds, the IE transfers the money to the Ministry of Finance (the National Designated Authority) that allocates the money to line ministries as mandated by the project. The red line shows the flow of funds. The reporting direction in this scenario is different to bilateral access in that line ministries are required to

submit reports back to the MOF that collects all the reports and sends them to the IE. The IE then reports to the climate funds who report to the all the donors on the number of projects funded, the amount of funds disbursed, the themes they were targeted for, and the status of the projects. The green line shows the direction of reporting.



**[Figure 11] Multilateral Direct Access of Adaptation Finance in Fiji**

The red line indicates direction of funds and the green line indicates direction of reporting. The navy thick line represents independent organizations and the light blue thin line represents affiliated organizations.

Fourth, in the process for multilateral direct access (Figure 11) is similar to that of multilateral indirect access except that the IE is not an international/regional IE but it is the national IE. This national IE in Fiji is the Ministry of Finance for most climate funds; however Fiji is currently considering the Fiji Development Bank as the national IE for the GCF. In multilateral direct access, the climate funds that have pooled contributions from many donors, select and approve projects and send the requested amount of funds directly to the national accredited IE. The national IE then allocates the money to line ministries as mandated by the project. The red line shows the flow of funds. In terms of reporting, line ministries submit reports back to the MOF who collects all the reports and sends them to the national IE. The

national IE then reports to the climate funds who report to the all the donors on the number of projects funded, the amount of funds disbursed, the themes they were targeted for, and the status of the projects. The green line shows the direction of reporting.

## **2. Accreditation and Project Approval**

The description of the structure of the climate adaptation finance system in Fiji and its three key elements in the previous section depicts the complexity of the system itself and the processes that actors must go through in order for the system to function. Since this study places focuses on the “access” to climate adaptation in Fiji, this section will discuss the two key steps to accessing climate finance explained in Section II (Literature Review): accreditation and project approval. However, before going into detail, the researcher has provided basic information on the UNFCCC climate change dedicated funds selected for this study that serve as the major sources of multilateral climate adaptation finance in Fiji: the LDCF, SCCF, AF and the GCF. First, the UNFCCC established the Least Developed Countries Fund (LDCF) in 2001 to address the special needs of LDCs. As a part of its mandate, the LDCF helps countries prepare and implement National Adaptation Programs of Action (NAPAs). The LDCF focuses on reducing the vulnerability of key sectors identified through the NAPA process, financing on-the-ground adaptation activities that provide concrete results in support of vulnerable communities. The LDCF is governed by the LDCF/SCCF Council that comprises of 32 members, with 14 members from donor countries and 18 members from recipient countries. The LDCF uses the operating procedures of the GEF, including its IEs. With more than US\$4 billion of pledges from donors and 83% contributed, the LDCF holds the largest portfolio of

adaptation projects in the LDCs. By 2016, the Fund approved approximately US\$1 billion for the funding of projects and programs in 49 countries (GEF 2016a).

Second, the UNFCCC established the Special Climate Fund (SCCF) in 2011 as a complementary fund to the LDCF. However, unlike the LDCF, the SCCF is open to all vulnerable developing countries and funds a wider range of activities related to climate change. The SCCF is governed by the LDCF/SCCF Council and also uses the operating procedures of the GEF, including its IEs. The SCCF finances projects relating to adaptation; technology transfer and capacity building; energy, transport, industry, agriculture, forestry and waste management; and economic diversification (UNFCCC 2013). The Fund has received cumulative pledges amounting to \$351.28 million of which 99% has been contributed. By 2016, the SCCF approved approximately \$350 million for 76 projects. With little funds remaining, no new projects have been presented for approval at the latest Council meeting (GEF 2016b).

Third, the Adaptation Fund (AF) was established in 2011 as a financial mechanism under the Kyoto Protocol under the guidance of the UNFCCC. The AF provides project grants that are financed with 2% of the Certified Emission Reduction (CERs) issued for projects of the Clean Development Mechanism (CDM) and donations (Birdsall and de Nevers 2012). The AF is supervised and managed by the Adaptation Fund Board that comprises of 16 members and 16 alternates that meet at least twice a year. The AF requires Parties of the Kyoto Protocol that are eligible to apply for funding to use an accredited implementing entity to access funds. The fund gives developing countries the option of “direct access” to finance through their own national institutions. Since 2010, the AF has committed US \$354.9

million in 61 countries including 22 LDCs and 13 SIDS for climate change adaptation and resilience activities. As of July 2011 the AF had approved 11 projects ranging in size from \$3 – 9 million (Adaptation Fund 2015).

Fourth, at COP16, Parties established the Green Climate Fund (GCF) as an operating entity of the Financial Mechanism of the Convention under Article 11. The GCF is the newest actor in the multilateral climate finance architecture and became fully operational in 2015. The Fund is governed by a Board of 24 members, comprising an equal number of members from developing and developed countries. The GCF Headquarters are based in Songdo, South Korea and the World Bank serves as its interim trustee (UNFCCC 2015). The GCF is the only multilateral financing entity whose sole mandate is to serve the Convention and aims to deliver equal amounts of funding to mitigation and adaptation especially for the urgent needs of LDCs, Small Island Developing States (SIDS) and African countries. The GCF funds can be accessed through IEs that are accredited according to GCF accreditation criteria. The GCF also encourages the use of direct access. In late 2015, the fund approved about US\$109 million for four adaptation projects out of a total of US\$168 million in funding. In other words, nearly 65 per cent of total funding from the GCF was approved for adaptation. In February 2016, it set up the aspirational target of investing US\$2.5 billion during 2016 for both mitigation and/or adaptation projects (Schalatek et al 2015).

To access these four climate funds, there are two important steps of access discussed in Section II Literature Review: accreditation and project approval. The processes, standards and requirements of accreditation differ for each climate fund and length of time taken for project proposals to be processed, reviewed and approved by the Board also differs for each fund. It

is important for IEs to understand and carefully prepare applications for accreditation according to the specific criteria of each climate fund shown in Table 9. Also, project approval processes as demonstrated in Table 10 only explain the processes, but do not show the unseen competition between IEs to gain project approval. Due to the stronger internal systems of international IEs as opposed to regional or national IEs, the international IEs can produce higher quality project proposals, thus increasing the chances of project selection and approval. Regional and national IEs have a disadvantage in this competitive selection and a few climate funds are seeking ways to assist these IEs (GEF 2016a; Adaptation Fund 2016; UNFCCC 2015). Tables 9 and 10 show the basic processes of accreditation and project approval for the selected climate funds.

**[Table 9] Accreditation Processes and Standards**

<b>Name</b>	<b>Stages</b>	<b>Eligible IEs</b>	<b>Requirements</b>
<b>Least Developed Country Fund (LDCF) – under GEF guidelines &amp; Special Climate Change Fund (SCCF) – under GEF guidelines</b>	Stage 1 1. Submit application 2. Review by Council  Stage 2 1. Review by GEF Accreditation Panel 2. Decision by Panel	a) International IEs b) Regional IEs c) National IEs d) Civil Society/ NGOs	i) Relevance to GEF ii) Environmental/ climate change adaptation results iii) Scale of engagement iv) Capacity to leverage co-financing v) Institutional efficiency and networks vi) Meet GEF fiduciary standards vii) Meet GEF Environmental and Social Safeguards viii) Letter of support from focal point ix) Identify initial project x) Accreditation fee
<b>Adaptation Fund (AF)</b>	1. Submit application 2. Review by	1. International IEs 2. Regional IEs	i) Legal status ii) Financial and management

	Accreditation Panel 3. Decision by Board	3. National IEs	integrity iii) Records of transactions and periodic audits iv) Institutional capacity v) Ability to manage procurement, appraise, execute, monitor and evaluate projects vi) Management of environmental and social risks vii) Transparency & anti-corruption viii) Compliance with AF Gender Policy ix) Accreditation fee
<b>Green Climate Fund (GCF)</b>	1. Submit Application 2. Completeness check 3. Review by Secretariat and Panel 4. Decision by Board	1. International IEs 2. Regional IEs 3. National IEs	i) Background and contact information ii) Relevance of intended projects to the GCF; iii) Scope of intended projects and estimated contribution requested iv) Basic fiduciary criteria v) Applicable specialized fiduciary criteria vi) Environmental and social safeguards (ESS); vii) Gender. viii) Accreditation fee

Table 9 demonstrates the large variations between climate funds in their stages, eligibility standards and documentation requirements for accreditation. The LDCF and SCCF follow similar accreditation processes as they are both managed by the Global Environmental Facility (GEF). The LDCF and SCCF have two main stages for accreditation through which

applications from entities are reviewed and assessed by the LDCAF/SCCF Council and finally decided upon by the Accreditation Panel. Four groups of IEs are eligible to apply: international, regional, national and civil society/NGO groups. This is different to the other climate funds that do not give opportunities for civil society/NGO groups to apply for accreditation. The documentation requirements include documents that prove: the entity's relevance to the GEF, the environmental and/or climate change adaptation results achieved by the entity, the entity's scale of engagement with recipients, the entity's capacity to leverage co-financing, the institutional efficiency and networks of the entity, the entity's ability to meet GEF fiduciary standards and Environmental and Social Safeguards, a letter of support from focal point, identification of an initial project if accredited, and an accreditation fee.

The Adaptation Fund has three main stages for accreditation through which applications from entities are reviewed and assessed by the Accreditation Panel and decided upon by the AF Board. This is different to the LDCAF/SCCF in that accreditation decisions are not made by the Panel but by the Board. Three groups of IEs are eligible to apply: international, regional, and national IEs. The documentation requirements include documents that prove: the legal status of the entity, the financial and management integrity of the entity, records of transactions and periodic audits, the institutional capacity of the entity, their ability to manage procurement, appraise, execute, monitor and evaluate projects, the entity's management of environmental and social risks, transparency & anti-corruption policies of the entity, the entity's compliance with AF Gender Policy, and an accreditation fee.

The Green Climate Fund has four main stages for accreditation through which applications from entities are reviewed and assessed by the Secretariat and Accreditation Panel and decided upon by the GCF Board. This



is similar to the AF accreditation processes. Three following three groups of entities are eligible to apply for accreditation: international, regional and national entities. The documentation requirements include: background and contact information, relevance of the entity’s intended projects to the GCF, scope of intended projects and estimated contribution requested, basic fiduciary criteria of the entity, applicable specialized fiduciary criteria, environmental and social safeguards (ESS) of the entity; gender policies of the entity, and an accreditation fee. These documentation requirements are slightly different to those of the AF and LDCF/SCCF and have a stronger focus on the entity’s fiduciary stability and environmental/ social/ gender-related policies.

**[Table 10] Project Approval Processes and Criteria**

<b>Name</b>	<b>Types of Projects</b>	<b>Process</b>	<b>Approval Criteria</b>
<b>Least Developed Country Fund (LDCF) – under GEF guidelines</b>  <b>&amp;</b>  <b>Special Climate Change Fund (SCCF) – under GEF guidelines</b>	1. Full-sized projects (more than US\$2 million) 2. Medium-sized (up to US\$2 million) projects 3. Enabling activities (up to US\$1 million) 4. Programmatic approaches	1) Stage 1: Council approval of work program; and Stage 2: CEO endorsement of project document 2) Stage 1: CEO approval 3) Direct access: country obtains CEO approval Regular: IE obtains CEO approval. 4) Stage 1: Council approval of a Program; and Stage 2: CEO endorsement of projects under the program.	i) Country eligibility and ownership ii) Global environment benefits iii) GEF Focal area strategy iv) IE’s comparative advantage v) Project consistency, project design, project financing and co-financing vi) Monitoring and evaluation vii) Agency’s responses to comments and reviews viii) Endorsement by a national Operational Focal Point (OFP)

<b>Adaptation Fund (AF)</b>	<ol style="list-style-type: none"> <li>1. Small-size projects/ programs</li> <li>2. Regular projects/ programs</li> </ol>	<ol style="list-style-type: none"> <li>1) One-step approval: project concept approval; and (ii) fully developed project document approval</li> <li>2) One-step/two-step: project concept approval; and fully developed project document approval</li> </ol>	<ol style="list-style-type: none"> <li>i) Project/Program Concept compliance with the eligibility criteria</li> <li>ii) Fully Developed Project/Program Document</li> <li>iii) Endorsement Letter signed by the country's Designated Authority</li> </ol>
<b>Green Climate Fund (GCF)</b>	<ol style="list-style-type: none"> <li>1. Micro Projects/ Programs</li> <li>2. Small Projects/ Programs</li> <li>3. Medium Projects/ Programs</li> <li>4. Large Projects/ Programs</li> </ol>	<ol style="list-style-type: none"> <li>1) Generate project/ program</li> <li>2) Concept note development and submission</li> <li>3) Funding proposal development and submission</li> <li>4) Review by Secretariat</li> <li>5) Review by technical panel</li> <li>6) Submission to Board</li> </ol>	<ol style="list-style-type: none"> <li>i) Performance of the project/ program against six investment criteria</li> <li>ii) Investment criteria: Impact potential; Transformational potential; Needs of beneficiary; Institutional capacity of beneficiary; Economic efficiency; and Financial viability of activity</li> <li>iii) Consistency with the GCF environmental and social safeguards, gender policy</li> <li>iv) no-objection letter, as issued by the NDA</li> </ol>

Table 10 depicts the project approval processes and criteria as published by the four climate funds. Again, the LDCF and SCCF have similar processes and criteria. Four main types of projects are accepted: full-sized projects, medium-sized projects, enabling activities, and programmatic

approaches. Each type of project goes through different stages through which projects are reviewed and assessed by the GEF Secretariat and technical panel and approved by the Council or CEO. Projects must go through all stages and receive funding approval in order to gain access to the necessary funds. The approval criteria as published by the GEF includes: country eligibility and ownership, global environment benefits, GEF Focal area strategy, the IE's comparative advantage, project consistency, project design, project financing and co-financing, monitoring and evaluation mechanisms, agency's responses to comments and reviews, endorsement by a national Operational Focal Point (OFP).

The Adaptation Fund accepts two types of projects: small-size projects and regular projects. Small-size projects have a one-step approval process while regular projects have one-step or two-step approval processes. Projects are reviewed and assessed by an technical panel and funding decisions are made by the AF Board. The approval criteria includes: project/program concept compliance with the eligibility criteria, fully developed project/program document, and an endorsement letter signed by the country's Designated Authority.

The Green Climate Fund accepts four types of projects; micro, small, medium and large projects. All projects regardless of type go through the same 6-step processes through which projects are reviewed and assessed by the Secretariat and technical panel and approved by the GCF Board. The approval criteria includes: performance of the project/ program against six investment criteria (investment criteria: impact potential; transformational potential; needs of beneficiary; institutional capacity of beneficiary; economic efficiency; and financial viability of activity), consistency with the GCF

environmental and social safeguards, gender policy and a no-objection letter issued by the National Designated Authority (NDA).

### **3. Status of Access for Fiji and the PICs**

Presently, no Pacific government or national institutions are accredited to access the GCF; they must work through existing accredited entities. The Secretariat of the Pacific Regional Environment Program (SPREP) is the only accredited regional organization in the Pacific. Other accredited entities include the Asian Development Bank (ADB) and United Nations Development Program (UNDP). While Pacific island countries may embrace opportunities in the near term to access funding through these existing accredited entities, a major priority is the accreditation of national institutions. Progress is being made but considerable work is required to realize the principle of country ownership, to enable all Pacific island countries to access GCF funds, and to ensure the GCF delivers for the region's most vulnerable communities. Priorities include increasing the flow of readiness support, in particular for strengthening National Designated Authorities (NDAs) — the focal points within countries for engaging with the GCF and ensuring that programs align with national priorities — and consultation and engagement with non-state actors already engaged in climate action on the ground.

A comprehensive assessment of the level of international climate finance flowing to the Pacific region is not available. In the absence of a comprehensive tracking system and a lack of complete agreement on what constitutes climate finance, it is difficult to assess the scale and flow of climate finance. This is exacerbated by a lack of disaggregated data; most global surveys list the Pacific islands as part of the larger Asia-Pacific region

despite the obvious differences between countries as large as India and Indonesia compared to Tuvalu and Niue. Estimates of climate finance flows must therefore be assembled from a variety of disparate sources. With this in mind, the researcher conducted a simple search of projects in the websites of the four UNFCCC climate funds to search the proportion of projects and programs in the Pacific region compared to other regions in the world and the proportion of projects and programs in Fiji compared to other PICs. The results are shown below

**[Table 11] Comparison of Projects/Programs Between Regions**

<b>Finance Institution</b>	<b>Pacific Region</b>	<b>Latin America</b>	<b>Africa</b>	<b>Asia</b>
LDCF	6	7	12	8
SCCF	4	9	18	20
AF	4	13	19	17
GCF	1	7	11	7
<b>Total</b>	<b>15</b>	<b>26</b>	<b>60</b>	<b>52</b>

**[Table 12] Comparison of Projects/Programs Between PICs**

<b>Finance Institution</b>	<b>Fiji</b>	<b>Vanuatu</b>	<b>Tuvalu</b>	<b>Kiribati</b>
LDCF	0	2	2	1
SCCF	2	1	1	0
AF	0	0	0	0
GCF	1	0	1	0
<b>Total</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>1</b>

In Table 11, the Pacific region has the lowest number of projects funded by each individual UNFCCC climate fund, and also the lowest in terms of all climate funds. Africa and Asia appear to be the most dominantly funded regions. In Table 12, there did not seem to be large differences between PICs in each individual UNFCCC climate fund and also in terms of all climate funds. It is important to remember that the data presented in the two tables count projects from the multilateral four climate funds. Data from

other bilateral donors and development bank contributors is not easy to find as some of the project data is not disclosed online. Therefore, although it is difficult to say the two tables accurately represent the comprehensive project data, the researcher points out that in terms of the four UNFCCC climate funds, the pacific region as a whole has been one of the under-financed regions in the world. Furthermore, the low numbers of individual PICs country projects/programs in Table 12 also demonstrate the lack of multilateral access reaching individual PICs including Fiji.

## **VI. Challenges and Opportunities in Accessing Climate Adaptation Finance in Fiji**

Section five, as the first part of research findings, discussed the processes and methods of accessing climate adaptation finance in Fiji. This section, as the second part of research findings, discusses the challenges and opportunities that exist in accessing adaptation finance in Fiji and suggests options for the way forward. As seen in the first section of findings, the climate adaptation finance system, although complex, has clear structures and processes created by the international community to assist developing countries in their access to climate adaptation finance. However, Fiji and other PIC have been observed to have low access compared to other developing countries. This leads to the question of “why?” and the researcher suggests that the PICs including Fiji face specific challenges that are hindering their access and at the same time are keeping the country from fully utilizing opportunities that exist within the PIC region. This second section of findings discusses these challenges and opportunities identified through interviews with the three groups of IEs (national, regional, international) and through participant observation by the researcher.

### **1. Challenges in Accessing Adaptation Finance**

There are three major challenges faced by IEs in Fiji: the first challenge is national capacity constraints that limit access; the second is the complex, long and different processes for access; and the third is the potential adverse effects of direct access. These challenges in Fiji are also most likely faced in other PICs, probably to a higher degree, because Fiji is considered

one of the more developed and relatively stabilized islands among the PICs. The following sections will discuss each of the challenges identified by the interviewees of international, regional and national IEs (From a total of 16 interviewees, two were from multilateral finance institutions; five were from international IEs; six were from regional IEs; and five were from national IEs). The discussion in each section will first touch upon common elements that all three groups of IEs identified, and then the discussion will provide detailed analysis of responses between groups and within groups.

#### a) National Capacity Constraints that Limit Access

When asked about the main challenges faced in accessing climate finance, all of the 16 interviewees stated that the capacity constraints in the national government was one of the biggest challenges faced not only in Fiji but in all the PICs. Human capacity and technical capacity to scientifically and logically explain the urgent needs of the islands and justify their financial needs in terms of climate change adaptation is crucial and important in attracting investors and opening doors to sources of adaptation finance. Due to the small populations and weak institutional systems in the Pacific islands, there are strong limitations in the level of national capacity that can be mobilized. Some of the main constraints identified by the respondents were: lack of understanding of climate change, weak coordination systems, limitations in technical expertise necessary for project development, high staff turnover, weak systems and over-reliance on external experts. All of these constraints affect the country and its IEs' ability to meet the requirements for accreditation and to develop high quality projects for climate change adaptation. The following sections discuss the differences in responses between groups and within groups and are ordered by type of IE.



### *National Implementing Entities*

The national IEs respondents were current Fiji government ministry employees of working in the core line ministries related to climate change. All the national IE respondents were nationals of Fiji and had worked in the government for at least two years. Therefore, they had a deeper knowledge of the capacity constraints that the government ministries faced in terms of accessing climate adaptation finance. All 5 of the national IE respondents stated that while there were qualified sector experts in the government, most lacked a good understanding of climate change. The Fiji government- being one of the more stronger governments in the Pacific- has relatively more qualified sectoral experts in each of the sector ministries, serving core services and implementing development projects; however, these sectoral experts do not fully understand climate change initiatives, much less climate finance (NIE1, Personal Interview, September 5, 2016). For example, the Ministry of Finance (MOF) plays the important role of receiving funds from donors and disbursing the funds to relevant line ministries. Among a team of approximately 10 people, there are two or three qualified accountants that have degrees in finance but have limited expertise on climate change, much less climate finance (NIE2, Personal Interview, September 5, 2016; NIE4). Beyond the Ministry of Economy, the line ministries that serve core services for each sector have 2-3 local sector specialists (for example, agriculture specialists, infrastructure specialists, water specialists) that have specialized degrees and experience in these areas. However, with limited knowledge on the science of climate change and how their specific sectors are affected by climate change, ministry officials find it difficult to identify specific needs and logically justify why they are needed (NIE1, Personal Interview, September 5, 2016; NIE4, Personal Interview, August 30, 2016). In efforts to

fill this knowledge gap in the MOF, the Fiji government transferred the Climate Change Division (CCD), which was formally under the Ministry of Foreign Affairs, to be under the jurisdiction of the Ministry of Economy. The CCD consists of 6-7 staff that works with the Ministry of Economy in accessing, disbursing and reporting finances related to climate change. However, interviewee officials in the CCD stated that while this transfer has been quite beneficial in terms of coordination and sharing of information, there is still a great need for inter-ministerial training on procurement planning, financial reporting, monitoring and evaluation, environmental social safeguards management and many more specific technical areas related to climate finance (NIE3, Personal Interview, September 8, 2016; NIE5, Personal Interview, August 23 2016).

The respondents of national IEs also agreed that there was high staff turnover in the national government that was causing instability of work force that affected the government's capacity to access climate change adaptation. However, there were slightly different views on the reasons for the high staff turnover. Respondent NIE5 stated that the reason for the high staff turnover was due to the limitations in government budget to pay ministry-level officials. Most of the government officials working in the Fiji government are not paid by the government but are instead funded by external donors on a short-term project-by-project basis. The limitations in government budget allow for only the senior government officials to be paid by the government budget and the rest of the staff works on a contractual basis. This results in a high staff turnover as most contracts are only up to around 3 years. At the end of the 3 year term, unless there is another project that can fund the local staff, they are required to leave the ministry, causing a loss of important experience and knowledge learned (Personal Interview, August 23 2016). Respondent NIE4

provided a different perspective, stating that regardless of who pays the salary and how long the contact is, the salaries of most government officials are very low compared to the salaries of private firms or regional organizations. Therefore, many of the experienced technical staff that have worked in the ministry for a long term are marketable experts that end up being recruited by organizations outside the government. Due to the limited technical capacity in the country, organizations working in climate change seek the same officials that have become technical experts through experience. With limited budgets, the government is unable to compete with the high salaries and compensation packages offered by outside firms. Important institutional memory, technical expertise, knowledge of climate change projects and implementation is not sufficiently recorded and valuable knowledge is not transferred to new employees who are required to relearn the lost knowledge. This cycle of building and losing capacity has been continuing in the ministries for a long time, severely affecting internal capacities (Personal Interview, August 30, 2016). Respondent NIE1 stated that another reason for high staff turnover is the tendency of young professionals to seek job opportunities and studying programs in Australia and New Zealand where the level of education and working environment is higher than most PICs. In the cases that students receive funding or government scholarships to study abroad, they are required to return to Fiji and work for a number of contracted years in the government. However, once the contract ends, most young professionals end up seeking careers abroad. There were some cases in the Ministry of Health in which 70% of the staff changed during the lifespan of one project which lasted around 3 years. Only 30% of the initial staff remained and lack of handing over information and record-keeping caused a large loss of experience and knowledge (Personal Interview, September 5, 2016).

### *Regional Implementing Entities*

The regional IE respondents, in comparison to the national IE respondents, commented on the institutional system of the national government in relation to climate adaptation finance. The respondents agreed that the Fiji government has weak coordination systems in terms of institutional structure and finance tracking. There are high level policies and strategies for climate change that provide the necessary mandates, direction and framework for development implementation of information management systems, partnerships and procedures both within and across ministries and partners. However, these policies and strategies are not sufficiently supported by suitable institutional arrangements and coordination mechanisms that enable policies to forge sector collaborations and networking on adaptation planning and finance (RIE2, Personal Interview, September 6, 2016). Coordination is important because with the insufficient capacities of individual ministries to handle multimillion dollar projects, ministries can collaborate and share knowledge in order to build an intra-sectoral project or program that has the support of not one but many ministries. Furthermore, coordination is important in tracking and assessing the amount of climate finance that has come in and the amount of funds that are still needed in each of the ministries. In most cases, external funds for climate change are sent to the Reserve Bank of Fiji when is then transferred to the Ministry of Economy. The Ministry of Economy allocates the funding according to project components to respective ministries and keeps records of the finances that entered the country (RIE1, Personal Interview, September 7, 2016; RIE4, Personal Interview, September 1, 2016). However, in some cases line ministries will receive funds directly from donors/multilateral funds instead of going through the Ministry of Economy. This funding is not recorded and

tracked by the Ministry of Economy because they are not aware of the funds and thus the whereabouts of the money and how it was used is not able to be determined. This sort of “un-tracked climate adaptation financing” occurs not only in the line ministries but also in NGOs that seek direct access from donors or multilateral funds. RIE6 commented that:

“There are other line ministries that go directly to donors and access money directly . . . and they don’t report it back . . . [so] there is no way it will be reflected in the national budget”

(Personal Interview, September 9, 2016).

When asked why line ministries seek such forms of direct access with external funders, the interviewee responded that most line ministries have dire need of funds and immediate priorities that need financing but are not able to be catered for by the limited government budget. So they look for other avenues to tap additional resources and when given the option of directly receiving money without having to go through the Ministry of Economy, the line ministries choose this option. A strong coordination mechanism system is needed so that ministries and NGOs and other implementing entities can report the funds that they receive and these funds can be recorded and tracked through government systems. Also, this coordination mechanism must have legal obligations so that all partners are legally bound in their responsibility to report and track finances (RIE3, Personal Interview, August 23, 2016; RIE5, Personal Interview, September 5, 2016).

Furthermore, respondents of regional IEs also commented on the topic of over-reliance on external experts due to national capacity constraints. In order to gain access to climate adaptation finance, IEs must be able to satisfy basic accreditation criteria and standards and provide specific documentation that proves the financial capability of the IE to manage and implement funds (RIE1, Personal Interview, September 7, 2016; RIE5,

Personal Interview, September 5, 2016). However, with all national experts already employed and being used at full capacity, there is a large gap between the needed expertise and the available human resources. Therefore, a large number of external experts are currently being hired into the country to support the technical capacities needed to successfully become accredited to climate funds (RIE3, Personal Interview, August 23, 2016). However, the respondents of regional IEs had differing opinions on the effect of these external experts on the country. While some respondents commented that having a large number of experts especially in small islands like Fiji is an opportunity for capacity building, others stated that while the necessity of external experts is unavoidable considering the country's lack of capacity, there is too much of a reliance that causes loss of knowledge and information.

Respondents RIE1, RIE3, RIE4 and RIE6 stated that external experts are brought in on a project-by-project basis and they assist in providing in-depth information on the accreditation requirements for funding sources, assisting with technical studies needed to satisfy accreditation requirements, building and development projects according to country priorities, and managing financial reporting procedures. These external experts are especially important during processes of accreditation and project development when accessing climate adaptation finance. Most of the national ministries do not have the necessary technical capacity or experience needed to conduct large-scale scientific research necessary for project development and these skills are brought in by external experts who work with national officials and community members. Working and learning from these experts is an important opportunity for national experts to grow in knowledge and experience of climate adaptation finance so as to build their technical capacities (Personal Interview, September 7, 2016; Personal Interview, August

23, 2016; Personal Interview, September 1, 2016; Personal Interview, September 9, 2016). However, respondents RIE2 and RIE5 had differing views. They stated that while the influx of knowledge and experience is definitely an advantage, the knowledge and information is lost when external experts leave the country after the end of the project. National experts do their best to learn and absorb the extensive information and data that is brought in with the external experts; however this is not an easy task for nationals. In fact, considering the high staff turnover of national ministry officials, even if the knowledge is gained by a national expert, if that person leaves the office then the information is lost again. The technical gap thus remains and a cycle of external dependence that further weakens internal strengthening of national ministries (Personal Interview, September 6, 2016; Personal Interview, September 5, 2016.)

#### *International Implementing Entities*

The respondents from international IEs stated the national capacity constraints of Fiji and other PICs were causing challenges in project development. In the process of writing project proposals and submitting them to climate funds, international IEs work with respective national ministries to select priority needs, develop project components, identify key outputs and provide substantial evidence that the project components can be implemented effectively with the requested funds (IIE3, Personal Interview, August 25, 2016; IIE5, Personal Interview, August 23, 2016) . While the technical expertise required for writing and developing projects can be provided by the international IEs, the necessary documents and studies that prove the capacity of national institutions need to be provided by the line ministries. The feasibility studies, financial model analysis, Environmental and Social Impact

Assessments/Plans, appraisal reports, and so forth need a high level of technical expertise to conduct scientific studies and vulnerability assessments and also an established record of policy implementation by ministries. However, these documents and studies are not easily obtained by PICs (IIE1, Personal Interview, August 24, 2016; IIE4, Personal Interview, September 8, 2016). In terms of feasibility studies, international IEs can assist ministries in conducting scientific studies to assess the vulnerability of ecosystems and resilience of communities to climate change but there is a severe lack in accumulated data that is required as a basis for the studies. Important data on the location of communities, the number of people living in the coastal areas, the types of infrastructure, health facilities, agriculture, and etc. has not been recorded and managed by the line ministries either due to the lack of equipment or lack of experts able to manage the data (IIE2, Personal Interview, August 17, 2016).

b) Complex, Long and Different Processes for Access

Climate Funds like the GCF, AF and GEF not only have stringent requirements that place burdens on the national systems but also have complex, long and different processes for accreditation and for project submission. Respondents from national, regional and international IEs had a common concern for the complex governance arrangements that are unique to each of the climate funds that disadvantage Fiji and other PICs by creating burdensome administrative processes. The time taken to deal with each of the donor requirements diverts energy from concrete work on the ground, thus jeopardizing achievement of the outcomes donor governments and international institutions want to see. Moreover, despite the published brochures that tell IEs that accreditation will only take 3-6 months and project



approval will take up to one year, the reality of the time spent satisfying all of the requirements, proving institutional capacity and then waiting for the climate fund senior management to approve the application for submission to Board ranges from a minimum of 6 months to 2-3 years. The same is true for project approval. From the concept note submission to senior management approval it will take national IEs a minimum of 8 months and up to 2 years to get their project submitted to the Board- and that is if the project is selected among the hundreds of other projects submitted by developing countries. The following sections discuss the differences between groups and within groups and are ordered by type of IE.

#### *National Implementing Entities*

The responses of the national IEs interviewees were all in line with each other with respect to the complexity and inefficiency of the processes for access. They expressed their confusion on how the system was actually structured, who the actors were and what the criteria were for accreditation and project approval. In fact, a majority of the line ministries currently implementing climate adaptation projects received funding from bilateral institutions as opposed to multilateral institutions much due to the fact that the bilateral funds had simpler systems and fewer requirements which is something that is crucial for PICs that lack the capacity to fulfill stringent requirements (NIE1, Personal Interview, September 5, 2016; NIE4, Personal Interview, August 30, 2016). For the ministries seeking access to the UNFCCC climate funds, especially the GCF, the interviewees commented that access to the GCF was currently only possible through international IEs and one regional IE (SPREP) because most regional IEs have not yet achieved accreditation and none of the national IEs have been accredited (NIE2,

Personal Interview, September 5, 2016; NIE3, Personal Interview, September 8, 2016). Fiji's recently approved GCF project managed by the ADB was the first GCF project to be approved in the Pacific region; however, even with the resources and expertise of the ADB, this process was not easy. The length of time in itself for the project to reach approval took at least two years, and the amount of human resources, money and time spent to prepare, edit and finalize the project proposal was enormous. If this was true with an international IE, one can only expect how much longer, more difficult and straining these processes will be for regional IEs and even more for national IEs (NIE5, Personal Interview, August 23 2016).

### *Regional Implementing Entities*

The respondents of regional IEs provided more specific details on how the complex, long and different processes of access caused confusion and disarray among IEs. First, there was all around agreement that the complexity of the climate adaptation system, its various access modalities and methods of financial flow need to be simplified for small island countries like Fiji. The simplification would apply to both accreditation and project approval. For PICs like Fiji, it is easy to get lost in all of the paperwork, templates and documents that need to be prepared for the accreditation application of climate funds. Because each climate fund has its own processes, this causes a large overlap of human workforce and large amounts of extra hours needed to complete all of the documentation for not one, but many climate funds (RIE2, Personal Interview, September 6, 2016; RIE4, Personal Interview, September 1, 2016). Furthermore, even after entities are able to complete the application package, the accreditation review team of climate funds go through rigorous processes of review and assessment through which entities must continue to

edit, rewrite and restructure the application documents. This cycle of review continues until the application meets the completeness and quality standards of the climate fund. For international IEs, these processes are not too much of a burden because they have available work force and necessary expertise and experience with accreditation; however for regional IEs and especially national IEs, the very stringent expectations cause a heavy burden which in some cases discourages some regional IEs from applying for accreditation at all. In the case of national IEs, requesting high standards of financial management policies, solid procurement procedures, and scientific reports is in a way “setting that country up to fail because they will not be able to handle those requirements” (RIE2, Personal Interview, September 6, 2016). This failure then becomes a black mark and the entity will not be able to access funding from the respective climate fund and even other climate funds that will eventually hear of this failure (RIE6, Personal Interview, September 9, 2016).

Some respondents had additional statements referring to the length of time spent on project approval processes. Respondent RIE 1 and RIE 2 stated that in their previous experiences, they observed the lengths to which small developing island states (SIDS) went to gain project funding and without the perseverance and willingness to spend money and time, it was nearly impossible for these small islands to gain project funding. They stated that this was the same for Fiji and other PICs. The preparation of projects in itself will most likely take 1-2 years, the review process by the climate fund secretariat will take another 6 months to a year and if the project succeeds in getting approval for funding, then the legal arrangements and financial disbursement schedule will also take another half year which means that the country will not receive the money in cash until it has been at least 3-4 years

since the start of preparations. This is too late, especially for climate adaptation projects that need immediate response like disaster relief or coastal resilience (Personal Interview, September 7, 2016; Personal Interview, September 6, 2016). Respondents RIE4 and RIE6 also commented on the need for a standardized template that applies to both bilateral and multilateral sources. Most of the templates for accreditation and project proposals are similar between bilateral institutions and climate funds and the requested types of information are also quite the same. If these contributors can agree on a standardized template, this would relieve a huge load and administrative burden from national ministries and also IEs seeking to access funding (Personal Interview, September 1, 2016; Personal Interview, September 9, 2016). Respondents RIE2 and RIE5 also commented that for especially for the multilateral climate funds that are encouraging PICs to access their resources, it is important that they relieve the gap between the fund and the country by locating an office or representative body in the countries. The confusion and disarray among IEs and national government of Fiji and all the other PICs seeking access to funding will not go away with time- it will only grow worse. If so, the climate funds can provide a gateway through which countries can gain strategic and realistic guidance that will alleviate the gaps between the contributing funds and the receiving entities (Personal Interview, September 6, 2016; Personal Interview, September 5, 2016).

### *International Implementing Entities*

The respondents of the international entities had quite different perspectives to the regional and national IEs on this issue in that although they acknowledged that the climate adaptation finance system is complex and difficult to maneuver around especially for PICs, they also expressed concerns

about the demands to simplify the system, to reduce standards and speed up the review processes of projects. The respondents stated that the international standards of climate finance, the specific processes for accreditation and project approval were set in place in order to minimize risks for both donor and recipient and to protect the misuse of financial resources. If large sums of funding are disbursed to countries without full confidence of their capabilities to implement and manage the funds, this could lead to a series of “failed” projects and misused money which would then cause more problems of reliability and trust not only between climate funds and recipient countries, but also between climate funds and donor countries (IIE3, Personal Interview, August 25, 2016; IIE5, Personal Interview, August 23, 2016). Furthermore, if the secretariats of climate funds speed up the processes of review for project proposals, this will cause an increase in “declined” projects because the Boards and Councils of the climate funds will not approve project proposals that do not meet the required standards. Thus, while international IEs understand the discontent with the complexity and time-consuming, resource-consuming processes of access, they agreed that these systems and processes were made to protect all actors involved and reduce the risks of financial mismanagement on all levels (IIE1, Personal Interview, August 24, 2016; IIE2, Personal Interview, August 17, 2016; IIE4, Personal Interview, September 8, 2016).

### c) Potential Adverse Effects of Direct Access Accreditation

The third challenge faced by IEs in accessing climate adaptation finance is the potential adverse effects that direct access accreditation can have on the national government systems of PICs like Fiji. It is a fact that the desire for direct access among national governments is not only the PICs but

in all developing countries in the world is quite high. This is because length of time taken and amount of administrative work needed in indirect access for governments to receive funds is slow and burdensome, unable to quickly satisfy the urgent needs of countries. The interest of national governments in direct access accreditation have increased in the recent years, especially as the UNFCCC climate funds have begun encouraging countries to apply for direct access modalities. However, the question arises as to whether Fiji and other PICs as small island states would be able to become accredited as direct access IEs much less write and develop proposals on their own. This question was asked to the interviewees to gain their opinions on whether they supported or opposed the national governments of Fiji and other PICs in direct access. It was expected that all the national IE respondents would be in support of direct access while those from regional and international IEs would not. However, much to the researcher's surprise, the division between supporting group and opposing group did not differ by type of IE and instead the groups were mixed between the three types of IEs. Therefore, the researcher structured this section so as to compare the responses between and within the supporting and opposing groups instead of comparing by type of IE.

#### *Supporting Group of Direct Access Accreditation*

Among the 16 interviewees, 5 supported direct access accreditation in Fiji and other PICs. The 5 included 2 respondents from national IEs, 1 respondent from regional IEs and 2 respondents from international IEs. All 5 respondents stated that direct access is sought after because it gives the national government more control over the project funds, enables the quick delivery and disbursement and allows government to keep the agency fees in the government rather than given away to the indirect access IEs. Furthermore,

with indirect access, there are double layers of bureaucratic processes that national governments must pass in order to get the requested money. The first layer is the processes of accreditation and project approval by the climate funds. The second layer is the fiduciary processes of the international or regional IE that must be satisfied in order for the funds to come down to the ministry level. So the government is required to do two rounds of convincing and justifying whereas if they did direct access through their own national IEs, they would only have to do it once (NIE1, Personal Interview, September 5, 2016; NIE3, Personal Interview, September 8, 2016; RIE6, Personal Interview, September 9, 2016; IIE2, Personal Interview, August 17, 2016; IIE3, Personal Interview, August 25, 2016).

The two respondents from the national IEs stated that the Fiji Development Bank (FDB) has high prospects of becoming the national accredited entity for the GCF. As FDB is a financial bank that already has financial system in place, the respondents were confident that the accreditation of the FDB for direct access would ensure that line ministries are not too burdened. Furthermore, NIE3 stated that direct access is a way for the line ministries of the Fiji government to overcome the unseen competition between ministries. This competition arises during indirect access because once the finances reach the Ministry of Finance through the IE, line ministries must compete with each other in order to “bid” for specific portions of the finances. In fact, if the project does not deliberate on the exact amounts of funds sent to specific line ministries, then the funds are up for “bidding” by all ministries. This weakens the already unstable coordination in the Fiji government. However, this can be avoided through direct access because ministries can apply for direct access accreditation through which they will receive the full amount of finances without having to compete with other

ministries. The three respondents from regional and international IEs considered direct access accreditation to be an opportunity for national governments to reform and institutionalize their internal systems so as to make them more stable and efficient for climate finance. Although indirect access may be the preferred option in the short term, national governments can use the time to strengthen and develop capacities so as to become eligible for direct access accreditation in the long term.

#### *Opposing Group of Direct Access Accreditation*

Among the 16 interviewees, 11 opposed direct access accreditation for PICs including Fiji. Among the 10 in this group, 3 were national IEs, 5 were regional IEs and 3 were international IEs. The respondents stated that realistically speaking, for most of the small island countries, it will take a vast amount of time before they can reach a stage in which they can demonstrate their capacities for direct access. National IEs must have the minimum standards of fiducial, procurement, and ESS policies in place and they must be able to prove the effectiveness of their systems before they can even be considered for direct access (NIE2, Personal Interview, September 5, 2016; NIE4, Personal Interview, August 30, 2016; NIE5, Personal Interview, August 23 2016; RIE1, Personal Interview, September 7, 2016; RIE2, Personal Interview, September 6, 2016; RIE3, Personal Interview, August 23, 2016; RIE4, Personal Interview, September 1, 2016; RIE5, Personal Interview, September 5, 2016; IIE1, Personal Interview, August 24, 2016; IIE4, Personal Interview, September 8, 2016; IIE5, Personal Interview, August 23, 2016). Respondent RIE 5 commented that it is also possible that among the strong supporters for direct access in Fiji and also in other PICs may not be aware of the realities of applying direct access and what kinds of burdens it will place



on national systems. Governments have to invest in national capacity from their already restrained budgets to ensure they are up to a level where they can access finance, implement it and report it financially.

Respondents RIE 2 and RIE 6 stated that even with the FDB's stronger financial systems, applying for direct access accreditation to the GCF will be very difficult because the processes are straining even for the regional institutions that have complete packages of finance, procurement, safeguards and technical team. In fact, respondent NIE 1 added even if FDB is accredited as Fiji's direct access entity, FDB does not have a strong history of climate adaptation finance implementation and will come across many obstacles when trying to develop projects for funding. The sad part about applying for accreditation or for project approval as a national IE is that even if you do go through the processes of building capacities, creating frameworks and policies, and building financial systems, you still may not end up getting accredited and your project may not even be looked at. Then all of the effort, time and money spent ends up being a waste. Respondent NIE 4 stated that in this case, it is actually more beneficial relying on the financial systems and expertise that are already in place in regional and international IEs. This diminishes the risk factor for national ministries as the responsibility of all transactions and reporting is placed on the IEs as opposed to the line ministries.

Respondent RIE4 also stated that the international and regional communities of climate adaptation finance are not doing a very good job of making it very clear to the PICs what direct access actually means. Countries may get direct access to funds but they will not have support of international or regional financial institutions. Moreover, if governments do not comply with the requirements, they fail straight away and it is unlikely they will get

more funding in the future. NIE5 and IIE 2 explained that in terms of proving the government ministries' capacities to report and monitor finances, most ministries have only dealt with micro-levels of finance that were small in amount and hardly any ministries have had experience spending, reporting and being accountable for multimillion dollar projects. In fact, even with micro-level projects, ministries faced difficulties implementing the funds and delivering quality outputs. Respondent IIE4 expressed concerns in that that climate funds have very stringent expectations, even for direct access. PICs will return from international conferences excited about direct access and the financial control that governments can have; however, if governments go through processes to satisfy the requirements but are not ready institutionally or financially, the governments are setting their country up to fail because they will not be able to handle those requirements in the long run. Other respondents concluded that the resources, time and money spent on achieving direct access accreditation and then project approval would be better spent elsewhere for other urgent national needs. The three national IE respondents also agreed that while direct access may be a viable option for Fiji in the far future, there are so many areas of climate change adaptation that are in dire need of financial resources and therefore as of now, indirect access is the safer option. The adverse effects of direct access accreditation may be potential and a possibility that does not occur; however, the risks are too high if the worst case scenario was to occur, the current institutional system of the government is too weak to be able to cope with and recover from the multitude of effects that direct access may bring.

## **2. Opportunities in Accessing Adaptation Finance**

The in-depth discussion on the challenges faced by IEs in accessing climate adaptation finance have revealed the main reasons behind Fiji's low access and also the main areas that need improvement in order for Fiji's access to climate adaptation finance to increase. However, improving weaknesses and strengthening institutional systems will take time; in the meantime, it is crucial for IEs to utilize the opportunities that exist in Fiji and the Pacific region in order to maximize Fiji's access of financial resources wherever possible. The last part of findings discusses these key opportunities as identified through the interviews. Due to minimal differences in responses among groups of IEs, this section will not compare between and within groups but rather provide a broader discussion of all responses according to each opportunity. The first key opportunity is the increasing attention to capacity building and institutional strengthening; the second is streamlined accreditation and project approval processes for PICs; and the third regional information sharing and networking

### **a) Increased Attention to Institutional Strengthening and Capacity Building**

All of the 16 interviewees stressed that institutional strengthening and capacity building was the most important area of focus that needed international, regional and national attention. In fact, respondents from regional IEs stated that more and more IEs in the Pacific have slowly begun to increase their focus on institutional strengthening. Although it is true that many of the climate adaptation finance donors seek tangible results in their projects, IEs have begun to voice their concerns in the lack of projects directed solely at capacity building and institutional strengthening. In specific, one of the regional IEs, the Secretariat of the Pacific Community (SPC), recently

received funding from USAID to implement a project called “Institutional Strengthening in PICS to Adapt to Climate Change (ISACC).” The project seeks to strengthen the national institutional capacity of PICs to effectively plan, coordinate and respond to the adverse impacts of climate change. Through the pilot programs, national and local coordination mechanisms for climate change have been formally set up and operationalized. The national coordination committees are also used as a monitoring and evaluation mechanism for multi-sector projects and programs. The three key results areas of the project are: 1) integrated institutional frameworks and national capacity strengthened to support multi-sectoral approaches to climate change and disaster risks; 2) access to new climate finance enhanced through improved capacity, systems and tools; 3) regional cooperation and coordination strengthened through augmented national capacity delivered through shared learning to support PICs address climate and disaster risks. Key project outcomes is for PICs to have established strengthened institutions and human capacity to access and manage new sources of global climate finance and effectively coordinate and implement innovative, multi-sectoral approaches to combatting the adverse impacts to climate change and disaster risks. The ISAC project provides an outstanding example of the kind of capacity building and institutional strengthening projects that Fiji and other Pacific islands need. Although this project is on a 5 year lifespan, there are hopes of it being extended to 10 years so as to fully implement and sustain the project outcomes in the region.

Respondents RIE2, RIE4 and IIE4 provided more detailed elements of national capacity building to increase access to climate adaptation finance. First, national collaboration can be improved on climate change: through regular climate change roundtables and ad hoc task forces; NGO-government

collaboration; or parliamentary standing committees on climate change. Second, capacity for reporting and monitoring can be strengthened so as to ensure that adequate Measurement, Reporting and Verification (MRV) systems are in place to meet UNFCCC reporting requirements. Third, climate adaptation finance planning can be enhanced so that it is aligned more closely with the national climate change plans. Fourth, experiences of climate adaptation finance with financing mechanisms: Case studies must be shared and documented so that entities can draw out lessons learned on how to unlock climate adaptation finance, examining aspects such as the expertise used; skill requirements; the role of national and regional institutions; the role of legislation; and communications (Personal Interview, September 6, 2016; Personal Interview, September 1, 2016; Personal Interview, September 8, 2016).

Respondents NIE 2 and NIE5 also emphasized the opportunity to strengthen national institutions by developing national and regional trust funds. The Pacific region has long experience with trust funds as a development mechanism. Many of the donors and development institutions have recognized that where sound policy and governance structures are in place, trust funds can be an effective way to accumulate, preserve, grow, and mobilize capital for development. 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. Furthermore, 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. However, some of the international respondents 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 (Personal Interview, September 5, 2016; Personal Interview, August 23 2016).

#### b) Streamlined Accreditation/Simplified Processes for PICs

The governance arrangements of the climate adaptation finance system disadvantages SIDS and PICs by creating burdensome administrative processes. The climate adaptation finance architecture is extremely complex and many existing funding mechanisms are not designed to take into account the small size and capacity constraints of SIDS. Recognizing these challenges, climate funds have created streamlined accreditation and simplified processes for the smaller islands. In terms of streamlined accreditation, the Adaptation Fund Board introduced streamlined accreditation process for small entities like the SIDS and PICs. In approving a streamlined accreditation process, the AFB opened up possibilities for small entities to demonstrate their competence and capacity to meet acceptable requirements to access adaptation funding. This further aligns the AF accreditation process with the Paris Declaration on Development Effectiveness, the Accra Agenda for Action and subsequent development conferences. This modality will be available to applicants currently executing or implementing projects up to USD 1 million per project or program, having up to 25 professional staff working on implementing or executing projects and having annual administrative expenses of up to USD 1 million.

In terms of simplified processes for project approval, the GCF recently approved a simplified procedure for funding proposals that are of micro or small-scale. The rationale behind establishing a simplified approval process was to ensure that developing countries where certain historical data and/or records do not exist, including small-island developing countries (SIDs), the least developed countries (LDCs) and African States are not excluded from accessing GCF resources. Feedback from a number of direct access accredited entities was that undertaking full feasibility studies is a costly and lengthy exercise, which resulted in concerns that they may be unable to access GCF resources. The Board decided that a simplified process for small-scale activities will apply to both micro-scale and small-scale funding proposals that are assessed to fall under the low/no risk Category C/Intermediation. ‘Micro-scale’ is defined as the total project costs which are up to USD 10 million, while ‘small-scale’ is above USD 10 million and up to USD 50 million. ‘Category C projects’ are defined as “activities with minimal or no adverse environmental and/or social risks and/or impacts” and ‘intermediation’ is defined as “when an intermediary’s existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and/or social impacts. Fiji and other Pacific Islands in the region have the opportunities to utilize these streamlined accreditation and simplified processes in order to minimize burdens and maximize the benefits they can earn from increased access.

Many of the respondents stated that these new streamlined processes for accreditation and project approval were crucial in avoiding multiplication and fragmentation, thus improving PICs access to climate adaptation finance. In fact, the GCF had two regional meetings for the Pacific region hosted at the Pacific Islands Forum Secretariat headquarters in Suva, Fiji. During

discussions, GCF staff and IEs were able to share their ideas on how simplified processes should work for accreditation and project approval and the methods by which templates could be standardized. This was an opportunity for the IEs to show a united front in requesting that simplified processes be created as soon as possible for the smaller island countries so that urgent adaptation needs can be financed in the near future. Respondent IIE2 further commented that simplification is not just related to financing, reporting and coordination. It touches the language used in these processes, too, both for reporting purposes and for outreach. Donors must simplify the communication of information and translate it into language that is easily accessible and understood by all actor groups even in the smallest islands (Personal Interview, August 17, 2016).

A few respondents from national and regional IEs also expressed that in order for future simplified and streamlined processes to work effectively in the Pacific, it is important to designate the right institutions to play the roles necessary for the successful utilization of simplified processes so has to reduce burdens while also strengthening national capacities. Firstly, respondent NIE 3 explained that the careful selection of the National Designated Authority (NDA) plays a significant role in enabling countries to successfully utilize direct access to climate finance. The right NDA can assist communication with climate fund secretariats and help the understanding of accreditation requirements (Personal Interview, September 8, 2016). Secondly, respondents NIE 5 and RIE6 expressed the importance of selecting an appropriate national IE for accreditation to the climate funds. As of now Fiji does not have any accredited national IEs and are considering the FDB as their top options. The role of accredited national IEs are important as they are responsible for overseeing the use of finance received and implementing



funded initiatives according to the relevant standards. The Adaptation Fund allows countries have one accredited national IE, while the GCF does not currently limit the number of NIEs that can be accredited from one country (Personal Interview, August 23 2016; Personal Interview, September 9, 2016).

### c) Regional Information Sharing and Networking

Because of the relatively newness of climate change adaptation in the development arena, knowledge gaps in its various aspects have been observed not only in Fiji but also all other PICs especially in the design and implementation of adaptation programs. To fill these gaps, PICs have recently formed partnerships where IEs, government partners and private sector firms gather to share their experiences in climate adaptation finance and also share information about best-practices in accreditation and project approval. Such partnerships are crucial in enabling islands in the same region to not only learn from one another but also to add to their weak national capacities through regional bonding. Many of the respondents agreed that inter-regional learning and networking to strengthen the regional institutional framework that supports climate change planning and finance at the national level within PICS is particularly important. Not only are PICs amongst the most vulnerable in the world with respect to the physical impacts of climate change, but their small size- in terms of population, land mass and economy- means that they are also severely limited in their capacity to access necessary financial resources to combat these impacts. RIE3 and IIE1 stated that shared regional facilities, experiences, and advice play important roles in overcoming the challenges faced by the PICs. They can create economies of scale in the provision of services, address strategic skill gaps and provide Pacific-relevant

lessons and tools (Personal Interview, August 23, 2016; Personal Interview, August 24, 2016).

Another advantage of Pacific partnership is the additional access to climate adaptation finance through specific windows for PICs or SIDS. IIE2 commented that given the difficulties PICs experience in accessing appropriate and timely levels of funding, a flexible portfolio, that includes not only bilateral/multilateral individual country projects but also regional projects, is the best response to addressing the challenges faced by IEs and governments in the region. Although multiple countries and large scale financing risk adding to administrative and financial costs, if PICs can agree on the allocation of certain responsibilities and the mixing of technical capacities in the region, Pacific programs could be the most practical means of widening the doors of access to climate adaptation finance (Personal Interview, August 17, 2016). IIE4 also stated that Pacific governments are already currently lobbying for specific windows or modes of access for PICs. 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 (Personal Interview, September 8, 2016).

### **3. Summary of Findings and the Way Forward**

The first part of the findings provided a detailed overview of the structure and characteristics of the climate adaptation finance system in Fiji. The researcher collected and organized various data to identify the three key elements of climate finance architecture: financial flow, actor groups and

modes of access. A systematic diagram of the climate adaptation finance system developed by the researcher was presented and explained in detail through the organized data. Also, the methods for accessing climate adaptation finance in Fiji were introduced and the different processes and requirements for each of the UNFCCC climate change dedicated funds were outlined. Furthermore, the current status of access for Fiji and the PICs was identified by comparing the size and number of projects/programs with those of other developing countries and regional groups. The second and third part of findings focused on the interpretation of responses from interviews that were conducted with the three groups of IEs (national, regional and international) in Fiji. The discussions were structured to portray the common elements among all groups, differences between groups and differences within groups. The second part of findings discussed three major challenges faced by IEs in Fiji seeking access to climate adaptation finance. The first challenge was the national capacity constraints that limit access; the second was the complex, long and different processes for access; and the third was the potential adverse effects of direct access. First, some of the main constraints identified by the respondents were: lack of understanding of climate change, weak coordination systems, limitations in technical expertise necessary for project development, high staff turnover, weak systems and over-reliance on external experts. Second, complex, long and different governance arrangements and processes that are unique to each climate funds disadvantage Fiji and other PICs by creating burdensome administrative processes. The time taken to deal with each of the donor requirements diverts energy from concrete work on the ground, thus jeopardizing achievement of the outcomes donor governments and international institutions want to see. Third, in the midst of rising interests of the Fiji national government to gain

direct access accreditation, potential adverse effects of direct access could severely weaken institutional and financial structures. Although climate funds have been promoting direct access as the solution to limited access, Fiji and the PICs must keep in mind that the process of applying for direct access accreditation not only requires reform in all national systems but is also long and costly.

The last part of findings discusses key opportunities that can be utilized by Fiji and other PICs for increased access to climate adaptation finance. The first key opportunity is the increasing attention to capacity building and institutional strengthening; the second is streamlined accreditation and project approval processes for PICs; and the third regional information sharing and networking. First, the observed increases in attention and focus on institutional strengthening and capacity building programs provide large opportunities for IEs and national governments to train and nurture national experts while developing strong institutional systems that allow PICs to independently receive, manage and implement climate adaptation finance without high risks. Second, climate funds have created streamlined accreditation and simplified processes for the smaller islands. These new streamlined processes for accreditation and project approval are crucial in avoiding multiplication and fragmentation, thus improving PICs access to climate adaptation finance. Third, knowledge and information gaps inherent in PICs are being filled by recent Pacific partnerships where IEs, government partners and private sector firms gather to share their experiences in climate adaptation finance and also share information about best-practices in accreditation and project approval. Such partnerships are crucial in enabling islands in the same region to not only learn from one another but also to add to their weak national capacities through regional bonding.

Going forward, the researcher acknowledges that there may not be a set solution for all problems; however, efforts can be made by Fiji to minimize the challenges of access while maximizing the opportunities that exist within the Pacific region. Accessing climate adaptation finance is not an easy task even for the most experienced of IEs in large continents so the difficulties faced by IEs in small island states are to be expected. Furthermore, even if IEs begin to deal with their challenges, tangible results will be seen in the long-term and a degree of perseverance and will is required for change to occur. However, during this term, IEs can focus on utilizing the opportunities that can open up more doors of climate adaptation finance and seek a stable influx of financial resources to combat climate change adaptation. This may mean that national ministries rely on regional and international entities and external experts to fill capacity gaps; but it could also mean that governments, IEs, experts and firms can enter a new era of regional cooperation that enables countries to access resources under the larger regional umbrella. The researcher hopes the findings of this study are useful to practitioners in the field and also to academic researchers studying in the field of climate adaptation finance.

## **VII. Conclusion**

### **1. Research Summary**

The aim of research was to better understand the current inefficiencies in the climate adaptation finance system that is hindering IEs in Fiji and other Pacific islands from accessing necessary financial resources for adaptation and the existing opportunities that will enhance the abilities of IEs to access additional sources of finance. The main objectives of this study were to: 1) to examine the current structure and process of accessing climate adaptation finance in Fiji; to identify the challenges that implementing entities face in access sources of climate adaptation finance in Fiji; and 3) to identify the opportunities for implementing entities in accessing sources.

Section one introduced the research and explained the background, purpose, scope and objectives of the research. Section two examined the existing literature on climate adaptation finance and accessing climate adaptation finance, providing a theoretical framework for analysis. Section three provided background information on the geographical, political and socio-economic context of Fiji and discussed the special vulnerabilities faced by Fiji and other PICs. Section four explains the fundamental methodological approaches used by the researcher, the ethical considerations in research as well as the data, materials and methods utilized in the process of addressing the research questions. Sections five and six discuss the findings of the study through three main themes- how climate adaptation finance is accessed in Fiji and what the challenges and opportunities are for Fiji in accessing more adaptation finance in the future- and suggests options for the way forward.

This section concludes the research with a summary of the study, the implications and prospects for future research.

The main contributions of the research lay in the qualitative inquiry and exploratory research of the experiences of implementing entities in Fiji. Findings from the qualitative fieldwork comprised of a systematic outline of the process of accessing climate adaptation finance in Fiji, detailed explanations of the key challenges faced by IEs in accessing climate adaptation finance, and overview of the key opportunities that can enhance IEs access to climate adaptation finance. First, the three key elements of the climate finance system are financial flow, actor groups and modes of access. The current climate adaptation finance system in Fiji is consists of two types of flow- bilateral and multilateral; four main actor groups- donors, finance institutions, implementing entities, and recipient government; and two modes of access- direct and indirect. Differing combinations of these three elements create diverse structures of climate adaptation finance. Second, the three main challenges of accessing climate adaptation finance are: national capacity constraints that limit access; complex, long and different processes for access; and the potential adverse effects of direct access accreditation on national systems. The three main opportunities for future access are: streamlined processes for accreditation and project approval for PICs; increased attention to national institutional strengthening and capacity building; and regional information sharing and networking.

## **2. Implications of Research and Future Research**

This research explored the basic challenges and opportunities faced by implementing entities in accessing climate adaptation finance in Fiji. It provided an extensive amount of important data and interview analysis that

serves as initial research in Fiji's access to climate adaptation finance. Furthermore, the findings of this case study enable readers to gain insights on the Pacific region as a whole as most PICs have similar characteristics. Therefore, the implications of this research are academic and also practical in that the research fills an important gap in climate adaptation finance research and also provides field practitioners with a more detailed understanding of the climate adaptation finance system in the PICs and the challenges and opportunities experienced in the region.

Through the research findings, the researcher seeks to emphasize that it is not only the efforts of Fiji and the PICs, but also the equal efforts of the international community and climate funds that will help accelerate the PIC's improved access to climate adaptation finance. It is important to retain a "bottom-up" approach of thinking when designing and implementing climate finance systems for small islands like the PICs; understanding and prioritizing the needs of the island communities, their perceptions of climate change and their desired adaptive preferences will enable external donor-centered objectives to align with internal recipient-centered needs.

However, the researcher recognizes that this study is not without limits. There were several difficulties relating to the limited resources and the short timeline of field research in Fiji. The available literature on climate finance in Fiji was limited and only accessible by hardcopies that were available in Fiji or other Pacific islands. The amount of research conducted inside the Pacific regions was at large; however without physical presence in the libraries, it was difficult to obtain a better-rounded group of literature. Although the researcher was able to access some important resources from the public library in Fiji, most of the recent technical research articles and papers were stored in the "restricted" sections of the library requiring high clearance.



Thus, for future studies on climate adaptation finance in the PICs, researchers should consider the inherent resource accessing constraints for non-Pacific islanders and opportunities of conducting more diverse sampling of interviewees. This exploratory nature of this study demonstrates that there is still a large pool of information and resources that have not been accessed or touched upon and a wide range of important climate financing issues that are under-researched not only in Fiji but also in other Pacific islands. In specific, issues relating to monitoring and evaluation mechanisms and finance-tracking tools are important areas of research that have not been deeply investigated within the Pacific region. As the lack or weaknesses in these mechanisms and tools can affect funding decisions of climate funds, it is important that further research be done in this area so as to identify and solve problems that may exist within the mechanisms and tools within the climate adaptation finance systems of PICs.

Overall, the researcher would also like to stress the importance of conducting many country-specific studies first as opposed to regional studies because initial research on individual countries allow the researcher to produce more specific and detailed findings. When these specific findings are accumulated, they can be used to perform regional analysis of the PIC's access to climate adaptation finance. The Pacific region has numerous topics in the field of climate adaptation finance that have not been researched and the researcher hopes that through further country-specific research in the PICs, a more accurate and realistic picture of the region's challenges and opportunities can be drawn and understood by the international academic community.

## References

- Adaptation Fund. 2016. "About the Adaptation Fund." Adaptation Fund Website. Web.
- Atteridge, Aaron, et al. 2007. "Bilateral finance institutions and climate change: A mapping of climate portfolios." Stockholm Environment Institute. Web.
- Australian Government. 2016. "Fiji Country Brief." Department of Foreign Affairs and Trade. Web.
- Ayers, Jessica M., and Huq, Saleemul. 2009. "Supporting Adaptation to Climate Change: What Role for Official Development Assistance?" *Development Policy Review* 27(6): 675-692.
- Betzold, Carola. 2016. "Aid and Adaptation to Climate Change in Pacific Island Countries." Development Policy Center Discussion Paper 46. Crawford School of Public Policy. Australian National University. Web.
- Bird, Neil. 2011. "The future for climate finance in Nepal." Report for CEED, Bangkok. ODI, London. Web.
- Birdsall, Nancy and de Nevers, Michele. 2012. "Adaptation Finance: how to Get Out from between a Rock and a Hard Place." Center for Global Development Policy Paper 001. Web.
- Bodle, Ralph., et al. 2016. "The Paris Agreement: Analysis, Assessment and Outlook." German Federal Environment Agency (UBA). Dessau-Roßlau: Umweltbundesamt. Web.
- Brown, H Louise. 2013. "4 Ways the Green Climate Fund Can Support "Readiness" for Climate Finance." World Resources Institute. Web.

- Burton, Ian, et al. 2006. "Adaptation to Climate Change: International Policy Options." Pew Center on Global Climate Change. Web.
- Buchner, Barbara., et al. 2011. "Monitoring and Tracking Long-Term Finance to Support Climate Action." OECD/IEA Climate Change Expert Group Papers 3. OECD Publishing, Paris. Web.
- Buchner et al. 2015. "Global Landscape of Climate Finance 2015." Climate Policy Initiative. Web.
- Callaghan, Ian. 2015. "Climate Finance after COP21: Pathways to the Effective Financing of Commitments and Needs." Investor Watch, Ian Callaghan Associates Limited.
- Carroll, Toby. 2015. "Access to Finance" and the Death of Development in the Asia-Pacific." *Journal of Contemporary Asia* 45(1): 139-166.
- Chambwera, M., et al. 2014. "Economics of adaptation." In *Climate Change 2014: Impacts, Adaptation, and Vulnerability. Contribution of Working Group II to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change* Cambridge University Press, Cambridge, United Kingdom and New York, NY, USA, pp. 945-977.
- Christiansen, Lars, et al. 2012. "Accessing International Funding for Climate Change Adaptation: A Guidebook for Developing Countries." UNEP Centre on Energy, Climate and Sustainable Development. Web.
- Cisse, Hassane., et al. 2012. "International Financial Institutions and Global Legal Governance. Law, Justice, and Development Series." *The World Bank Legal Review* Volume 3: 363-388.
- Denton, Fatima. 2010. "Financing adaptation in Least Developed Countries in West Africa: is finance the real deal?." *Climate Policy* 10(6): 655-671.

- Dodman, D. and D. Mitlin. 2011. "Challenges for community-based adaptation: Discovering the potential for transformation." *Journal of International Development*.
- Dougherty-Choux, Lisa. 2015. "The Costs of Climate Adaptation, Explained in 4 Infographics." World Resources Institute. Web.
- Dudovskiy, John. 2013. "Exploratory Research." *Research Methodology*. Web.
- Durand, Alexis., et al. 2016. "Financing Options for Loss and Damage: A Review and Roadmap." Brown University International Centre for Climate Change and Development. Web.
- Ellis, Jane., et al. 2013. "Exploring Climate Finance Effectiveness." OECD/IEA Climate Change Expert Group Papers 4. OECD Publishing, Paris. Web.
- Falconer, Angela and Stadelmann, Martin. 2015. "Five Ways to Build Effective Climate Finance Readiness Programs." *Climate Policy Initiative*. Web.
- Fletcher, S., et al. 2013. "Understanding the Pacific's adaptive capacity to emergencies in the context of climate change: Country Report – Fiji." Report prepared for NCCARF by the Institute for Sustainable Futures and WHO Collaborating Centre. Web.
- Fransen, Taryn et al. 2013. "Mobilising International Climate Finance: Lessons from the Fast-Start Finance Period." World Resource Institute <<http://www.wri.org/publication/mobilising-international-climate-finance>>.
- Gale, Nicola K., et al. 2013. "Using the framework method for the analysis of qualitative data in multi-disciplinary health research." *BMC Medical Research Methodology* 13. Web.

- GEF. 2016a. "Least Developed Countries Fund-LDCF." Global Environmental Facility Website. Web.
- GEF. 2016b. "Progress Report on the Least Developed Countries Fund and the Special Climate Change Fund." 20<sup>th</sup> LDCF/SCCF Council Meeting. Global Environmental Facility. Web.
- GHA. 2016. "Glossary." Global Humanitarian Assistance. Web.
- GIZ. 2013. "Ready for Climate Finance: GIZ's Approach to Making Climate Finance Work: Building on climate expertise and good financial governance." Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ).
- Grasso, Marco. 2010. "An Ethical Approach to Climate Adaptation Finance." *Global Environmental Change* 20: 74-81.
- Grothmann, Torsten and Patt, Anthony. 2005. "Adaptive capacity and human cognition: The process of individual adaptation to climate change." *Global Environmental Change* 13(3): 199-213. Web.
- Hay, John E. 2013. "Roles of Pacific Regional Organizations in Disaster Risk Management: Questions and Answers." The Brookings Institution. Web.
- Hayward-Jones, Jenny. 2011. "Policy overboard: Australia's increasingly costly Fiji drift." Lowy Institute for International Policy. Web.
- Honkonen, Tuula. 2009. "The Common but Differentiated Responsibility Principle in Multilateral Environmental Agreements." Kluwer Law International BV: The Netherlands. Print.
- IPCC. 2012. "Managing the Risks of Extreme Events and Disasters to Advance Climate Change Adaptation. A Special Report of Working Groups I and II of the Intergovernmental Panel on Climate Change." [Field, C.B., V. Barros, T.F. Stocker, D. Qin, D.J. Dokken, K.L. Ebi,

M.D. Mastrandrea, K.J. Mach, G.-K. Plattner, S.K. Allen, M. Tignor, and P.M. Midgley (eds.)]. Cambridge University Press, Cambridge, UK, and New York, NY, USA.

IIED. 2009. "Assessing the costs of adaptation to climate change: A review of the UNFCCC and other recent estimates." Grantham Institute for Climate Change. Web.

Kates, R.W., 2000. "Cautionary tales: adaptation and the global poor." *Climatic Change* 45, 5–17.

Kato, Takayoshi, et al. 2014. "The Role of the 2015 Agreement in Mobilising Climate Finance." OECD/IEA Climate Change Expert Group Papers 7. OECD Publishing, Paris.

Lattanzio, Richard K. 2011. *International Climate Change Financing: The Green Climate Fund*. Congressional Research Service. Print.

Leo, Salina. 2016. "Fiji Economic Overview." Devobalavu Foreign Investor Consultancy. Web.

Maclellan, Nic, et al. 2012. "Owning adaptation in the Pacific: Strengthening governance of climate adaptation finance." Oxfam New Zealand. Web.

Maclellan, Nic and Meads, Sarah. 2016. "After Paris: Climate Finance in the Pacific Islands." Oxfam Research Report. Web.

Magee, Andrew D., et al. 2016. "Tropical cyclone perceptions, impacts and adaptation in the Southwest Pacific: an urban perspective from Fiji, Vanuatu and Tonga." *Natural Hazards Earth System Science* 16: 1091–1105.

McDowell, Julia Z., and Jeremy J. Hess. 2012. "Assessing adaptation: Multiple stressors on livelihoods in the Bolivian highlands under a changing climate." *Global Environmental Change* 22(2): 342-352.

- McNaught, Rebecca., et al. 2014. “Communicating climate change for adaptation in rural communities: a Pacific study.” *Regional Environmental Change*. 14: 1491-1503.
- Mertz, Ole, et al. 2009. “Adaptation to Climate Change in Developing Countries.” *Environmental Management* 43: 743-752.
- Ministry of Foreign Affairs. (N.d). “Regional & International Organisations Accredited to Fiji.” <<http://www.foreignaffairs.gov.fj/foreign-missions/regional-international-organisations-accredited-to-fiji>>.
- Mogelgaard, Kathleen, et al. 2015. “What Does the Paris Agreement Mean for Climate Resilience and Adaptation?” World Resources Institute. Web.
- Mukhier, Mohammed. 2013. “Assessing climate finance: An overview.” International Federation of Red Cross and Red Crescent Societies. Web.
- Nakhoda, Smita., et al. 2014. “The Global Climate Finance Architecture.” *Climate Finance Fundamentals*. Heinrich Boll Stiftung. <<https://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/9312.pdf>>.
- Noble, I.R., et al. 2014. “Adaptation needs and options. In: *Climate Change 2014: Impacts, Adaptation, and Vulnerability*.” Contribution of Working Group II to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change Cambridge University Press.
- Nun, Patrick D. 2012. “Climate Change and Pacific Island Countries.” *Asia-Pacific Human Development Report Background Papers*. UNDP. Web.
- OECD. 2015. *Toolkit to Enhance Access to Adaptation Finance: For Developing Countries that are Vulnerable to Adverse Effects of Climate Change Including LDCs, SIDS and African States.* Report to

- the G20 Climate Finance Study Group. Organization for Economic Co-operation and Development. Web.
- Olhoff, Anne, et al. 2014. "The Adaptation Finance Gap Update: With Insights from the INDCs." United Nations Environment Programme. Web.
- Overpeck, Jonathan T, and Weiss, Jeremy L. 2009. "Projections of future sea level becoming more dire." Proceedings of the National Academy of Sciences of the United States of America. Web.
- PACCSAP. 2015. "Current and Future Climate of the Fiji Islands." Fiji Meteorological Service and Pacific-Australia Climate Change Science and Adaptation Planning Program partners. Web.
- Pauw, W. P. 2015. "Not a panacea: private-sector engagement in adaptation and adaptation finance in developing countries." *Climate Policy* 15(5): 583-603.
- Persson, Asa., et al. 2009. "Adaptation Finance under a Copenhagen Agreed Outcome." Stockholm Environment Institute. Web.
- Persson, Asa. 2011. "Institutionalizing Climate Adaptation Finance Under the UNFCCC and Beyond: Could an Adaptation Market Emerge?" Stockholm Environment Institute. Web.
- PICCAP. 2005. "Climate Change The Fiji Islands Response: Fiji's First National Communication under the Framework Convention on Climate Change." Government of the Fiji Islands. <<http://unfccc.int/resource/docs/natc/fjinc1.pdf>>.
- Pierre, J and Peters, B G. 2000. "Governance, Politics and the State." Palgrave Macmillan, Basingstoke Hants. Web.



- Polycarp, Clifford, et al. 2013. "Mobilizing climate investment: the role of international climate finance in creating readiness for scaled-up, low-carbon energy." World Resources Institute. Web.
- Porter, Gareth, et al. 2008. "New finance for climate change and the environment." WWF and Heinrich Böll Stiftung Foundation 2008: 30-48.
- Reed, David. 2009. "The Institutional Architecture for Financing a Global Climate Deal: An Opinion Paper." Technical Working Group. <<http://www.usclimatenetwork.org/resource-database/Options%20Paper%20Final%20May%2028.pdf>>.
- Ritchie, J and Lewis, J. 2003. "Qualitative research practice: a guide for social science students and researchers." London: Sage. Web.
- Rossati, David. 2013. "Inter-institutional Dynamics of Global Climate Finance: Complementarity and Competition in the Emerging Practices of Coordination." Global Administrative Law Working Papers. IRPA. <[http://www.irpa.eu/wp-content/uploads/2014/02/Rossati\\_No6-2013\\_def..pdf](http://www.irpa.eu/wp-content/uploads/2014/02/Rossati_No6-2013_def..pdf)>.
- Schalateck, Liane., et al. 2012. "Democratizing climate finance governance and the public funding of climate action." Democratization 19 Issue 5. Web.
- Schalateck, Liane., et al. 2015. "The Green Climate Fund." Climate Finance Fundamentals. Climate Funds Update. Heinrich Boll Stiftung. Web.
- Singh, Kultar. 2007. "Quantitative Social Research Methods." Sage Publications. Web.

- Smallridge, Diana, et al. 2012. "The Role of National Development Banks in Intermediating International Climate Finance to Scale Up Private Sector Investments." Inter-American Development Bank. Web.
- Smith, Joel B., et al. 2009. "An architecture for government action on adaptation to climate change. An editorial comment." *Climatic Change* 95 (1-2): 53-61.
- The Commonwealth. 2015. "Fiji." *The Commonwealth Yearbook 2015*. Web.
- Thompson L.G., et al. "Glacial stage ice-core records from the subtropical Dunde ice cap, China." *Annals of Glaciology* 14:288–297.
- Trabacchi, C., et al. 2014. "The Role of National Development Banks in Catalyzing International Climate Finance: Empirical Evidences from Latin America." *Handbook of Climate Change Adaptation*. pp. 1-20.
- UNDP. 2011. "Towards an Energy Plus Approach for the Poor – Environment and Energy Report 2011." United Nations Development Programme. Web.
- UNEP. 2014. "The Adaptation Gap Report 2014." United Nations Environment Programme (UNEP). Web.
- UNEP. 2016. "Adaptation Finance Gap Report 2016." United Nations Environment Programme (UNEP). Web.
- UNFCCC. 2013. "The Special Climate Change Fund (SCCF)." United Nations Framework Convention on Climate Change Website. Web.
- UNFCCC. 2015. "Green Climate Fund." United Nations Framework Convention on Climate Change Website. Web.
- Vandeweerd, Veerle et al. 2012. "Readiness for Climate Finance: A Framework for Understanding what it means to ready to use climate finance." UNDP.

<[http://www.tr.undp.org/content/dam/turkey/docs/Publications/EnvSust/UNDP-Readiness\\_for\\_Climate\\_Finance.pdf](http://www.tr.undp.org/content/dam/turkey/docs/Publications/EnvSust/UNDP-Readiness_for_Climate_Finance.pdf)>.

Waibuta, Mereseini, et al. 2015. "Climate Public Expenditure and Institutional Review: Fiji." Ministry of Finance. Government of Fiji. Web.

Wall, Galvin. 2016. "Fiji: Tropical Cyclone Winston: Situation Report." Food and Agriculture Organization of the United Nations. Web.

WHO. 2013. "Pacific Island Countries." World Health Organization. Web.

World Bank. 2013. "Assessing International Climate Change Related Finance in Latin America and the Caribbean." World Bank. Web.

# [Appendix A]

SEOUL NATIONAL UNIVERSITY  
GRADUATE SCHOOL OF ENVIRONMENTAL STUDIES

## Interview Question Form

**Topic** Accessing Climate Adaptation Finance in the Pacific Island Countries: Case Study of Fiji

**Purpose of Interview** To obtain knowledge and information on the experiences (challenges and opportunities) of implementing entities in the GCF working on SIDS projects.

### Questions:

1. Can you provide basic information about your institution and the main tasks that you are responsible for?
2. Can you give a broad overview of the main donors climate adaptation finance to your institution?
3. What challenges have you experienced in accessing sources of climate adaptation finance?
4. What opportunities do you think there are in accessing more sources of climate adaptation finance?
5. How do you think these challenges/opportunities are unique in the Pacific Island Countries as opposed to other regions?
6. What do you think is the way forward for implementing entities in accessing climate adaptation finance?

Jihyea Kim, Master's Degree Candidate  
Seoul National University,  
Graduate School of Environmental Studies  
Mobile: +82 (0) 10 6212 1146  
Email: j.h.kayster@gmail.com

## [Appendix B]

[Table 13] List of Climate Change Adaptation Projects in Fiji (Bilateral)

No	Access Modality	Contributor	Bilateral Institution	Implementing Entity	Project Name	Countries	Funded Amount	Status
1	Indirect	Australia	AusAid	SPC	Finalization of New DRM Arrangements and Legislation	1	0.05M	Completed
2				SPC	South Pacific Sea Level and Climate Monitoring Project	12	9M	Completed
3				SPREP	Pacific iCLIM	3	1.41M	Completed
4				SPREP	The Pacific - Australia Climate Change Science and Adaptation Planning Program (PACCSAP)	14	23.91M	Completed
5				USP	Climate Change Adaptation in the Rural Communities	1	0.3M	Completed
6				UNDP	Pacific Risk Resilience Programme	4	14.3M	On-going
7				Multiple (regional IEs)	Climate Change and the Southern Hemisphere Tropical Cyclones Project	14	N/A	Completed
8				Not Determined	Developing Method for Adaptive Management and Protection from Climate Change	1	N/A	On-going

No	Access Modality	Contributor	Bilateral Institution	Implementing Entity	Project Name	Countries	Funded Amount	Status
9	Indirect	USA	USAID	SPC	Pacific Adaptation Project	12	25M	On-going
10				SPC	Vegetation and land cover mapping and improving food security for building resilience to a changing climate in Pacific island communities	6	4M	Completed
11				DAI	Pacific Islands Coastal Community Adaptation Project	12	14.46M	Completed
12				AECOM	ADAPT Asia-Pacific	14	19M	Completed
13				Multiple (regional IEs)	Asia Pacific Climate Change Adaptation Project Preparation Facility	4	N/A	Completed
14		EU	EU Bilateral Institutions	SPC	WACOP Changing Waves & Coasts in the Pacific	6	N/A	Completed
15				SPC	Building Safety & Resilience in the Pacific	14	20.97M	On-going
16				USP	Support to the Global Climate Change Alliance through capacity building, community engagement and applied research in the Pacific	13	14.75M	Completed

No	Access Modality	Contributor	Bilateral Institution	Implementing Entity	Project Name	Countries	Funded Amount	Status
17	Indirect			Multiple (regional IEs)	EU Adapting to Climate Change and Sustainable Energy	14	38.3	On-going
18		Canada	Canadian Development Agency	SPREP	Capacity Building for the Development of Adaptation Measures	4	2.2M	Completed
19		Germany	GIZ	SPC	Coping with Climate Change in the Pacific Island Region	12	14M	Completed
20		Finland	Finland	SPREP	Finnish-Pacific Project to Reduce Vulnerability of the Pacific Island Countries' livelihoods to the effects of Climate Change	14	N/A	On-going
21		Republic of Korea	Korea-PIF Fund	SPREP	Pacific Islands Climate Prediction Services Project	14	N/A	On-going
22		Multiple	Multiple	SPREP	Nansen Initiative	21	N/A	Completed
23		Multiple	Multiple	SPC	Implementation of the Regional Early Warning Strategy (REWS)	2	N/A	On-going
24	Direct	Australia	AusAid	Multiple (national IEs)	The Pacific Community Focused Integrated Disaster Risk Reduction Project	4	1.93M	On-going
25				Ministry of Finance	Pacific Islands Climate Prediction Project	10	3M	Completed

[Table 14] List of Climate Change Adaptation Projects in Fiji (Multilateral)

No.	Access Modality	Multilateral Institution	Implementing Entity	Project Name	Countries	Funded Amount	Status
1	Indirect	GEF Trust Fund	ADB	Strengthening Coastal and Marine Resources Management in the Coral Triangle	7	36.95	Completed
2		SCCF (GEF)	UNDP	Pacific Adaptation to Climate Change (PACC)	13	57.62M	Completed
3		SCCF (GEF)	UNDP	Piloting Climate Change Adaptation to Protect Human Health	7	20.46M	Completed
4		GCF	ADB	Fiji Urban Water Supply and Wastewater Management Project	1	31M	On-going
5		Adaptation Fund	UNDP	Enhancing Resilience of Rural Communities to Flood and Drought-Related Climate Change and Disaster Risks	1	5.72M	Completed
6		WB	GFDRR (WB)	National Disaster Risk Reduction	8	58.51M	On-going
7		ADB	SPREP	Implementation of the Strategic Program for Climate Resilience : Pacific Region	13	31.6M	Completed
8		ADB	Multiple (RIEs)	Regional Partnerships for Climate Change Adaptation and Preparedness	8	1M	Completed
9		IFAD	Multiple (RIEs)	Adaptation for Smallholder Agriculture Programme	4	6.5M	On-going
10		Multiple	WMO	Severe Weather Forecasting and Disaster Risk Reduction Demonstration Project	6	N/A	On-going
11		Multiple	SPC	Development of a DRM Web Search Tool	11	N/A	On-going
12		Multiple	Multiple (IIEs)	Support Project for Pacific Islands GUAN	17	N/A	Completed
13		Multiple	Multiple (IIEs)	Pacific Storms Climatology Products	21	N/A	Completed
14		Multiple	Multiple (IIEs)	Vulnerability and Adaptation Initiative	6	N/A	On-going



## Abstract [Korean]

남태평양도서국의 기후변화 적응 재정에 대한 접근성 연구:

피지 사례를 중심으로

김지혜

환경계획학과 환경관리전공

서울대학교 환경대학원

제 21 차 유엔기후변화협약 당사국총회(UNFCCC COP21)에서는 195 개 당사국 모두에게 법적 구속력을 가지는 파리협정이 채택되었다. 이는 개도국의 기후변화 대응을 돕기 위한 기후 재정의 새로운 시대의 시작을 의미하기도 한다. 당사국총회에서는 2020 년부터 개도국의 기후변화 대응을 돕는 데 매년 최소 1000 억 달러를 기후 재정으로 지원하기로 한 선진국의 합의를 재확인하였으며, 기후변화 적응 재정과 기후변화 완화 재정이 동일하게 중요함(equal importance)을 파리 협정에 명기하였다. 또한, UNFCCC 기후변화 금융 기금들도 기후재정의 할당과 분배에 있어 적응과 완화의 균형을 맞출 것을 요구했다.

한편 기후변화 적응 재정은 남태평양도서국에 있어 매우 중요한 자금이다. 남태평양도서국은 협약상 군소도서국(SIDS)에 속해 있으며, 기후변화 유발에 대한 책임이 거의 없는 반면, 기후변화 영향에는 매우 취약하다는 특징이 있다. 현재 남태평양 지역을 위한 기후변화 재정은 마련되어 있지만 실제로 남태평양도서국들은

재정에 쉽게 접근(access)하지 못하고 있으며, 필요한 재정과 실제로 받는 재정의 차이는 계속해서 벌어지고 있다.

이 연구에서는 피지의 사례연구를 통해 남태평양의 기후변화 적응 재정 시스템을 파악하고 재정에의 접근을 방해하는

‘제한’ 요인과 재정에의 접근을 촉진시킬 수 있는 ‘기회’ 요인을 알아보려고 한다. 연구자는 질적 탐구 (exploratory) 연구 방법론을 토대로 문헌조사 및 심층면접을 수행하였으며, 그 결과 선행연구가 거의 없는 연구 주제에 대하여 정보와 데이터를 수집할 수 있었다.

이를 바탕으로 도출한 연구 결과는 크게 두 가지로 요약할 수 있다. 첫째, 피지의 기후변화 적응 재정 시스템은 재정흐름, 주요 행위자와 접근 방법(access modality)으로 구분하여 설명할 수 있었다. 피지의 기후변화 적응 시스템의 재정흐름은 쌍방 흐름과 다자간 흐름이 있었으며, 주요 행위자는 원조국, 금융기관, 이행기관과 수령국이 있었으며, 재정 접근 방법으로는 간접 접근과 직접 접근이 있었다. 기후변화 적응 재정 시스템은 이러한 요인들의 다양한 조합으로 이뤄지고 있었다. 둘째, 기후변화 적응 재정 접근성을 방해하는 세 가지 ‘제한’ 요인은 다음과 같다: 1) 피지 정부의 역량부족으로 인해 재정을 받기 위한 기본 조건을 충족시키지 못했다; 2) 기후변화 금융 기금에 인증 (accreditation) 받는 과정과 프로젝트를 승인 받는 과정이 복잡하고 오래 걸리며 기금마다 그 방식이 달랐다; 3) 직접 접근 방식은 피지 정부 시스템에 역효과를 미치고 있었다. 미래에 더 많은 재정 접근을 촉진시키기 위한 기회요인은 다음과 같다: 1) 재정 지원에 있어서 성과 중심이 아닌 정부 기관 역량강화에 집중하려는 노력이 늘어나고 있다; 2)

남태평양도서국을 위한 인증 및 프로젝트 승인 과정이 간소화되고 있다; 3) 남태평양 지역의 네트워킹 및 정보 공유 기회가 많아지고 있다. 이 연구는 선행 연구가 많지 않은 주제와 지역에 대한 탐구적 연구를 실천했다는 점에서 의의가 있으며, 또한 피지 사례연구를 통해 기후변화 적응 재정에 대한 남태평양도서국의 현재 상황을 확인하고 문제점을 분석함으로써 기회요인을 제시하였다는 점에서 의의가 크다.

**주제어:** 기후변화 적응, 적응 재정, 적응 재정 접근성, 피지,

남태평양도서국

**학번:** 2014-24025