Access to Climate Finance in Pacific Islands Countries

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Pacific Islands Countries are a diverse group, including small, poor and very vulnerable to climate change…  

Pacific Island Countries: GNI Per Capita  
(In US Dollars, 2019)  

Source: World Bank  
Note - Countries marked ** are classified based on GNI per capita in 2018 to reflect latest data available.
Costs of Adaption are high, fiscal space is scarce and risk of debt distress is already high in many countries.

Source: IMF 2021 (Fiscal Policies to Address Climate Change in the Pacific).
The Climate Finance Gap

Increasing Pacific Islands access to grants and concessional loans is a critical macroeconomic issue in the coming decade.
Access to Climate Finance

Direct Access

Regional Access

International Access

Requires Accreditation
Requirements for accessing Climate Finance span multiple areas – PFM is but one

Accreditation:

- Fiduciary Standards
- Transparency and Accountability Provisions
- Gender Policies
- Environmental and Social Safeguards
- AML/CFT

Contains PFM-related Provisions

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# PIC Successes and Challenges

## Accreditation Phase

<table>
<thead>
<tr>
<th>Direct Access</th>
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<tr>
<td><strong>Challenges:</strong></td>
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<td>✓ Complexity of requirements.</td>
<td>✓ Lengthy process; re-accreditation needed every 5 years.</td>
<td>✓ Demand for support is too high; not all requests can be supported.</td>
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<td>✓ Requires significant resources where capacity is already thin.</td>
<td>✓ Readiness funding usefully deployed.</td>
<td>✓ Can only support small-to-medium size projects.</td>
<td>✓ Misalignment of priorities can constrain support.</td>
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### Successes:

- Reciprocal recognition allowing for “fast tracking” (although still lengthy process).
- Readiness funding usefully deployed.
- Gaps assessment helpful.
- Offer crucial support for GCF readiness grants.
- Large amounts of funding can be available even for low capacity countries.
- Implementation can begin earlier than with direct access.
- Re-accreditation done by international entity.
The way forward...

- Continue to Build PFM capacity
- Be strategic in matching climate project proposals with potential funding sources
- Establish dedicated climate finance units

Pacific Islands

Climate Funds

IMF

- Consider further streamlining & prioritization of access requirements
- Consider rebalancing to ex-post rather than all ex-ante requirements
- Seek other innovative ways to reduce the accreditation burden, beyond fast tracking.

- Continue with capacity development in core PFM & PIM
- Integrate climate challenges into macro surveillance
- Take analytical approach
- Use convening power

Pacific Islands Climate Funds IMF
Thank you!

Link to Report:
Unlocking Access to Climate Finance for Pacific Island Countries (imf.org)