



Report for the Micronesia Sub-Regional Private Sector Climate Finance Workshop

Theme: “Building Resilience through Strengthening Private Sector Engagement in Climate Change Finance and Public-Private Partnership”

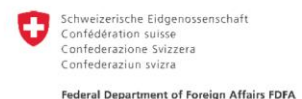
27-29 June 2023, Koror, Palau



Executive Summary

The second Micronesia Sub-regional Private Sector Workshop on enhancing private sector contribution to building resilience through improving access to climate finance and strengthened public-private partnership was held at the Palasia Hotel in Koror, Palau on 27-29 June 2023. This was made possible through the funding support from Intra ACP GCCA+ Pacific Adaptation to Climate Change and Resilience Building (PACRES) Project in collaboration with the Palau Chamber of Commerce and the Office of Climate Change.

The workshop was officially opened by the President of the Republic of Palau, His Excellency Surangel Whipps who spoke on the critical role of the private in building resilience to climate change and the challenges faced by the private sector in accessing climate finance. He added that partners including multilateral funding sources need to recognise the limited capacity of Pacific Island countries and make these complex processes more accessible for our region to support the countries in mitigating the impacts of climate change and disasters. Other opening





remarks were provided by the Acting Secretary General of the Pacific Islands Forum, Dr Filimon Manoni through a live presentation from the Pacific Islands Forum Secretariat in Suva. Other country participants and officials who were unable to participate in-person joined online that included some international guest speakers.

During the first two days, presentations were made by various speakers and group discussions including an opportunity for the participants to present on innovative ways to sustain business operations considering the impacts of climate change and the pandemic and the proposal development process. International and regional partners who presented included the Green Climate Fund (GCF), Adaptation Fund (AF), Asian Development Bank (ADB), CAMCO Energy, Global Green Growth Institute (GGGI), Micronesia Conservation Trust (MCT), United Nations Capital Development Fund (UNCDF), Tonga Chamber of Commerce and Industry (TCCI), Pacific Catastrophe Risk Insurance Company (PCRIC) and the Pacific Community (SPC).

The workshop ended on the third day with a field visit to businesses in a few states in Palau that are impacted by climate change and the pandemic and how they are building resilience into their operations.

Objectives and Intended Outcomes

2. The three-day workshop brought together representatives from the government and the private sector in the Federated States of Micronesia (FSM), Kiribati, Nauru, Palau and the Republic of Marshall Islands (RMI) (refer to Annex III) to discuss opportunities and share experiences on how the private sector can effectively contribute to national resilience building through regional and sub-regional dialogues. Such regional platform was recognised by the workshop participants as valuable. This is due to the threats brought about by extreme weather and natural hazards including the impacts of global pandemics in Pacific Island countries (PICs), where a shared approach by governments and the private sector is needed to ensure survival of local businesses and communities. To mitigate these impacts, access to innovative financing and other technical assistance and opportunities are mandatory to support a whole-of-country preparedness to climate change and disasters.

At the end of the workshop, participants would have:

- an improved understanding about the processes at the national, regional and global levels regarding climate finance;
- learnt from the experiences and knowledge sharing across the Micronesia sub-region including peer-to-peer learning initiatives;
- improved clarity on the role of the Green Climate Fund's (GCF) National Designated Authority (NDA) versus an accredited entity (AE), national processes and requirements (private sector with NDA and AE), country programs/priorities, and external requirements by the funding source; and



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- identified understanding and opportunities for improved collaboration at the national level and across the Micronesian countries around public-private partnership for potential sub-regional climate change projects and investments.

Key Issues Discussed

Regional and global climate finance architecture

3. The Green Climate Fund (GCF) represented by Georges Ernest Sander, Climate Investment Specialist presented on the GCF portfolio with a total approved funding of USD 12 billion to-date. Of this funding, about USD 7.2 billion (60%) is committed for mitigation and USD 4.8 billion (40%) is for adaptation. For climate change adaptation, there is an increased focus on transitioning towards a more climate and resilient food and nature eco-systems, agriculture and nature-based solutions including climate resilient infrastructure. Within climate mitigation, the focus lies on accelerating countries' energy transition, energy storage and decarbonisation of hard to abate sectors. Financial instruments that are offered by the Private Sector Facility include grants, guarantees, loans, equity, and reimbursable grants that can be accessed by countries. However, specific to micro, small and medium enterprises, the GCF can provide loans and partial credit guarantee to a local bank including equity investments through a private equity fund which beneficiaries and borrowers can access. The Adaptation Fund represented by Marcus Johannesson and Naoki Uozawa presented on the innovation funding that relates to grants for small projects accessible through the Direct Access Modality under the Innovation Facility of the Adaptation Fund. For the private sector, businesses can access resources through the Adaptation Fund Climate Innovation Accelerator for a maximum of USD 250,000. For this specific funding mechanism, applications are to be sent to UNDP and UNEP Climate Technology Centre and Network (CTCN). Pacific Islands Forum was represented by Karlos Lee Moresi and Teea Tira who spoke on the regional approach to supporting private sector engagement and the work on climate change and disaster risk finance including the 2050 Strategy and its proposed implementation approach.

National initiatives including investment plans to address the impacts of climate change

4. From the countries' presentations, it was clear that Government's role is to provide the necessary direction and leadership through investment programmes and policies to build resilience. Some countries have the National Adaptation Plan (NAP), Nationally Determined Contributions (NDC) Partnership Plan, GCF Country Programme, Energy Roadmap etc. which guide project proposal development in these areas. With all these plans including multiple systems and processes by donors, governments are sometimes overwhelmed to effectively coordinate climate actions with key stakeholders. Some key challenges remain following COVID-19, with an increased cost of imported goods and services including labour that impact business operation and delivery. However, there is opportunity for private sector engagement in infrastructure investment through planning and design, project co-financing, and partnering with government on climate change-related projects. There was also a call for governments to ensure fair play through engaging the business sector instead of state-owned enterprises (SOE)



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for the procurement of goods as this has been the case in some Micronesia countries. The limited capacity within government and the private sector was broadly acknowledged and the need to continue raising these issues at the national and regional levels. Technical support for the Chamber of Commerce to access funding opportunities was commonly raised during the meeting.

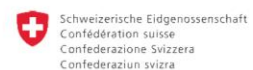
Country priorities for climate finance

5. A presentation to set the scene was provided by Tonga Chamber of Commerce on its GCF Readiness grant support through the Tonga Development Bank as the Direct Access Entity (DAE). Presentations followed from each country's National Designated Authority (NDA) representative who spoke on climate finance related projects funded by the GCF, Adaptation Fund and other bilateral and multilateral institutions. Although there were on-going projects by the governments, it was found that most of these projects had very little private sector involvement except for Palau which has a subsidy programme on carbon emission reduction and transition to renewable energy and concessional financing support for the agriculture sector through their National Bank. The readiness support grant accessed by countries from the GCF is an opportunity where private sector can be consulted and engaged to be able to identify opportunities that can also benefit the private sector. Such proposal will have to be discussed between the Chamber of Commerce and the NDA before an application is filed with the NDA. Some private sector participants saw value in information sharing and exchanges with countries that have accessed multiple readiness support grants which could help address some of their constraints with previous applications that were declined by the GCF.

Some key workshop outcomes

6. Generally, the two-day workshop has been one of the most interesting sub-regional dialogues due to the level of engagement and discussion among the participants. These outcomes were generally acknowledged and accepted to be progressed:

- Recognise the role of Pacific Trade & Invest and its offices globally to promote trade and investment for Pacific businesses;
- Mobilise technical assistance to build the capacity of the Chamber of Commerce and to bridge the gap between government and private sector;
- Ensure transparent and open dialogue with knowledge & information sharing and data improvement between the public and private sectors;
- Ensure private sector is part of the whole initiative/process – from design to implementation and making the most of private sector expertise and innovation; and
- Build on the strength as a collective where the Micronesia sub-regional Chambers of Commerce plan to set-up an organisation including CNMI and Guam to strengthen their participation in climate finance, trade and other sectors.

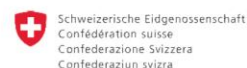


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Annex I – Programme

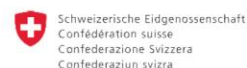
DAY 1 – TUESDAY 27 JUNE	
8.30 – 9.00am	Registration (PIF team)
9.00 – 9.10am	MC – Xavier Matsutaro, Palau Climate Change Coordinator Opening prayer – representative from Palau
9.10 – 9.40am	Opening remarks <ul style="list-style-type: none"> • Deputy Secretary General, Pacific Islands Forum, Dr Filimon Manoni Keynote address <ul style="list-style-type: none"> • His Excellency, President Surangel Whipps, Republic of Palau
9.40 – 10.00am	<i>Group photo and morning tea break</i>
10.00 – 11.00am	Introduction of participants <i>Session 1 - Chair: Xavier Matsutaro, Palau Climate Change Coordinator</i> Overview of the global and regional climate finance architecture including trends. What are financing opportunities available to the private sector and how can they be accessed? <ul style="list-style-type: none"> • Georges Ernest Sander, Green Climate Fund Private Sector Facility – overview of the Fund and opportunities for increased engagement of the private sector. • Naoki Uozawa and Marcus Johannesson, Adaptation Fund – overview and access to the innovation funding opportunities. • Karlos Lee Moresi and Teea Tira, Pacific Islands Forum – existing regional mechanisms for private sector engagement and the climate finance architecture. Q&A
11.00am – 12.00pm	<i>Session 2 - Chair: Pacific Islands Forum representative</i> Overview of current national initiatives including investment plans to build resilience and address the impacts of climate change. Joint presentation by government and private sector representatives from the Federated States of Micronesia, Kiribati, Nauru, Republic of Marshall Islands and Palau: <ul style="list-style-type: none"> • Lessons and opportunities to share from each country. • What can work better? Q&A



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12:00pm – 1:00pm	<p>Session 3 - Chair: Ltlatk Fritz, President of Palau Chamber of Commerce</p> <p>Brief overview on country priorities for climate finance e.g., GCF, AF or any other sources, readiness and project initiatives – provide a specific focus on priorities associated with climate financing and the possible opportunities for the private sector.</p> <ul style="list-style-type: none"> • Presentation by Malini Teulilo, Manager of GCF Readiness Project, Tonga Chamber of Commerce. • Brief presentation by NDA representatives from the Federated States of Micronesia, Kiribati, Nauru, Republic of Marshall Islands and Palau. <p>Q&A</p>
1.00 – 2.00pm	Lunch break
2.00 – 3.00 pm	<p>Session 4 - Group Exercise (rotating) 4 groups</p> <p>A scenario exercise that will require groups to have frank discussions on what is possible within the context of their sub-regional and national circumstances. Within the context of this scenario, the following questions will need to be addressed:</p> <ul style="list-style-type: none"> • What are some key ingredients for an effective and efficient collaboration of development actors in climate finance? • Considering the pandemic and the impacts of climate change, what are some innovative ways that have emerged to sustain business operations? Who plays a major role in this process? • Has the documented climate finance priorities or climate finance country programme (if any) been a valuable tool for your national implementation? If yes, how did it assist you? • What would be a key priority related to climate finance for the sub-region that could be escalated for consideration? <p>Group reporting back.</p>
3.00 – 3.20pm	Afternoon tea break
3.20 – 4.20pm	<p>Session 5 - Chair: Xavier Matsutaro, Palau Climate Change Coordinator</p> <p>Sharing the journey of NIE/RIE accreditation with success stories from the region involving the private sector.</p> <ul style="list-style-type: none"> • William Kostka, Director, Micronesia Conservation Trust (virtual) • Dirk Snyman, The Pacific Community (SPC) <p>Q&A</p>



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4.20 – 4.30pm	Wrap up for Day 1.
5.00 – 7.00pm	Welcome reception (Palau Chamber of Commerce).
DAY 2 – WEDNESDAY 28 JUNE	
9.00 – 9.15am	Welcome and prayer. Recap of Day 1
9.15am – 10.15am	<p>Session 6 - Chair: Xavier Matsutaro, Palau Climate Change Coordinator</p> <p>Showcasing opportunities available for the private sector towards green investment and public-private partnership.</p> <ul style="list-style-type: none"> • David Lloyd, Senior Investment Executive, Asian Development Bank – overview of financing for private sector adaptation and mitigation projects in the Pacific and opportunities for private sector engagement. • Julia Hollnagel, Senior Officer, Pacific Sustainable Mobility & Transport, Global Green Growth Institute - transition of the transport sector to zero emissions. • Paul Makumbe, Pacific Focal Point, CAMCO Energy – climate finance and investment in clean energy projects. • Trevor Ole, Chief of Party, USAID Climate Ready Project – challenges and opportunities with initiatives undertaken with the private sector. <p>Q&A</p>
10.15 – 11.15am	<p>Session 7 – Chair: Ltlatk Fritz, President of Palau Chamber of Commerce</p> <p>Role of the private sector in mitigation and adaptation actions (panel discussion)</p> <ul style="list-style-type: none"> • Sharing of experiences by private sector members – Federated States of Micronesia, Kiribati, Nauru, Republic of Marshall Islands and Palau.
11.15 – 11.35am	Morning tea break
11.35am – 12.35pm	<p>Session 8 – Chair: Ltlatk Fritz, President of Palau Chamber of Commerce</p> <p>Project proposal development.</p> <ul style="list-style-type: none"> • Group discussions on opportunities and challenges anticipated for the private sector. How can these be addressed?
12.35 – 1.35pm	Lunch break
1.35 – 2.35pm	Session 9 – Chair: Xavier Matsutaro, Palau Climate Change Coordinator



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	<p>Sharing the experiences and learnings of current engagement with the private sector and future opportunities in the Pacific through various settings.</p> <ul style="list-style-type: none"> • Praneel Pritesh, Technical Specialist, UN Capital Development Fund (UNCDF) • Avinesh Gounder, Pacific Trade and Invest (PT&I) • Pankaj Singh, Pacific Catastrophe Risk Insurance Company (PCRIC) <p>Q&A</p>
2.35 – 3.35pm	<p><i>Session 10 – Chair: Xavier Matsutaro, Palau Climate Change Coordinator</i></p> <p>How can the private sector support the NDA’s work?</p> <ul style="list-style-type: none"> • Group discussion on ways to broaden the dialogue, involve other partners, develop a programme of work to involve innovative finance solutions to support and scale-up climate mitigation and adaptation activities.
3.35 – 3.55pm	Afternoon tea break
3.55 – 4.30pm	<p>Next steps and linking to regional efforts.</p> <p>Closing remarks - Palau Chamber of Commerce.</p>
DAY 3 – THURSDAY 29 JUNE	
8.00am – 5.30pm	<ul style="list-style-type: none"> • Pick up at Palasia Hotel • Dody's Market - Women owned supporting women farmers and handicraft manufacturers. • BOFI in Malakal - Fishing supporting Pelagic Fish Initiatives for Blue Economy. • National Weather Station in Airai. • Taro Mill Center at BOA in Ngchesar - New taro flour manufacturing center, distributor, and gift shop. • Lunch - Ngerbau Park Ngarchelong. • Ebiil Society Facility in Ollei – Women-Led Traditional Skills in environment management and conservation. • NRFC and Co-op in Ollei Port - Northern Reef Fishers Cooperative and Canning Facility. • Return to Palasia Hotel.



Annex II – List of participants

MICRONESIA SUB-REGIONAL WORKSHOP TO STRENGTHEN PRIVATE SECTOR ENGAGEMENT IN CLIMATE CHANGE FINANCE AND PUBLIC-PRIVATE PARTNERSHIP, PALAU, 27-29 JUNE 2023 DAY 1, 27 JUNE

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Annex III - Workshop photos



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