



# Mapping of Private Sector Activities Related to Climate Change Adaptation and Mitigation in Samoa

March 2023





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# TABLE OF CONTENTS

<b>Abbreviations</b>	<b>4</b>
<b>Key messages</b>	<b>5</b>
<b>1.0 Introduction</b>	<b>6</b>
1.1 Purpose of the study	6
1.2 National Climate Change Policy Framework	6
<b>2.0 Consultation methodology</b>	<b>9</b>
<b>3.0 Consultation and literature review findings</b>	<b>9</b>
<b>4.0 Access to climate finance and related institutional support</b>	<b>10</b>
4.1 Current access to global climate finance resources institutional arrangements	10
4.2 Climate change investment opportunities	13
4.3 Private sector access to climate finance	13
<b>5.0 Conclusions and recommendations</b>	<b>15</b>
<b>List of Annexes</b>	
Annex 1 - List of documents consulted	18
Annex 2 - Summary of stakeholders consulted and responses	19
Annex 3 - Information note 1: Climate Finance Directory/Glossary	25
Annex 4 - Project concept note 1: Private sector consultative institutional framework	30
Annex 5 - Project concept note 2: Disaster risk reduction through business continuity planning	34
Annex 6 - Project concept note 3: Pathway for accreditation of a national implementing entity	38
Annex 7 - Project concept note 4: Accessing of equity/debt investment instruments for private climate finance	44

## ABBREVIATIONS

<b>ADB</b>	Asian Development Bank
<b>AF</b>	Adaptation Fund
<b>AFB</b>	Adaptation Fund Board
<b>CIM</b>	Community Integrated Management Plans
<b>CIS</b>	Climate Information and Services
<b>CRSC</b>	Climate Resilience Steering Committee
<b>DFAT</b>	Department of Foreign Affairs and Trade
<b>DRR</b>	Disaster Risk Reduction
<b>ECR PPCR</b>	Enhancing Climate Resilience, Pilot Programme for Climate Resilience
<b>EWACC</b>	Economy Wide Adaptation to Climate Change
<b>GCF</b>	Green Climate Fund
<b>GEF</b>	Global Environmental Fund
<b>GIZ</b>	Gesellschaft für Internationale Zusammenarbeit, GmbH
<b>IFC</b>	International Finance Corporation
<b>IMF</b>	International Monetary Fund
<b>JICA</b>	Japanese International Cooperation Agency
<b>LDC</b>	Least developed country
<b>MFEM</b>	Ministry of Finance and Economic Management
<b>MFAT</b>	Ministry of Foreign Affairs and Trade
<b>MNRE</b>	Ministry of Natural Resources and Environment
<b>MOF</b>	Ministry of Finance
<b>NAPA</b>	National Adaptation Plan of Action
<b>NDA</b>	National Designated Entity
<b>NDC</b>	National Disaster Council
<b>NGO</b>	Non-governmental Organisation
<b>NIE</b>	National Implementing Entity
<b>PACC</b>	Pacific Adaptation to Climate Change.
<b>PIFS</b>	Pacific Islands Forum Secretariat
<b>PMF</b>	Performance Measurement Framework
<b>PPCR</b>	Pilot Program for Climate Resilience
<b>PPP</b>	Public Private Partnership
<b>SCCI</b>	Samoa Chamber of Commerce and Industry
<b>SIDS</b>	Small Islands Developing State
<b>SPREP</b>	Secretariat for the Pacific Regional Environment Programme
<b>UNDP</b>	United Nations Development Programme
<b>UNFCCC</b>	United Nations Framework Convention on Climate Change
<b>UNEP</b>	United Nations Environment Programme

## KEY MESSAGES

- Comprehensive national planning and policy framework in place for addressing the impact of climate change in Samoa.
- Significant flow of climate finance funds towards national climate resilient projects, particularly in the last five years.
- Relatively limited awareness of private sector on how to access available climate finance resources but high interest in mobilising green investments to mitigate and adapt to climate change impacts.
- Need for more innovative mechanisms to leverage private investment and improve enabling policy environment for private climate investments.
- Samoa's ability to gain direct access to international climate finance will depend largely on its institutional capacities. The feedback from consultations indicates that Samoa's private sector does not yet have local institutions with sufficient capacity to develop and implement project proposals. These institutions will have to rely on regional and international accredited entities for international access, at least initially, with support from the international community and national government to prepare for direct access if they so choose.



# 1.0 INTRODUCTION

## 1.1 PURPOSE OF THE STUDY

This study is part of the Climate Finance Readiness for the Pacific Project funded by the Australian Department of Foreign Affairs and Trade (DFAT) and implemented via the Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ) by the Pacific Islands Forum Secretariat (PIFS) in Fiji. The project aims to increase private/public sector engagement in climate finance in Samoa through the development of a database, and climate finance concept papers.

This report therefore provides an overview of the existing national planning and policy framework and institutional arrangements relating to climate change in Samoa. Key findings from desk research and consultations with private sector businesses, gauging their level of awareness and interest, underpin the conclusion and recommendations to improve private sector access to appropriate climate finance instruments. Concept papers have been developed to elaborate and facilitate actioning of the key recommendations.

To facilitate and enhance private sector engagement in this study, the KVA Consult Team worked jointly with the Samoa Chamber of Commerce and Industry (SCCI). Meetings were also facilitated by PIFS through the DFAT/GIZ Climate Finance Readiness for the Pacific Project at the outset of the study, with key climate change-related entities, such as the ministries (MOF, MNRE) and the Secretariat for the Pacific Regional Environment Programme, to ensure that the institutional arrangements for climate change financing were fully captured in this report.

## 1.2 NATIONAL CLIMATE CHANGE POLICY FRAMEWORK

Samoa is exposed to a range of hydro-meteorological and geo-hazards. A 2018 report for the Pacific region by the International Monetary Fund ranks Samoa as one of the top three Pacific Island countries that suffer the most severe natural disasters.<sup>1</sup> Samoa is also ranked amongst the most vulnerable countries to climate change, including extreme weather and climate events - tropical cyclones and associated storm surges, flooding, earthquakes, tsunamis and droughts - as well as the risks of rising sea levels and increased average temperatures.


Climate change is compounding the vulnerabilities through increased frequency and intensity of climate-related events. As climate change worsens, as it surely will, impacts will increasingly harm economic growth in all sectors and threaten livelihoods. Some experiences have had catastrophic consequences that have led to loss of lives. Samoa's exposure to extreme climate change risks is expected to worsen. Business continuity risks have significantly escalated, resulting in an increasing number of businesses not being able to afford market-based risk minimisation arrangements. Government to date has been able to include compensation for private businesses affected by natural disasters as part of its post-disaster rehabilitation and construction, as evident from the 2009 tsunami experience.<sup>2</sup> Government planning for the future has now factored in projected climate changes that Samoa is likely to experience by 2050. These include:

- a 36 cm rise in sea level;
- a 1.2 per cent increase in average rainfall;
- a 7 per cent increase in extreme wind events; and
- an average increase in maximum temperatures of 0.7°C.

<sup>1</sup>IMF Working Paper 2018 - *The economic impact of natural disasters in Pacific Island countries: Adaptation and preparedness*

<sup>2</sup>Tagomoa-Isara, T. (2010). *Tourism Recovery after the 2009 Tsunami in Samoa (Thesis, Master of Tourism)*. University of Otago.





The Government of Samoa, like most Pacific Island governments, is committed to addressing the impacts of climate change and has already initiated several adaptation and mitigation actions to combat it. These initiatives have been implemented through a comprehensive planning and policy framework currently in place for enhancing resilience of communities and the whole country to the impacts of climate change. Key government ministries, such as the MOF and the MNRE, have been entrusted with ensuring an all-encompassing approach, inclusive of both public and private sector stakeholders, in Samoa's campaign to combat climate change and implement disaster risk management through institutional arrangements in place.

The Strategy for the Development of Samoa (SDS), prepared every four years, provides the government with a path to follow and be committed to over the period. The current period is 2016/17-2019/20 and this strategy is well aligned with the Sustainable Development Goals (SDGs) and the Small Island Developing States Accelerated Modality of Action (SAMOA) Pathway. It follows the theme Accelerating sustainable development and broadening opportunities for all. Climate and disaster resilience is a key outcome of the strategy. In relation to this, the relevant disaster and climate resilient goals are set to provide the following strategic outcomes.

- SDG 7 / Ensure access to affordable, reliable, sustainable and modern energy for all. Samoa's plan of ensuring 100% renewable energy efficiency by December 2017 is on track. It is premised on the vision to ensure that "by 2017 Samoa would rely on local renewable energy sources, namely solar, water and wind for 100% of electricity generation. Renewable energy sources are good for the environment and for a healthy population."<sup>3</sup>
- SDG 9 / Build resilient infrastructure, promote inclusive and sustainable industrialisation, and foster innovation. The 2017 update of the National Building Code enables a pathway towards Samoa meeting the goal of more sustainable housing. This update was funded through the Economy Wide Adaptation to Climate Change (EWACC) project and includes a section on natural disaster resilience.
- SDG 11 / Make cities and human settlements inclusive, safe, resilient and sustainable. The update of the Community Integrated Plans (CIM) in 2018 now provides a comprehensive overview of resilient investment across all 41 districts in Samoa.
- SDG 13 / Take urgent action to combat climate change and its impacts. Samoa's government is committed and is leading in the Pacific region in taking urgent action to combat climate change and its impacts. Climate change is a cross-cutting theme across all sectors in Samoa and is mainstreamed into all ministries' work plans.

The National Climate Change Policy 2020 - 2030, represents the overarching guidance or common reference document intended to identify the key interventions needed across the economic spectrum to build resilience to climate change. Taking action to build resilience to climate change impacts requires a whole of government approach that is inclusive of all members of Samoan society. There are 8 broad objectives identified for the Climate Change Policy in which objective 4 is identified to "Implement measures to enhance sustainable climate finance"

In addition, Samoa's First National Communication to the United Nations Framework Convention on Climate Change (UNFCCC) and the National Adaptation Plan of Action (NAPA), identified the critical sectors and areas that would experience adverse impacts of climate change and variability. They are:

- food security and agriculture;
- water supply;
- the health sector;
- biological diversity;
- energy supply;
- tourism;
- forests; and
- coastal areas.

In 2010, the Second National Communication Report was launched, and Samoa is finalising its Third National Communication Report.

<sup>3</sup>Strategy for the Development of Samoa, 2016/2017 to 2019/2020

Climate finance has, therefore, become more critical for countries such as Samoa as a means to address climate change. Since its inception, UNFCCC, has acted as the basis for the establishment of two main funding mechanisms: the Adaptation Fund (AF) and the Green Climate Fund (GCF). In addition to these, several other funding mechanisms have been developed, as shown in Figure 1.

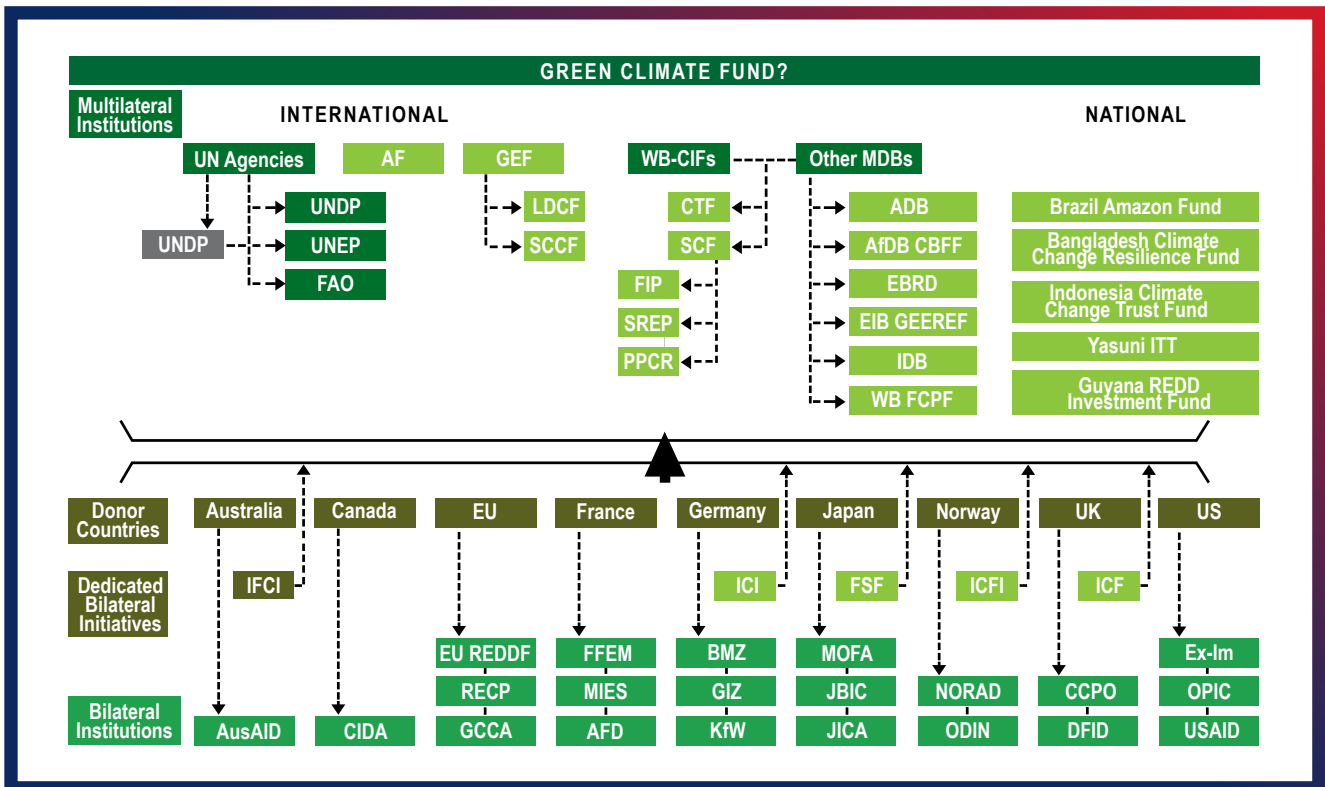


Figure 1: Climate finance sources





## 2.0 CONSULTATION METHODOLOGY

The process adopted in developing the report focused on gauging the private sector's level of awareness about climate finance access, as well as the areas they are keen to support with climate finance. In addition, the process also aimed at ensuring that the views of the private sector with regard to climate change in Samoa were captured in order to assist in the development of the mapping of this exercise through the concept notes.

A comprehensive desk research and literature review of key documents, reports, statistics and data was also undertaken. The documents were made available by key implementing agencies within the climate finance-related sectors during mobilisation and prior to the commencement of the study. The desk review assisted the team in validating some of the findings and views of the private sector noted in the survey undertaken. The documents and statistical information reviewed are shown in *Annex 1*.

Additionally, the findings of the desk research and literature review were validated through consultations (online survey and selective interviews) with key stakeholders (see *Annex 2*). The timely availability of some of the information was one of the constraints faced during drafting of the report, due to other competing priorities of the relevant stakeholders. An online survey was conducted, and the summary of findings is outlined in *Annex 2*. The development of concepts or ideas as per *Annexes 3 to 7* attached to this report is generated from the consultations with the private sector based on their needs. It is anticipated that once these concepts are considered and progressed further, could contribute to increased engagement between the Government of Samoa and the private sector through public-private partnership.

## 3.0 CONSULTATION AND LITERATURE REVIEW FINDINGS

The feedback from the online consultations indicates businesses in Samoa have a relatively low level of awareness of climate finance and understanding of links to their businesses. The literature reviewed and past undertakings further support this finding, in that there have been very limited opportunities for the private sector and non-governmental organisations to participate in climate financing in general. Despite the relatively low level of awareness, there is a relatively high level of interest to understand more about climate finance for both mitigation and adaptation activities.

## 4.0 ACCESS TO CLIMATE FINANCE AND RELATED INSTITUTIONAL SUPPORT

### 4.1 CURRENT ACCESS TO GLOBAL CLIMATE FINANCE RESOURCES

Samoa's high-level political support and commitment to addressing climate change has seen a steady increase in climate financing from development partners in the last decade. Climate change as a cross-cutting issue has significantly focused on the development of policies and planning frameworks for climate change adaptation. Developments to date have seen the institutionalisation of climate change and contextualising its effects pertaining to each sector in Samoa.

Addressing the impacts of climate change has led to a refocus in strategic objectives and outcomes for the various sectors in Samoa. This shows that Samoa's government is continuing to strengthen policies and implement climate proofing projects simultaneously.

Several development partners have committed to increase climate financing for adaptation and mitigation, which presents an opportunity for the private sector to transition into a low-carbon and resilient economy. The global mechanisms listed below are currently operating in Samoa, with an estimated USD 110 million grant secured for national climate change projects and more than 50% generated over the last five years, mainly through GCF.

- The **Global Environment Fund (GEF)** has funded several climate change projects in Samoa, including three NAPA priority projects and the approved *Economy-wide integration of climate change adaptation and disaster risk management to climate vulnerability of communities in Samoa* (USD 12.3 million) Project, which runs from 2014 to 2019 through the Least Developed Country Fund and the GEF Small Grants Programme and Pacific Adaptation to Climate Change (PACC) Project in 14 countries, including Samoa.
- **Pilot Program for Climate Resilience (PPCR)**, which is part of the Climate Investment Funds (CIF) administered by the World Bank (to which the UK, Germany and Japan are principal contributors.) Samoa accessed grant funds for investment projects, including: (i) Enhancing climate resilience of coastal resources and communities, USD 14.6 million; and (ii) Enhancing climate resilience of the West Coast Road, USD 14.8 million from 2013-2021.
- The UNFCCC has had the **Adaptation Fund** operating since 2007, with Samoa accessing **USD 8.7 million** for the Enhancing Resilience of Samoa's Coastal Communities to Climate Change Project which ended in November 2017.
- The bilateral/quasi global funding mechanism, the **Fast Start Funds**, as well as the **Green Climate Fund**, which has approved **USD 57.7 million** for Samoa's Integrated Flood Management to Enhance Climate Resilience of the Vaisigano River Catchment in Samoa from 2017-2023.
- The **ADB-administered Canadian Climate Fund** for the private sector in Asia has provided an additional USD 1 million concessional loan and also a preparatory technical assistance grant to help overcome some of the early-stage barriers to solar power development in the country. Under the financing package, Jarcon Pty Limited and Sun Pacific Energy Limited (SPEL) will expand a 2.2 megawatt (MW) solar farm in Samoa that is in partial operation.



## INSTITUTIONAL ARRANGEMENTS

Access to climate finance sources through global climate funds are managed through accredited national, regional and international entities and intermediaries. For example, GCF has accredited 59 entities of which 27 are international, 21 are national and 11 are regional.

In addition, the Adaptation Fund mechanism has to date accredited 46 implementing entities, of which 12 are multilateral, six are regional and 28 are national.

For Samoa, access to these climate change financing sources has been mainly through international implementing entities, such as ADB, UNDP and the World Bank. Although there has been dialogue between Samoa and regional organisations, this regional mechanism is yet to be tapped into.

Several climate funds have introduced the “direct access modality” to make financing directly available to partner administrations. To further support direct access of smaller island states, GCF has a total of USD 16 million available to immediately provide such support to countries, and may seek the release of further resources, depending on the needs of countries. Support for these activities in individual developing countries is capped at USD 1 million per calendar year. This support may be delivered to countries directly through national designated authorities or focal points through a wide range of delivery partners with relevant expertise and experience.

Accreditation processes, however, have remained slow due to complex and extensive requirements and limited human resources and capacities.

Samoa to date has focussed on developing its national capabilities in central government and state-owned enterprises in climate change through the implementation of the Adaptation Fund, GEF, ECR PPCR and GCF projects. Although there is no national implementing entity (NIE), Samoa is in the process of finalising its strategy to identify an accredited NIE for both the GCF and the AF. Core competencies that need to be institutionalised to secure access to both the GCF and the AF fund streams are shown in Figure 2.

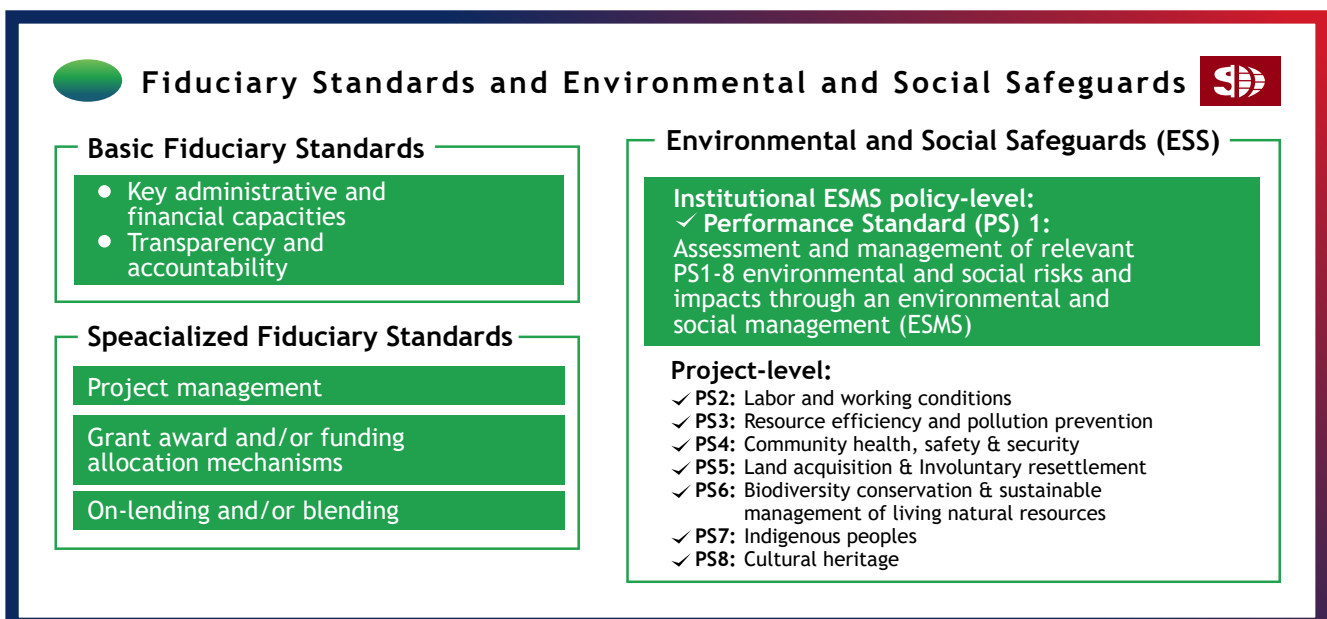
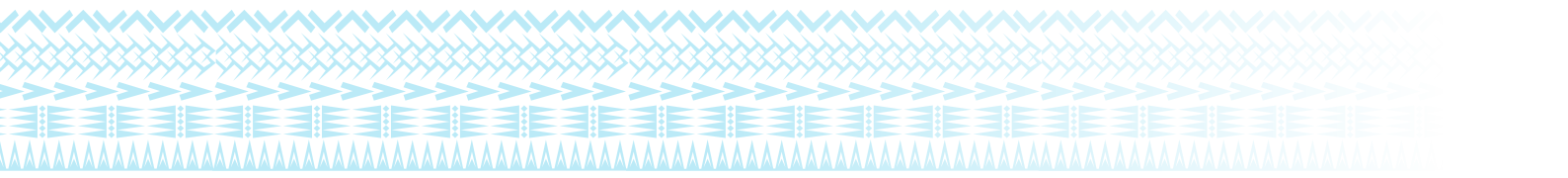


Figure 2. Core requirements for accreditation under the Green Climate Fund and the Adaptation Fund





Samoa's ability to gain direct access to international climate finance will depend largely on its institutional capacities. It is noted that there has been positive development to date over the last 24 months in the development of local capabilities and expertise in implementing both soft and hard solutions in the public sector and, to some extent, the private sector.

The feedback from desk research and consultations indicates that Samoa's private sector may take some time and resources to fully develop their capabilities to comply with the accreditation requirements. It was noted that discussions explored the possibility of a collaborative cluster of private and public sector institutions to create a compliant NIE to satisfy both GCF and AF requirements.

To date, GCF has approved "readiness support" for Cook Islands and Vanuatu to strengthen their engagement with the fund and pave the way for direct access to the fund in future. Additionally, accreditation for Cook Islands under its Ministry of Finance and Economic Management (MFEM) by the AF was completed in July 2016. In October 2018, the MFEM was also accredited to the GCF. These country experiences could provide a basis to guide small island countries such as Samoa to design their institutional arrangement for accessing climate change financing.

Fiji's experience with direct access through the Fiji Development Bank for GCF accreditation as NIE suggests that the process of accessing GCF was not easy. The application process itself is cumbersome and the information requirement is stringent. Support for accreditation was provided by the United Nations Environment Programme and lessons learnt from this process include the need for strong and clear fiduciary, environmental and social safeguards within the entity to be accredited. Given this requirement, Fiji, as part of its accreditation, opted to utilise the technical capacity within the Climate Change Division of the Ministry of Economy to provide the necessary safeguards.

The Cook Islands Readiness Support Program Agreement was signed with the GCF in January 2016 with the aim of strengthening the capacity of the national designated authority (NDA) to engage with the GCF. The budget allocated was USD 150,000 to be executed over 12 months. The intervention was also intended to enhance the capacity of the MFEM as the delivery partner, to further access and manage climate finance. The NDA, hosted by the Office of Prime Minister, and the Development and Coordination Division within the MFEM are jointly implementing this grant. The project has recruited consultants to work with the NDA and is expected to enhance the capacity of Cook Islands to access and manage climate change finance.

Vanuatu's Readiness Support Program was developed with support from the Secretariat of the Pacific Regional Environment Programme and was approved by the board in May 2016 with a total budget of USD 137,000 for a period of five months. The primary purpose of this readiness proposal is to determine the climate information and service needs of policy developers, planners and decision-makers in a vulnerable Pacific Small Island Developing State such as Vanuatu. In doing so, the proposal will allow for tailoring the delivery of climate and weather information and services for the issues and sectors most in need. The support is now complete and has led to the completion of the full GCF proposal entitled: **Pacific Climate Adaptation Policy and Planning Support through Applied Climate Information Services (Pac CLIM APPS)**, which aims to develop integrated, fit-for-purpose, climate information to support climate resilient development in Pacific Island countries.

## 4.2 CLIMATE CHANGE INVESTMENT OPPORTUNITIES

To map out climate change investment opportunities in Samoa, we have been able to identify from the desk research and consultations with relevant agencies of government the indicative sectoral capital investments pipeline listed in Figure 3.

Sector	Pipeline capital investment	Financing source
Energy	Piloting Biodiesel for Electricity Generation (EPC) (STEC) (MNRE)	Yet to be identified
Transport	Rehabilitation of the old wharf resilient access roads (SPA, LTA)	JICA
Communications & IT	New national ZAP radio at Vaea (MCIT)	Yet to be identified
Water & Sanitation	Rainwater harvesting resilient water supply upgrades (SWA, MNRE, CSSP)	As identified through CIM plans
Agriculture	Resilient replanting and supply chain for cocoa and coconut (MAF)	As identified through CIM plans - IFC

Figure 3: National indicative pipeline for capital investments

## 4.3 PRIVATE SECTOR ACCESS TO CLIMATE FINANCE

To identify an indicative demand by the private sector for climate change financing, online consultations with targeted members of the SCCI were carried out. The Samoa Chamber of Commerce and Industry (SCCI) has well over 300 registered members, of whom 135 were targeted for the online consultation. About 35 responses were received (26% response rate) which identified the key findings described below.

- The top five respondents were involved in agriculture, retail, manufacturing, tourism and construction/transportation. Some of the specific responses included the following.
  - ▶ **Agriculture** - “The impact of climate change to the environment and especially to the agriculture sector is severe. When it rains, it is very heavy with flooding affecting crops, transportation, etc. When it is dry season, the feed for the cattle and impact on crops is unbearable. We need ongoing training on how to cope with these changes and to access finance for climate change. We are discouraged to apply for funding when there is so much red tape in the process. The process for accessing funding must be simplified and user-friendly for farmers so we may access these facilities. Reporting requirements must also be simplified. Thank you for the opportunity to provide feedback. We would like to be included in further consultations on this matter”.
  - ▶ **Tourism** - “Coastal erosion and rising sea levels are becoming a serious problem, in the aftermath of tsunamis and cyclones; our foreshore and marine life are further compromised as our local village folk continue to trample on the coral and fish in the waters in front of us. Declaring this area, a marine protected area will help save existing marine life as it struggles to recover from the above”.

- Most of the respondents registered a high level of interest.
- The majority showed a relatively low level of understanding. One of the respondents stated: *“We request a simplified and user-friendly process so that communities and businesses may access climate change finance”*. Another respondent stated the need to *“send more information. Information on funding opportunities available, how to get it, is currently non-existent. It should be posted on the government website, written about in the Samoa observer, and government staff should be encouraging and reminding the private sector to use it at every opportunity. Climate financing will not be used unless it is made known, and people understand how it can benefit their projects”*.
- Most were interested in mitigation activities, followed by adaptation.
- Most showed a high level of interest for disaster risk reduction, energy generation, health, food, etc., livelihood/agriculture.
- Most answered that they do not receive assistance for climate change from the government yet.

For more detailed analysis of the responses from the private sector, please refer to Annex 2.





## 5.0 CONCLUSIONS AND RECOMMENDATIONS

The following conclusions and related recommendations to improve private sector engagement in Samoa are based on the feedback, the research and the analysis outlined above.

**Conclusion 1** - Whilst there is a high level of interest of the private sector to engage in climate financing access, there is a relatively low level of awareness and understanding of the available mechanisms, terms and conditions to access such assistance. Development and implementation of climate finance policies, strategies, plans and programmes of specific sectors are jointly led by relevant government agencies and the private sector to ensure a holistic approach to combating climate change impacts and ensure access to finance for private sector members. However, the institutional demands on the private sector to become effectively integrated into national planning and policy frameworks require strengthening.

**Recommendation 1.** Improve private sector awareness specifically towards accessing climate finance through capacity to fill in the necessary paperwork and strengthen the integration component of private sector membership in current institutional arrangements.

- ▶ **Strengthen the SCCI database of what is available** - A database of what is available has been created in collaboration with the SCCI. Its creation will assist in facilitating and updating critical information for the private sector and strengthen collaboration. In addition, the database provides a snapshot of what is currently available, compliance criterion under the GCF and the AF funding mechanisms, current and institutional arrangements in place for collaboration.
- ▶ **Glossary of climate finance terms and sources** - The development of a glossary for climate change is due to the relatively low level of understanding in the private sector, supported by the views of the participants through the survey consultation. The glossary aims to facilitate and enable meaningful engagement, given the availability of information. Full details of the various concepts are provided in the Information Note 1 as Annex 3.
- ▶ **Annual private sector awareness** - An annual climate finance undertaking co-hosted by the Ministry of Finance with technical support from the MNRE and SCCI will help ensure support and assistance from relevant development agencies, noting that SCCI capacity will need to be appropriately resourced. Additionally, the National Designed Authority Strengthening Programme can potentially mobilise technical assistance to facilitate and enhance this collaboration and can also be supported by the mechanisms under SPREP. Project Concept Note 1 in Annex 4 outlines a possible design and suggested process and organisation of an awareness process with the minimum of institutional costs. The idea is to strengthen the private sector component of institutional arrangements that are already in place. This will facilitate and enhance further genuine partnerships and an all-encompassing approach nationally in addressing climate change and disaster risk management and its adverse effects.

**Conclusion 2** - The increasing frequency of natural disasters has had significant adverse effects on the private sector and has resulted in escalating costs of market-based risk reduction arrangements. Whilst the government to date has been able to provide rehabilitation grants to adversely affected businesses, there is growing support for private sector disaster risk business continuity planning to mitigate the adverse impact of natural disasters.

There is widespread acceptance of the need to strengthen disaster early warning and preparedness, and to mainstream disaster risk and climate change into business continuity planning and financing. During the mapping exercise on the possible areas of strong demand from the private sector for climate change financing, there is strong support shown for disaster risk reduction measures for businesses to minimise damage and related losses of income from natural disasters, particularly in the tourism and agricultural sectors. In the tourism sector, there is a very low take-up of natural disaster/cyclone damage insurance policies due the relatively high insurance premiums.



**Recommendation 2.** Improve private sector disaster risk reduction business continuity planning.

- ▶ Disaster risk reduction is crucial in ensuring that risks are mitigated as much as possible and allow minimal disruption to business as usual. Therefore, there is a strong preference to preventive measures to reduce damages/risks.
- ▶ Project Concept Note 2 in Annex 5 explores how to further enhance private sector engagement in disaster risk reduction project activities. The work now under way between DMO and SCCI members can be further strengthened by the development of business continuity plans for targeted businesses as a pilot. Further strengthening of public education and awareness of disaster risks and reduction efforts is essential. This includes disaster risk information and knowledge through campaigns, social media and community mobilisation, taking into account specific audiences and their needs.

**Conclusion 3** - As experience with climate financing evolves, Samoa has been able to increase its access mainly through the international and multilateral accredited and implementing entities to supplement its growing climate resilient portfolio.

In the last decade since the implementation of climate change programmes, a high level of readiness within the central planning, financial management and environmental government ministries and implementing infrastructure agencies has been developed, given the level of access to climate finance to-date. The private sector consultants have also become increasingly involved in financial management and project management for climate change services. However, there has been very limited exposure and awareness of financial and investment state-owned enterprises to be considered as potential candidacy for NIEs.

**Recommendation 3.** Widening climate change modalities to include accreditation of a national implementing entity.

- ▶ A direct access pathway for Samoa would require consideration of the accreditation requirements, lessons learnt from institutional arrangements adopted by other Pacific Island countries, and possible blending of public/private sector institutions. This could provide the basis for compliance with the accreditation requirements of the climate change funds (GCF, AF). Full details are provided in Project Concept Note 3 in Annex 6.

**Conclusion 4** - The government recognises the need for improved access of private sector businesses to climate change financing. This could be achieved by direct private sector interventions or collaboration with the public sector, using a public private partnership (PPP) model, as recently introduced in the PPP's arrangement in the energy and the aviation sectors. Whilst the preference is for grant funding, there is growing support for introducing equity and debt financing to supplement climate change financing for the private sector. It can also be facilitated by the accreditation of the Samoa Development Bank which is currently underway.

**Recommendation 4.** Develop innovative debt and equity financing arrangement for commercially viable projects of the private sector.

- ▶ More innovative implementation modalities are needed to stimulate private sector access to climate finance. There are several mechanisms currently being employed by other Pacific Islands, such as the Fiji Green Bond and Vanuatu Carbon Offset Scheme. These have proven to be a good way to engage private sector interest and finance for climate-related projects. Samoa can build on these initiatives to leverage more climate financing for specific climate-related projects being developed by implementing agencies to combat the increasing climate change risks.

- ▶ Blending of public-private case for possible direct access for the private sector. Key candidates identified as possible entities that can be accredited to facilitate direct access of the private sector would be a combination of entities with mandates to facilitate the flow of funds, including the Ministry of Finance, the Development Bank of Samoa and the Unit Trust of Samoa. The focus will be to enhance access to the GCF Private Sector Facility, which in turn will leverage more private sector investment in small-medium enterprises in the agriculture and energy sectors.

Given the long-term nature in building capacity for direct access, other possible avenues that government can look at in terms of expanding the financial instruments available to the private sector include the issuance of Green Bonds and expanding the carbon offset schemes currently implemented by the Samoa Conservation Society.

The Project Concept Note 4 in Annex 7 explores the potential and constraints of such financial instruments so that a strategy could be developed for the Samoan private sector to tap into this source of financing/investment when the opportunities arise.





## ANNEX 1: LIST OF DOCUMENTS CONSULTED

1. Adaptation Fund Accreditation Toolkit English, 2017
2. Adaptation Fund - Environment and Social Policy, March 2016
3. Briefing - The Green Climate Fund Accreditation Process: Barrier or Opportunity? Issue September 2015.
4. CDCRM toolkit and example. Disaster Management Plan for Pitonu'u Village 2009
5. Climate Finance: Engaging the Private Sector by Shilpa Patel, Head of Climate Change Strategy and Metrics, International Finance Corporation
6. Community Integrated Management Plans 2018 for 41 districts
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20. Samoa National Climate Policy 2007
21. Samoa National Tsunami Plan 2008
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23. Samoa Flood Management Action Plan 2007-2012
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25. United Nations Framework Convention on Climate Change, 1992
26. GCF readiness program glossary of climate finance terms 2018

## ANNEX 2: SUMMARY OF STAKEHOLDERS CONSULTED AND RESPONSES

### PRIVATE SECTOR

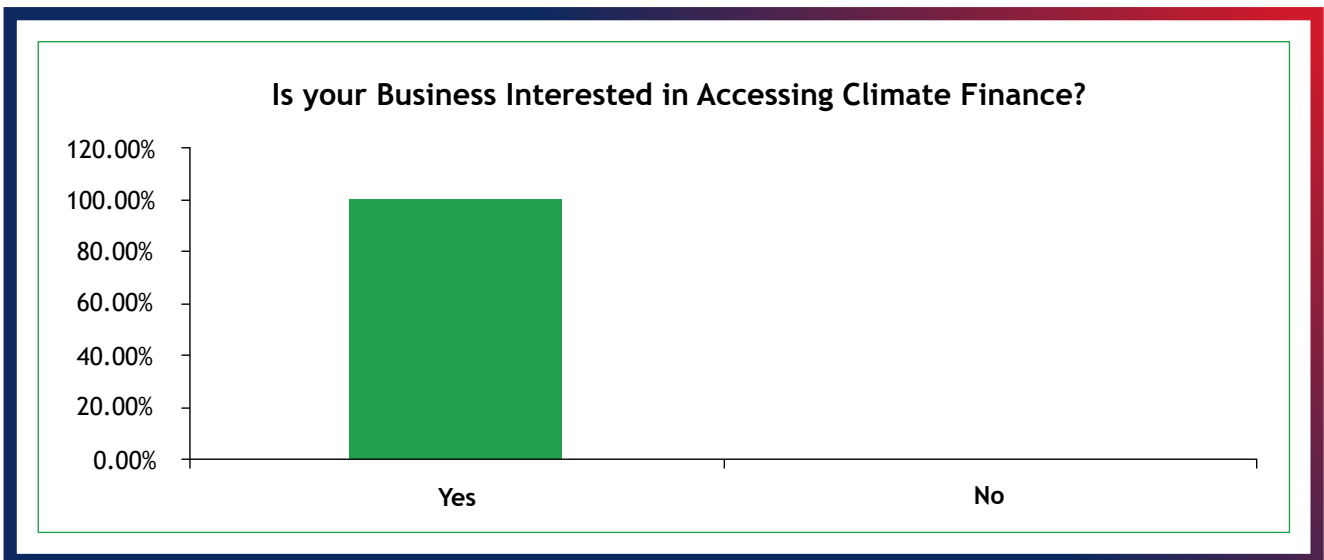
Business Entity	Sector/Industry	Business Entity	Sector/Industry
1. Amanaki Hotel	Restaurant and mobile food services activities	17. Millenia	Accommodation
2. Apia Export Fish Packers Ltd	Marine fishing	18. I.H Carruthers	Retail of clothing and apparel
3. Autosaver Samoa Ltd	Maintenance and repair of motor vehicles	19. Schwarz Construction	Construction of buildings
4. Bluesky Samoa	Other telecommunications activities	20. Multipharm Laboratories	Pharmacy
5. Business Systems Ltd	Retail sale of books, newspapers and stationery in specialised stores	21. PALAU Farm	Farming activities
6. Frankie Company Ltd	Wholesaler of food, beverages and tobacco	22. Le Uaina Beach resort	Accommodation
7. Infinity Samoa	Management consultancy activities	23. Rimoni Farms	Farming activities
8. KUKI Co Ltd	Manufacture of wooden containers	24. Pacific Jewel	Retailing of jewellery
9. Mailelani	Manufacture of other articles of paper and paperboard	25. JJ Green Builders	Construction of buildings
10. Samoana Rental Cars	Renting and leasing of motor vehicles	26. Sinalei Reef Resort & Spa	Tourism
11. Skyeye	Manufacture of electronic components and boards	27. Hotel Elisa	Tourism
12. Talofa Airways*	Passenger air transport	28. Travellers Point Hotel	Tourism
13. Treasure Box	Manufacture of jewellery and related articles	29. Savaii Koko, Vaimoana	Tourism and agriculture
14. Wave Front	Other professional, scientific and technical activities	30. Sooula traders	Retail and consumer durables
15. Fero Samoa	Manufacture of basic iron and steel	31. Evaeva transport-Public (bus) transportation services.	Transportation and delivery
16. Serendicoco	Support activities for crop production	32. Summit Lawyers	Business support & logistics
		33. Sooula Rentals	Transportation and delivery
		34. Sinaupualofa Foundation Trust	Non-profit
		35. Misiluki Rasmussen	Healthcare and pharmaceuticals



### Question 1

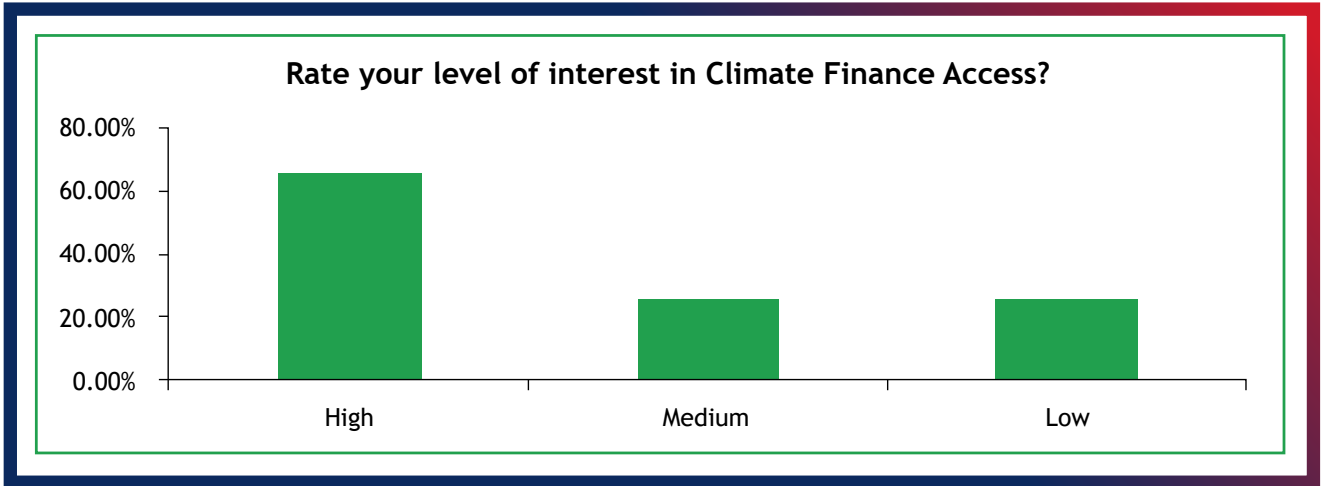


### Question 2

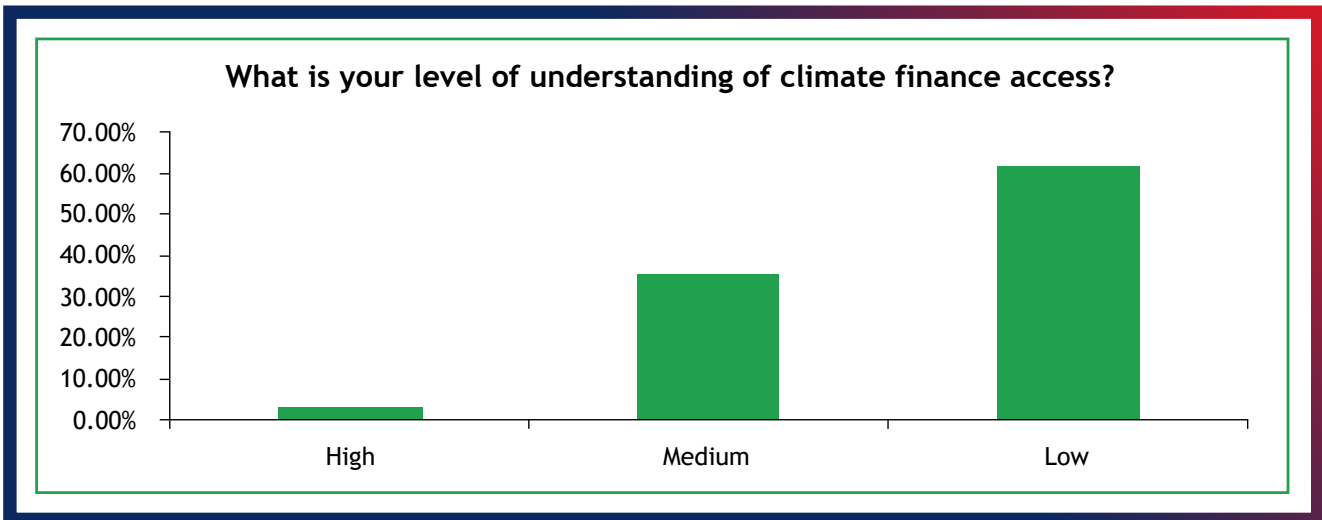




**Question 3**

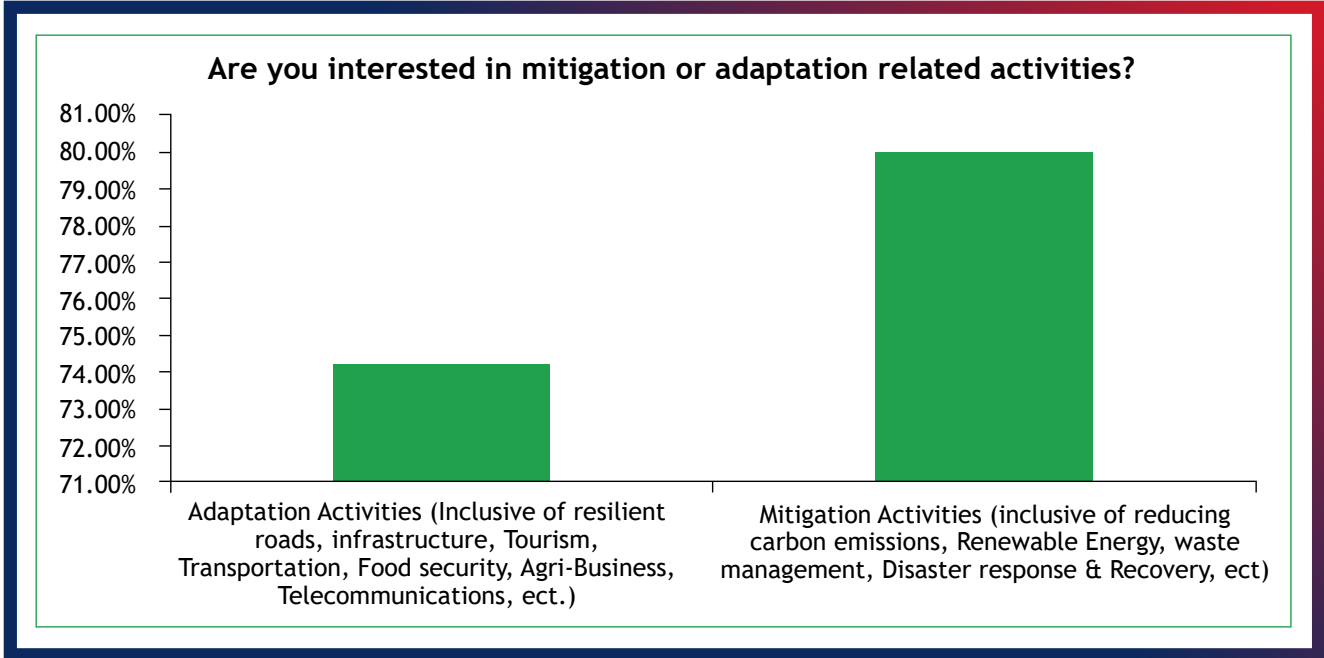


**Question 4**

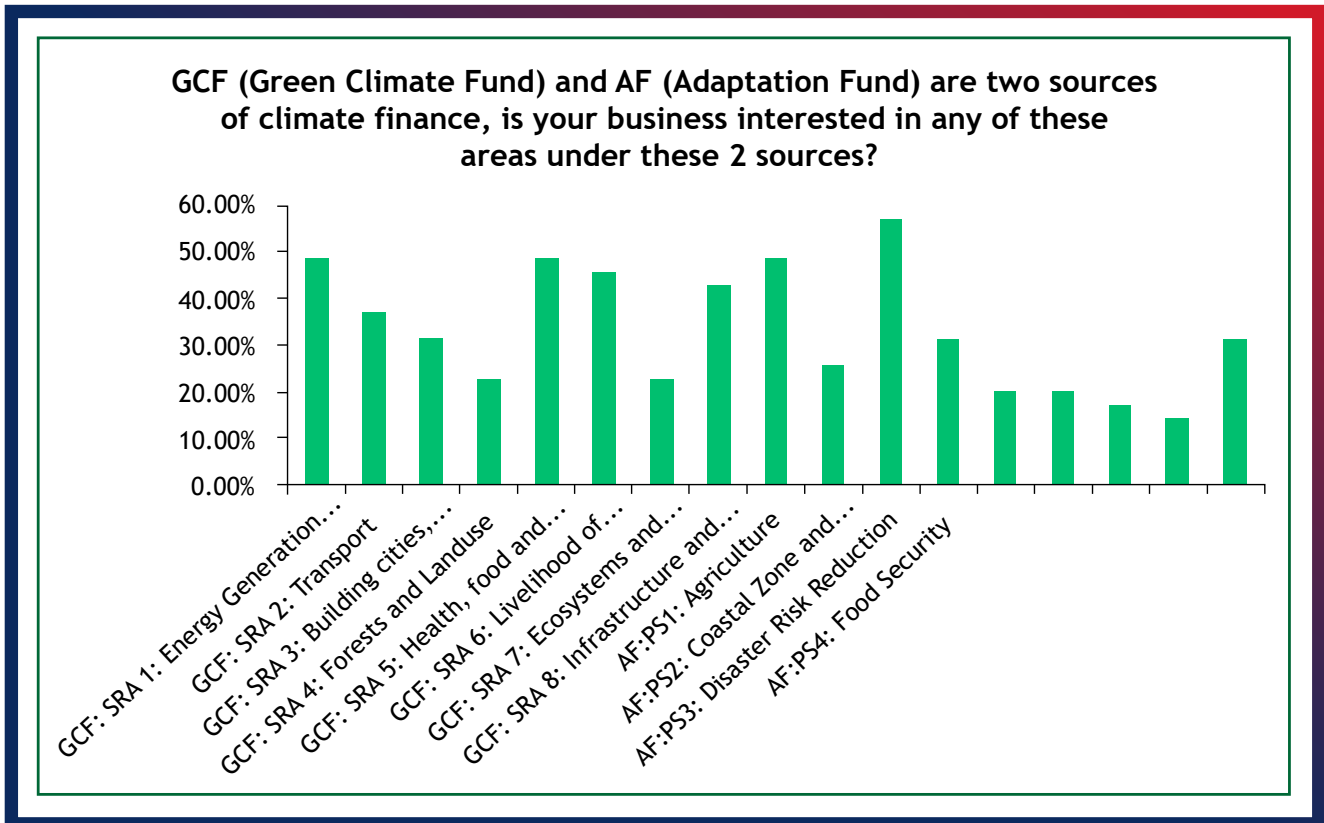




### Question 5



### Question 6



## Question 7

Increase private public sector engagement in climate finance in Samoa	
Has your company/organisation received any support provided directly from government or any other sources, including any public private partnership (PPP) arrangement, regarding “climate resilience” initiatives? If yes, please explain briefly.	
Answered	31
Skipped	4

## Question 8

Entity	Comments
Apia Export Fish Packers Ltd	Funding for the building and trialling of small (up to 20 m) Electric powered fishing vessels reducing or eliminating the requirements for diesel fuels.
Autosaver Samoa Ltd	In summary, interest revolves around transport, energy and livelihood of communities.
Business Systems Ltd	We would like to have funds provided to help us with our E-Waste project we are trying to initiate.
Frankie Company Ltd	Our company is diversifying into agricultural projects that maximise use of renewable energy processes.
Skyeye	Skyeye has skills in geospatial technology that will be highly useful for the climate change adaptation projects and we are eager to be involved in projects that help Pacific communities.
Wave Front	Please send more information. Information on funding available, how to get it, is currently non-existent. It should be posted on the government website, written about in the Samoa Observer, and government staff should be encouraging and reminding the private sector to use it at every opportunity. Climate financing will not be used unless it is made known, and people understand how it can benefit their projects.
Schwarz Construction	We are interested in this initiative, but we are limited in funding.
Le Uaina Beach resort	The biggest holdback in the private sector to develop climate resilience initiatives is access to funding.
Rimoni Farms	The impact of climate change on the environment and especially on the agriculture sector is severe. When it rains, it is very heavy with flooding affecting crops, transportation, etc. In the dry season, the feed for the cattle and the impact on crops is unbearable. We need ongoing training on how to cope with these changes and to access finance for climate change. We are discouraged to apply for funding when there is so much red tape in the process. The process for accessing funding must be simplified and user-friendly for farmers so we may access these facilities. Reporting requirements must also be simplified. Thank you for the opportunity to provide feedback. We would like to be included in further consultations on this matter.



Entity	Comments
Pacific Jewel	Interested in more information
Sinalei Reef Resort & Spa	Coastal erosion and rising sea levels are becoming a serious problem, following the aftermath of tsunamis and cyclones; our foreshore and marine life is further compromised as our local village folk continue to trample on the coral and fish in the waters in front of us. Declaring this area as an MPA will help save existing marine life as it struggles to recover from the above.
Travellers Point Hotel	We request a simplified and user-friendly process so that communities and businesses may access climate change finance.
Savaii Koko, Vaimoana	We would like to be involved with future climate finance workshops.
Soula traders	Thank you for the opportunity to become part of this initiative and we welcome the opportunity to become a more active part of these initiatives.
Evaeva transport - Public (bus)	This will make a significant impact on the relevant areas and parties involved. Communication of issues will be effective, clearer and factual; the parties (e.g. business owners) will be more responsible and become accountable for their part of the process with the relevant actions that need to be done. The sense of ownership is strong also with vested interest. The partnership through direct access to source of funding will be more manageable, with parties directly answerable to all and every aspect of the finance agreement.
Summit lawyers	Always interested in ways to better prepare our country for the inevitable.



# ANNEX 3: INFORMATION NOTE 1

## CLIMATE FINANCE DIRECTORY/GLOSSARY

### INTRODUCTION

The impacts of climate change have been an increasing problem globally, and even more so for developing countries in the Pacific region. With an ever-increasing frequency of irregular climates and weather patterns, combined with the abnormal increases of natural disasters, countries listed as *least developed* are most affected by these changes. These countries, including Samoa, are now looking at innovative ways to mitigate and adapt through climate change initiatives to safeguard the economic, social and environmental wellbeing of their countries.

The Government of Samoa, together with several other entities/organisations, has initiated several climate change projects to help the country adapt and mitigate the effects of climate change. Climate financing opportunities under UNFCCC (United Nations Framework Convention on Climate Change) can provide the opportunity for Samoa to initiate even more climate change projects.

The terms and abbreviations commonly used in discussions on climate finance make it difficult for many, particularly private sector businesses, to fully understand the essence of the discussions. A good understanding of these terms among the stakeholders is a prerequisite for making discussions on climate finance more meaningful. This glossary is an attempt to help stakeholders understand the most used climate finance terms and hence facilitate meaningful engagement. Users are recommended to key resources, including the Green Climate Fund (<https://www.greenclimate.fund/>) for more specific information.

#### Adaptation

Adjustment in nature of human systems in response to actual or expected climatic stimuli or their effects, which moderate harm or exploit beneficial opportunities.

#### Adaptation Fund

The Adaptation Fund (AF) was established in 2001 to finance concrete adaptation projects and programmes in developing country Parties to the Kyoto Protocol that are particularly vulnerable to the adverse effects of climate change. The Adaptation Fund is financed with a share of proceeds from the clean development mechanism (CDM) project activities and other sources of funding. The share of proceeds amounts to 2% of certified emission reductions (CERs) issued for a CDM project activity (UNFCCC 2018).

#### Adaptation Fund Board

The Adaptation Fund Board (AFB) is an operating entity, which supervises and manages the Adaptation Fund under the authority and guidance of the Conference of Parties serving as the Meeting of Parties to the Kyoto Protocol (CMP). It is composed of 16 members and 16 alternates. Nepal chaired the Adaptation Fund Board in 2016-2017.

#### Awareness

The knowledge /understanding of national and international entities with regard to climate change funding and how to access it.

#### Climate change

A change of climate which is attributed directly or indirectly to human activity that alters the composition of the global atmosphere and that is in addition to natural climate variability observed over comparable time periods.

## Climate finance

Climate finance is the flow of funds from developed countries to developing countries to address the issues related to climate change. It refers to local, national or transnational financing, primarily provided by developed countries. It may be drawn from public, private and alternative sources and mobilised to help developing countries mitigate and adapt to the impacts of climate change and to build resilience. They also aim to utilise the funds to ensure that their national development process is low carbon. Lately, climate finance is also flowing from richer developing countries to poorer developing countries in the form of South - South cooperation.

## Concept note

A concept note is a project or programme concept document that provides basic information about the project or programme. It is also a basis for seeking feedback on whether the concept is broadly aligned with the objectives and policies of the GCF. Based on the feedback, a full project proposal is developed and submitted to access GCF funds. An accredited entity may wish to submit a concept note seeking GCF funding.

## CRSC

Climate Resilience Steering Committee.

## Direct access

A mechanism in which national accredited entities of developing countries gain direct access to GCF funds to implement selected projects and/or programmes. These entities may wish to choose other executing entities to carry out the work.

## Direct access entities

These are sub-national, national and regional organisations that need to be nominated by developing countries' national designated authorities (NDAs) or focal points. Organisations nominated to become direct access entities may be eligible to receive GCF readiness support. This funding is designed to help organisations in developing countries prepare to become accredited entities, as well as helping those which have already been accredited to strengthen their organisational capacities.

## Disaster

This refers to a situation that arises from any happening, whether natural or otherwise, including: (i) any naturally occurring event affecting the whole or any part of Samoa; (ii) any fire caused by any means; (iii) any aspect of the safety of a ship or aircraft in Samoa's territory; (iv) any outbreak or spread of disease affecting humans, plants or animals; (v) the supply of water or the quality of water resources in Samoa; (vi) the breakdown of telecommunications in Samoa or between Samoa and other countries; and (vii) any other emergency event resulting from: (a) systems failure, infrastructure failure or human error; (b) which involves threat or danger to human life or health, or to the environment; and (c) which might require response agencies to respond under this Disaster and Emergency Act 2007.

## Disaster Advisory Committee (DAC)

The DAC is responsible for developing policies and plans. DAC member agencies are also responsible for the roles and responsibilities listed under the National Disaster Management Plan, including provision of resources to support implementation.

## Disaster risk reduction

This means all mitigation activities undertaken in accordance with the Disaster and Emergency Management Act 2007 to reduce the risk of hazards.

## Emergency

A situation in any part of Samoa which could result in or has resulted in widespread human, property or environmental losses and which does not require a substantial mobilisation and utilisation of Samoa's resources or exceed the ability of Samoa to cope using its own resources.

## Entity

Business or organisation legally recognised by government.



## **Environmental and social safeguards**

A reference point for establishing criteria for accrediting institutional capacities and entities seeking accreditation to the Fund, and for identifying, measuring and managing environmental and social risks. Its main purpose is to determine the key environmental and social risks the Accredited Entity intends to address in the conceptualization, preparation and implementation of funding proposals, and to provide guidance on how these risks are to be managed.

### **Fast track accreditation**

This is an accreditation process in which entities or a group of entities that meet other fiduciary, environmental and social principles and standards that are comparable to GCF's fiduciary standards and environmental and social safeguards may be eligible for GCF's accreditation through a process shorter than the standard accreditation procedure. Under the GCF, entities accredited by the Adaptation Fund, the Global Environment Facility, and the European Commission Directorate-General for international Cooperation and Development (Dg EU DEVCO) can apply for fast-track accreditation.

### **Funding proposal**

Document containing information on a proposed climate change project or programme, which is submitted by an accredited entity to the GCF Secretariat to access GCF resources.

### **GCF (Green Climate Fund)**

This is a new global fund created to support the efforts of developing countries to respond to the challenge of the climate change. GCF helps developing countries limit or reduce greenhouse gas emissions and adapt to climate change. It seeks to promote a paradigm shift to low-emission and climate-resilient development, taking into account the needs of nations that are particularly vulnerable to climate change impacts.

### **Gender policy**

The overall objective of the gender policy is to ensure that, by adopting a gender sensitive approach, the fund will efficiently contribute to gender equality and achieve greater and more sustainable climate change results, outcomes and impacts.

### **Gender equity**

Refers to the process of being fair to women and men. To ensure equity, measures often need to be taken to compensate for (or reduce) disparities in historical and social disadvantages that prevent women and men from otherwise operating on an equitable basis. Equity leads to equality.

### **Grant**

A grant is a type of financial instrument provided by the GCF to address a climate adaptation and/or a mitigation project/programme in developing countries with no expectation of a return payment. Both international and national entities accredited by GCF are eligible for grants as per the agreed terms and conditions.

### **Hazard**

This is something that may cause, or contribute substantially to the cause of a disaster or emergency.

### **Implementation**

Actions (legislation or regulations, judicial decrees, or other actions) that governments take to translate international accords into domestic law and policy.

### **International access entities**

These can include United Nations agencies, multilateral development banks, international financial institutions and regional institutions. GCF considers these organisations to have the wide reach and expertise to handle a variety of climate change issues, including ones that cross borders and thematic areas. International access entities do not need to be nominated by developing country NDAs / focal points.

### **LDCs (least developed countries)**

These are the world's poorest countries. The criteria currently used by the United Nations economic and social council (ECOSOC) for designation as an LDC include low income, human resource weakness and economic vulnerability.

## Mitigation

In the context of climate change, mitigation is a human intervention to reduce the sources or enhance the sinks of greenhouse gases. Examples include using fossil fuels more efficiently for the industrial processes or electricity generation, switching to solar energy or wind power, improving the insulation of buildings and expanding forests and other sinks to remove greater amounts of carbon dioxide from the atmosphere (UNFCCC 2018).

### Micro-, small-, and medium-sized enterprises pilot programmes

These were established by the GCF Board in 2016 as part of the Private Sector Facility. The programme aims to support micro-, small-, and medium-sized enterprises in addressing mitigation and adaptation challenges.

### MFAT (Ministry of Foreign Affairs and Trade)

MFAT is responsible for the administration of the government's business with foreign countries and their governments, as well as international organisations.

It also endeavours to initiate and continue to provide high quality and professional policy advice to the government on the management of Samoa's foreign and trade relations.

### MNRE (Ministry of Natural Resources and Environment)

MNRE leads the management of Samoa's environment and natural resources (MNRE 2018).

### MOF (Ministry of Finance)

The mandated functions of the MOF can be summarised as providing policy and strategic advice, as well as financial services, to the government in order to achieve sustainable, long-term economic outcomes and fiscal viability in order to achieve a good quality of life for all Samoan citizens.

### NAPA (National Adaptation Plan of Action)

Documents prepared by LDCs identifying urgent and immediate needs for adapting to climate change.

### NDA (National Designated Authority)

A core interface and the main point of communication between a country and the Green Climate Fund. The NDA seeks to ensure that activities supported by the fund align with strategic national objectives and priorities and help advance ambitious action on adaptation and mitigation in line with national needs. A key role of NDAs is to provide no objection letters for project proposals.

## NDC

National Disaster Council - Under the institutional arrangements for disaster risk management operationalised by the Disaster Management Office, NDC is the highest council that makes decisions for Samoa when an emergency or disaster arises. This council is chaired by the Hon. Prime Minister with all cabinet ministers as members and CEO MNRE as the secretary.

### Paradigm shift

A fundamental shift of all countries towards low-carbon and climate-resilient sustainable development, in accordance with the GCF agreed results areas and consistent with a country-driven approach.

### Performance Measurement Framework

A set of indicators established by the GCF to measure progress towards intended results based on the paradigm-shift objective, fund level impacts and project/programme outcomes as outlined in the GCF's mitigation and adaptation logic models.

### Private climate finance

This is the financial resource mobilised by the private sector to leverage the public climate finance in mitigating and adapting to the impact of climate change in developing countries. Private climate finance is represented in many forms, such as foreign direct investments.

## Resilience

This is the ability of a system, community or society exposed to hazards to resist, absorb, accommodate to and recover from the effects of a hazard in a timely and efficient manner, including through the preservation and restoration of its essential basic structures and functions, as defined by the United Nations Office for Disaster Risk Reduction.

## Response

This refers to actions taken in anticipation of, and immediately after, a disaster or emergency to ensure that its effects are minimised and that people affected are given immediate relief and support.

### Samoa Chamber of Commerce (SCC)

The SCC is an incorporated association of businesses and private sector organisations representing all areas of Samoa's private sector. The chamber's purpose is to act as Samoa's national private sector organisation and, in this capacity, promote the interests, well-being and growth of Samoa's private sector at the national, regional and international levels in order to improve the economic and social well-being of the people of Samoa. It is governed by a 14-executive council from all sectors including representatives of WIBDI (Women in Business Development Inc.), SHHA ( Samoa Hotel and Hospitality Association), SAME (Samoa Association of Manufacturers and Exporters) and BOSA ( Business of Salafai Association).

### SIDS

Small island developing states

### UNFCCC (United Nations Framework Convention on Climate Change)

This is the international environmental treaty negotiated at the Earth Summit in Rio de Janeiro from 3-14 June 1992, then entered into force on 21 March 1994.

### Vulnerability

Degree to which a system is susceptible to, or unable to cope with, adverse effects of climate change, including climate variability and extremes.





# ANNEX 4: PROJECT CONCEPT NOTE 1

## PRIVATE SECTOR CONSULTATIVE INSTITUTIONAL FRAMEWORK

### PROJECT SUMMARY

Lead agencies	Samoa Chamber of Commerce and Industry Ministry of Natural Resources and Environment
Support	Ministry of Finance
Location	Apia, Samoa
Objective	To conduct an annual climate finance forum, co-hosted by SCC, MoF and MNRE to showcase innovative climate finance instruments and initiatives
Indicative budget	SAT 50,000 to 100,000 p.a.
Potential sources of funding	Secretariat for the Pacific Regional Environment Programme (SPREP) GCF Climate Readiness Fund

### INTRODUCTION

Climate change financing in general is a fairly new concept in the Pacific region, let alone in Samoa and its private sector. In May 2017, the first Samoa Climate Finance Forum took place. It discussed three regional projects: (i) the USAID Climate Ready project; (ii) the USAID-Pacific Community (SPC) Institutional Strengthening in Pacific Island Countries to Adapt to Climate Change (ISACC); and (iii) the Department of Foreign Affairs and Trade of Australia (DFAT)-GIZ Climate Finance Readiness for the Pacific (CFRP) project.<sup>4</sup>

Although Samoa has done well to date in ensuring that climate change policies are embedded into its national planning frameworks and processes, the challenges have been human capacity constraints in central climate change, finance and planning agencies to develop and manage multi-sectoral climate change projects or programmes and to access global climate change finance.<sup>5</sup>

Preliminary findings of this scoping study conclude that the need for Samoa's private sector to have direct access to climate financing is high, but this finding is drawn from the limited section of the private sector whose level of interest this study has been able to gauge. From a holistic perspective, it must be made clear that the private sector's level of awareness in climate finance access is relatively low.

<sup>4</sup>SPREP - Sharing experiences on global climate change finance, a key feature of the Samoa Climate Finance Forum

<sup>5</sup>According to stakeholders discussing the way forward at a discussion on climate change in Samoa, organised by SPREP.

## ENGAGING THE PRIVATE SECTOR EXPLORING CURRENT NATIONAL INSTITUTIONAL FRAMEWORKS

A National Climate Resilience Steering Committee, chaired by the Ministry of Finance, was recommended in 2011 as part of the institutional arrangement to oversee the governance of the Pilot Programme for Climate Resilience (PPCR) for Samoa, funded by the World Bank. Under current arrangements, a private sector linkage was also established to ensure an all-encompassing approach in addressing and implementing hard and soft solutions for Samoa. During the scoping mission, it was noted that the “private sector plays a limited role in directly addressing climate risks. This is due, in part, to limited knowledge and awareness, as well as low technical and financial capacity to expand beyond their primary business focus”. <sup>6</sup>Figure 1 illustrates this current arrangement for climate change response in Samoa.

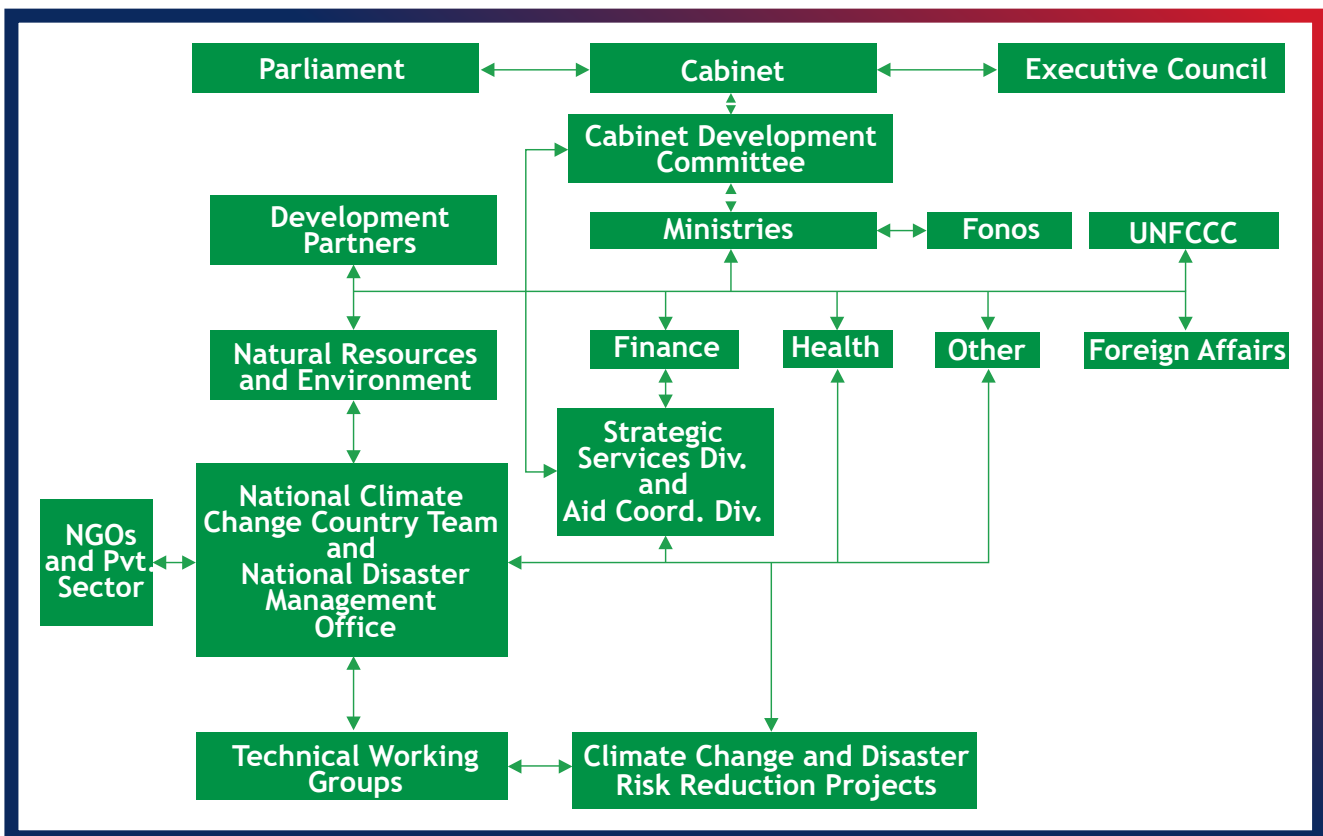


Figure 1. Institutional arrangement for climate change response in Samoa<sup>7</sup>

Given the links in Figure 1, past findings and current survey trends, and noting the low level of awareness as part of this undertaking, the need to have a mechanism in place to strengthen the private sector and NGO climate change component is paramount. This will facilitate an all-encompassing mechanism as intended under the current institutional arrangements and it will and strengthen genuine partnerships.

<sup>6</sup>Samoa - Strategic Programme for Climate Resilience Report 2011  
<sup>7</sup>Samoa - Strategic Programme for Climate Resilience Report 2011

## ANNUAL FACILITATION - STRENGTHENING PRIVATE SECTOR ENGAGEMENT IN CLIMATE CHANGE AND FINANCE ACCESS

The Samoa Chamber of Commerce and Industry is currently a member of the Climate Resilience Steering Committee, chaired by the CEO of the Ministry of Finance. It is also a member of the Disaster Advisory Committee, chaired by the CEO of the Ministry of Natural Resources and Environment. Both committees look at mitigation and adaptation measures to ensure climate resilience for Samoa in general. Membership of these two national committees puts the SCCI in a relatively strong strategic position in terms of the ongoing developments in Samoa for mitigation and adaptation activities. It also aligns with its mandated role as “Samoa’s national private sector organization to promote the interests, well-being and growth of Samoa’s private sector at the national, regional and international level to improve the economic and social well-being of the people of Samoa”.<sup>8</sup>

Given the low level of awareness in the private sector with regard to climate change, including climate financing access, a private sector annual climate change summit/forum is a possibility to explore. This will provide a platform for strategic collaboration, enhance knowledge and awareness levels, and strengthen the direct linkages to the existing institutional frameworks.

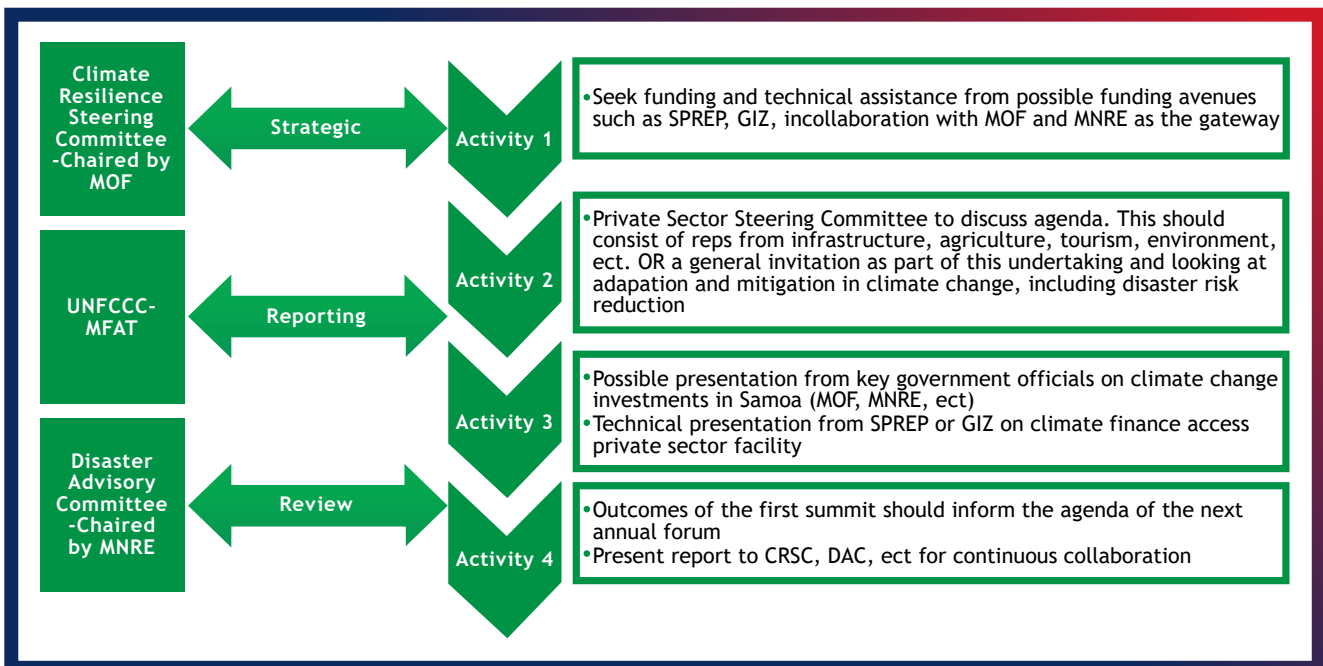


Figure 2. Schematic overview of strengthened institutional platform

<sup>8</sup>Samoa Chamber of Commerce & Industry Inc. website, <http://www.samoachamber.ws/>

## QUICK WINS - A HOLISTIC APPROACH TO ADDRESSING CLIMATE CHANGE

There have been numerous mechanisms introduced to Samoa under various types of funding assistance to address climate change at all levels. There has also been confirmation through various reports of minimal participation and meaningful engagement by the private sector to address climate change nationally and in totality. Genuine partnerships have been a key objective of government at all levels and across different many sectors in Samoa.

By having a coordinated and whole of country approach led by the government, climate finance needs of the private sector can be adequately discussed and addressed. In such coordination mechanism, proposals for funding of private sector related initiatives can be submitted to the Green Climate Fund through the National Designated Authority and other climate finance sources. In addition, collaboration with key technical ministries will be further consolidated under the established institutional arrangements in place.

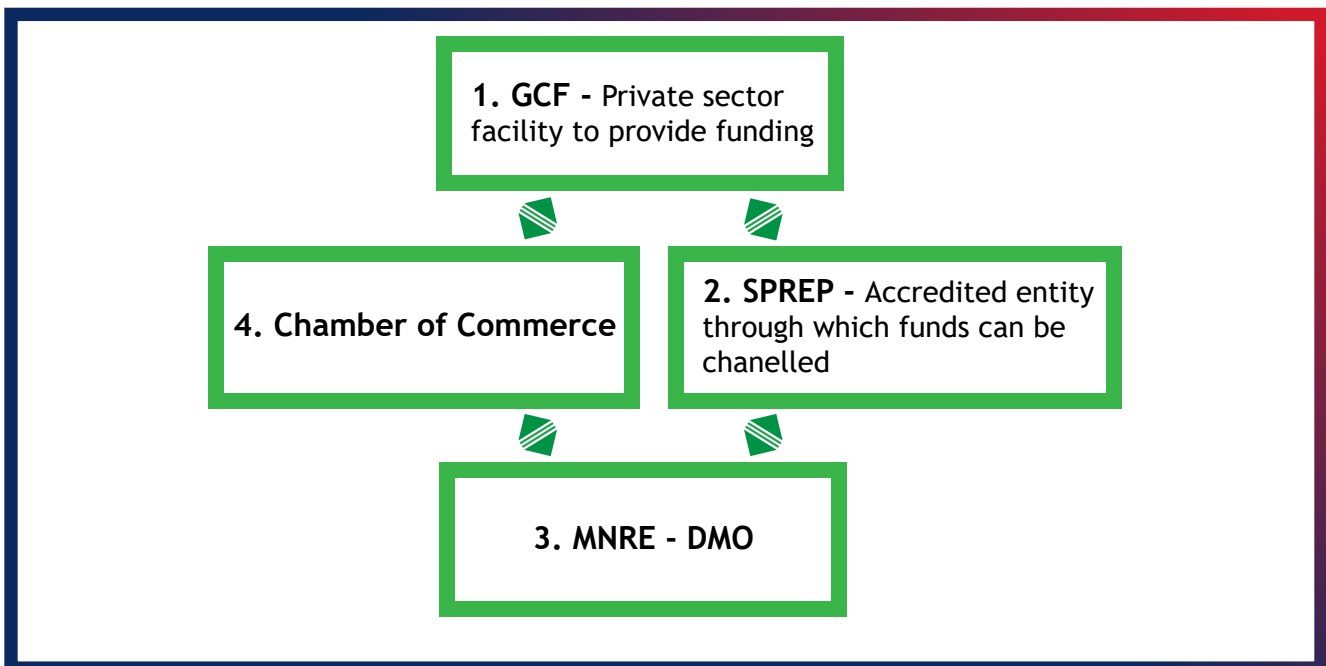


Figure 3. Suggested way to collaborate further



## ANNEX 5: PROJECT CONCEPT NOTE 2

### DISASTER RISK REDUCTION THROUGH BUSINESS CONTINUITY PLANNING

Lead agencies	Samoa Chamber of Commerce and Industry Ministry of Natural Resources and Environment
Location	Apia, Samoa
Objective	To facilitate the development of business continuity plans for disaster risk reduction.
Indicative budget	SAT 50,000 to 100,000
Potential sources of funding	Secretariat of the Pacific Regional Environment Programme (SPREP) GCF Climate Readiness Fund

### SAMOA'S NATIONAL DISASTER MANAGEMENT FRAMEWORK OF OPERATIONS

The Ministry of Natural Resources and Environment is the lead agency on behalf of the government, responsible for the facilitation and coordination of all activities pertaining to disaster management. Over the years, there have been substantial efforts to assist ministries and villages to develop disaster response plans to ensure preparedness before, during and after disasters. The Disaster Management and Emergency Act 2007 and the National Disaster Management Plan 2017-2020 guide the legal and strategic framework on which operations are based.

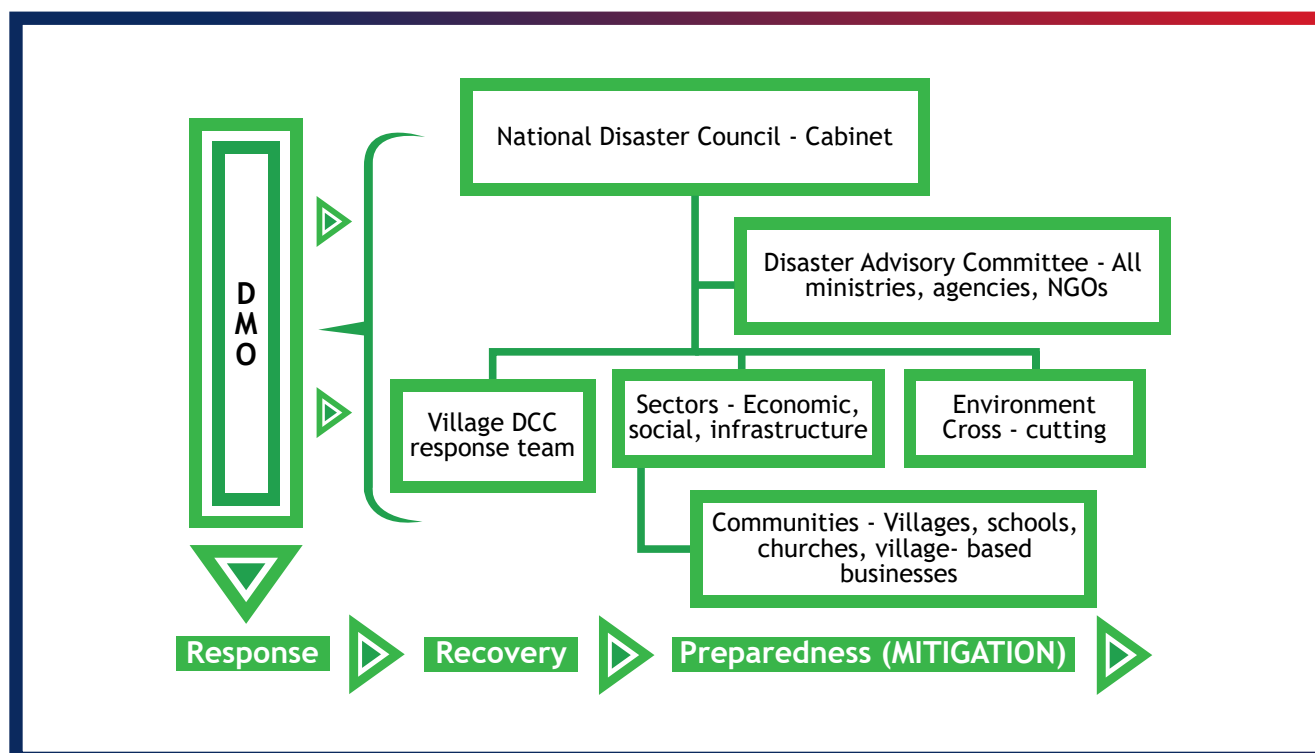


Figure 1. Institutional framework for disaster risk management in Samoa  
Source: National Disaster Management Plan 2017-2020, MNRE

### ► National Disaster Council

The National Disaster Council (NDC) is chaired by the Honourable Prime Minister with all cabinet ministers as members and the CEO MNRE as secretariat. The committee is the National decision-making body if and when a disaster or emergency arises in Samoa.

### ► Disaster Advisory Committee

The Disaster Advisory Committee (DAC) is the operational committee that reports to NDC. DAC membership includes all government ministries and agencies; non-governmental organisations, including faith-based organisations, and the Chamber of Commerce as the representative for private businesses. DAC meets on a regular basis to assist DMO in rolling out the various activities in all sectors, including the communities, to ensure that preparedness, response and recovery are ongoing processes.

### ► Disaster Management Office

The Disaster Management Office, in collaboration with the DAC, is responsible for coordinating preparedness before, during and after disasters and emergency events in Samoa.

## HOW CAN MICRO, SMALL AND MEDIUM ENTERPRISES BE ASSISTED IN FACILITATING BUSINESS CONTINUITY PLANNING?

Samoa, according to reports by IMF, has been recorded as one of the top three Pacific Island countries that suffer the most severe natural disasters. In addition, a report by the World Bank noted the impact on farmers, the time given to recover and the need to diversify in terms of crops. For years, the development of response plans has been mandatory for ministries and agencies to ensure that standard operational procedures are clear when a disaster or an emergency arises. These plans have assisted each entity to identify gaps in their disaster risk management preparations and address them. Private businesses are just as vulnerable. “Tourism, for example, is one of the most vulnerable sectors. However, the private owners of resorts have taken limited action to increase the resilience of their businesses.”<sup>9</sup>With the Chamber of Commerce as a member of the Disaster Advisory Committee, the process to ensure business continuity planning for the private sector will be a potential area of focus, in collaboration with the Disaster Management Office.

In recent years, risk transfer has become a component of overall disaster risk management. It shifts the responsibility or burden of disaster loss to another party through insurance or other means, with the aim of mitigating or minimising disaster losses. As the international community places increasing emphasis on disaster risk reduction, there is growing interest in the potential of risk financing solutions, of which risk transfer is a major component, as part of an overall disaster risk management strategy. <sup>10</sup>The recent implementation of the Catastrophe Pacific Insurance scheme in some Pacific countries, including Samoa, is a concept that can be further explored as part of business continuity planning.

<sup>9</sup>Samoa - Strategic Programme for Climate Resilience Report 2011

<sup>10</sup>A Workshop on disaster risk reduction and risk transfer: Toward concrete action in South Asia and East Asia and the Pacific - Summary Report

## GCF PRIVATE SECTOR FACILITY? HOW CAN IT ASSIST?

The GCF Private Sector Facility (PSF) supports both adaptation and mitigation activities. Priority countries have been the Small Island Developing States, the Least Developing Countries and African States. The GCF Private Sector Facility provides financing support through accredited entities that are multilateral, bilateral, regional and direct access modality. GCF's eight strategic areas have formed the basis on which funding access is premised.

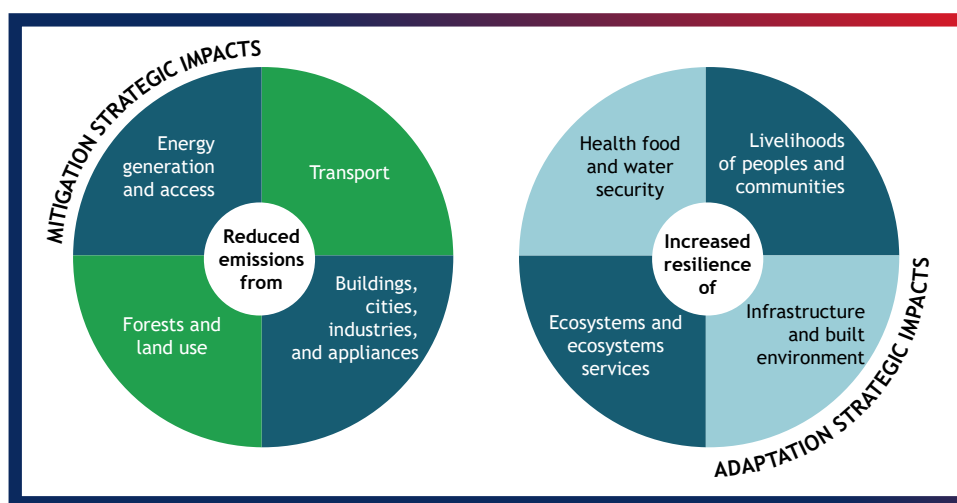


Figure 2. Eight strategic result areas of GCF<sup>11</sup>

Given the long-term nature in building capacity for direct access, other possible avenues that government can look at in terms of expanding the financial instruments available to the private sector include the issuance of Green Bonds and expanding the carbon offset schemes currently implemented by the Samoa Conservation Society.

The Project Concept Note 4 in Annex 7 explores the potential and constraints of such financial instruments so that a strategy could be developed for the Samoan private sector to tap into this source of financing/investment when the opportunities arise.

## REGIONAL AND INTERNATIONAL ACCREDITED ENTITIES IN SAMOA

Project funds are accessed mainly through accredited entities under GCF. SPREP, as a regional GCF accredited entity, “supports action on climate change in the key areas of adaptation, mitigation, policy and science. Key activities include: assisting SIDS to integrate climate change considerations into national planning and development processes; supporting and building capacity at the national and subnational levels through technical training on meteorological services, cost benefit analyses, vulnerability assessments and monitoring and evaluation; providing support to coordinate integrated adaptation measures; and implementing mitigation activities such as renewable energy projects (solar and biomass).”<sup>12</sup> Given their focus on national planning and development processes in addition to its strategic location, there is a foreseeable partnership through the institutional framework of government to assist in rolling out business continuity planning as a means of facilitating disaster risk reduction, which, in turn enables climate resilient and climate proof businesses.

In addition to SPREP, there is also the presence of UNDP, FAO and JICA in Samoa as GCF accredited entities.

<sup>11</sup>Identification of result areas where targeted GCF investments would have the most impact

<sup>12</sup>Green Climate Fund - South Pacific Regional Environment Programme

## THE WAY FORWARD

The Chamber of Commerce has signed a memorandum of understanding with the Ministry of Natural Resources and Environment (MNRE), in particular the Disaster Management Division. Three national workshops have been conducted to date with Chamber of Commerce members as an awareness campaign on disaster management for the private sector. Discussions with the CEO of the Chamber of Commerce noted enough support to continue these awareness programmes so that more private sector members are on board. The tourism and agriculture sectors in Samoa have been two of the most affected sectors economically over the years, in addition to the micro, small and medium enterprises. There is potential for a combined private sector climate resilience committee, comprising the Samoa Hotel Association, the Samoa Association of Manufacturers and Exporters and the Chamber of Commerce, in collaboration with MNRE. SPREP can be a potential gateway for GCF to invest in this area through established national processes.

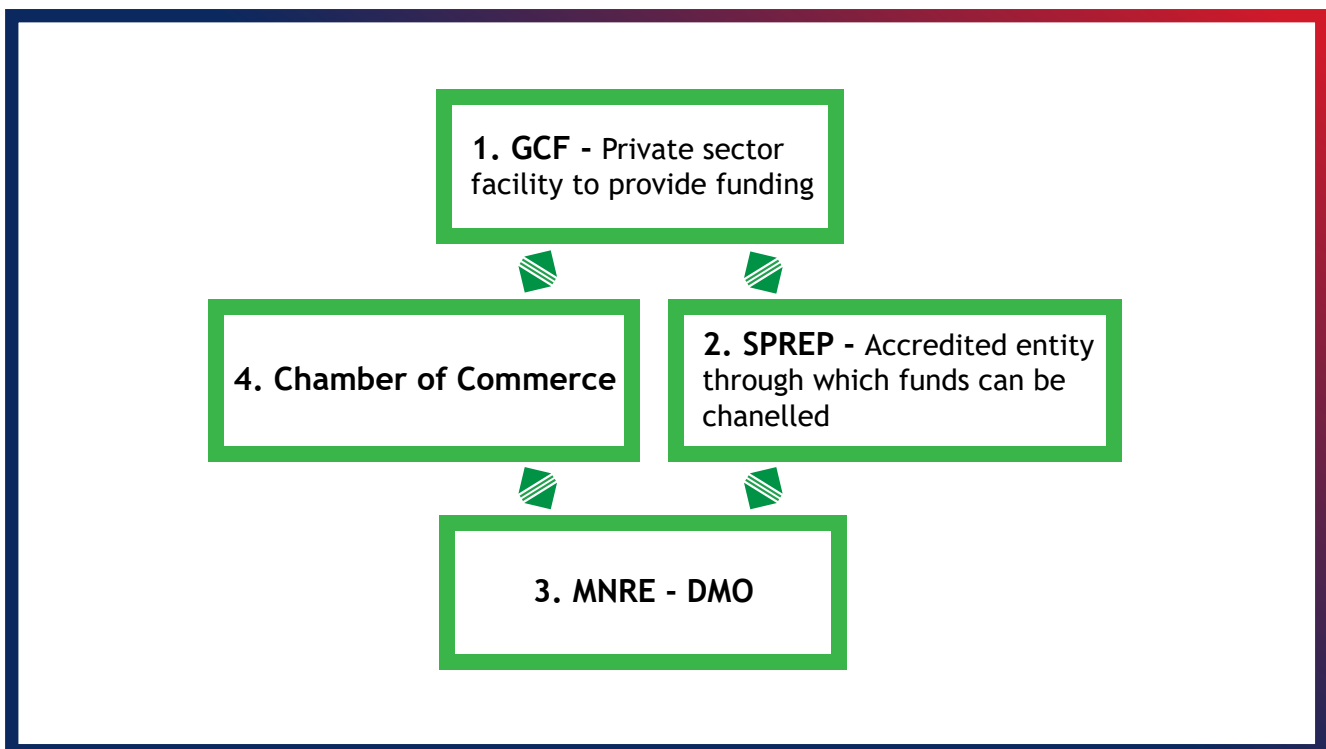


Figure 3. Suggested way to collaborate further



# ANNEX 6: PROJECT CONCEPT NOTE 3 PATHWAY FOR ACCREDITATION OF A NATIONAL IMPLEMENTING ENTITY

## OVERVIEW

Pacific SIDS urgently need to secure finance to adapt to climate change, yet many countries have found it difficult to access climate finance. This has been attributed to several factors:

- (i) Financing remains insufficient, relative to need and demand.
- (ii) Climate finance is delivered across many bilateral and multilateral players, which has resulted in a complex architecture of funds and providers.
- (iii) (P)SIDS face a complex web of eligibilities and variable application requirements that can be difficult to fulfil (due to, for example, limited technical and administrative capacities and/or co-financing requirements).
- (iv) (P)SIDS often lack available expertise and capacity to develop high-quality “bankable” projects for investment.
- (v) National public financial management systems and institutions vary in their strength and effectiveness.



## DIRECT ACCESS MODALITIES

As experience with climate financing evolves, Samoa has been able to increase its access to numerous facilities to supplement its growing climate resilient portfolio. Direct access to international funding means that the central functions of funding oversight and management are in the hands of domestic institutions, rather than multilateral or external agencies, but also operate under international guidance and rules. Direct access is not a new concept in climate finance.

The term *direct access* was first introduced in 2007 (during the meeting in Bali of the Parties to the Kyoto Protocol) in the decision to operationalise the Adaptation Fund. This decision defines direct access as the option for eligible parties to directly submit project proposals to the Adaptation Fund, and for institutions (normally termed ‘entities’) chosen by governments to approach the Adaptation Fund directly.

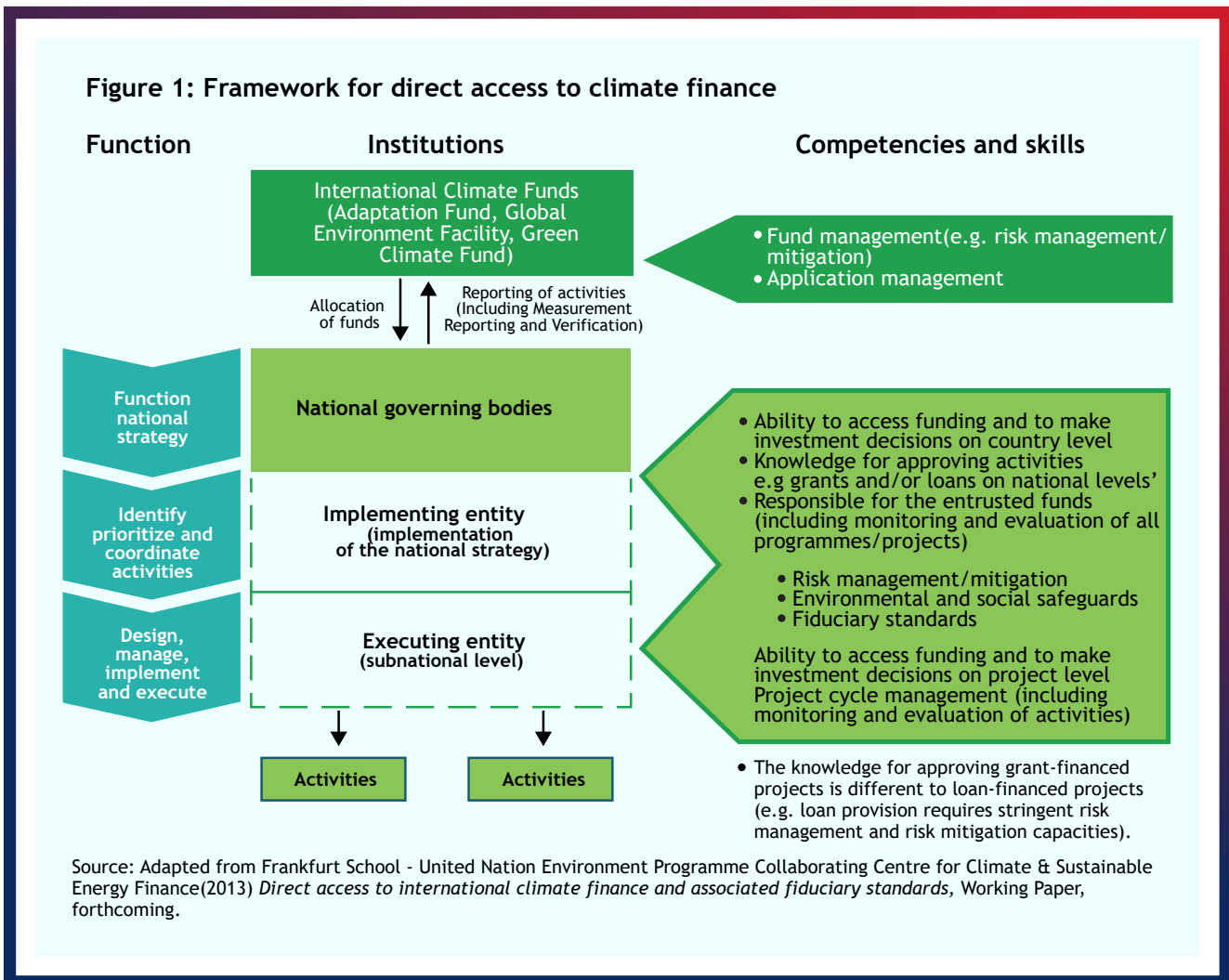


Figure 1. Framework for direct access to climate finance

## GREEN CLIMATE FUND

The Green Climate Fund (GCF) is the largest public-funded global mechanism for delivering climate finance to developing countries. The GCF Private Sector Facility (PSF) aims to boost private sector investment in adaptation and mitigation activities. The PSF will promote the participation of the private sector in developing countries, including SMEs. A snapshot of the accreditation process highlights a comprehensive process that would require substantial support for any identified entities keen to secure direct access.

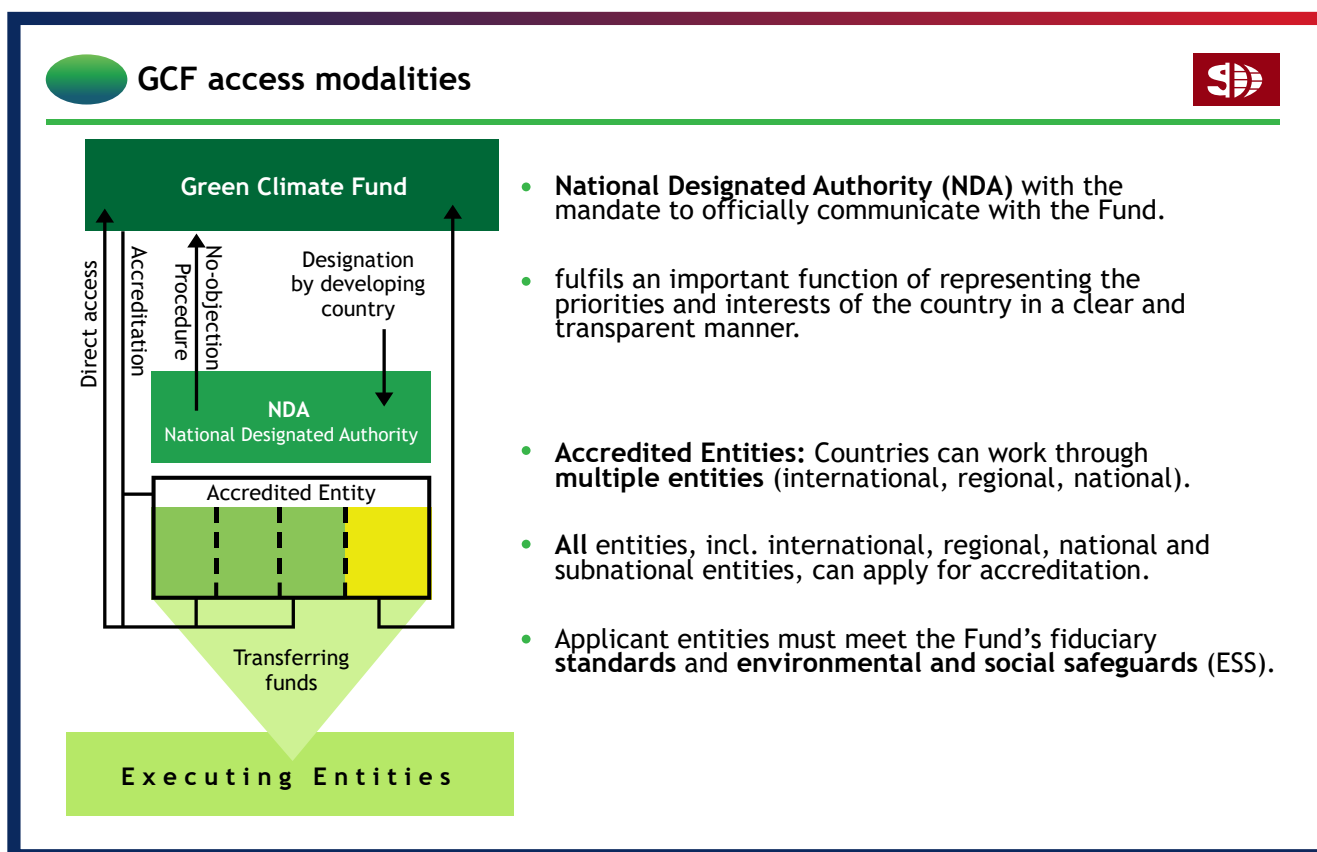


Figure 2. GCF access modalities  
Source: GCF/B.06/07

The mandate of the Green Climate Fund (GCF) is to ensure different degrees of ownership by recipient countries through different ways (modalities) to access funding, while promoting a country-driven approach. Core funding scope and key result areas for GCF funded projects are outlined below.

Project size category (USD million):

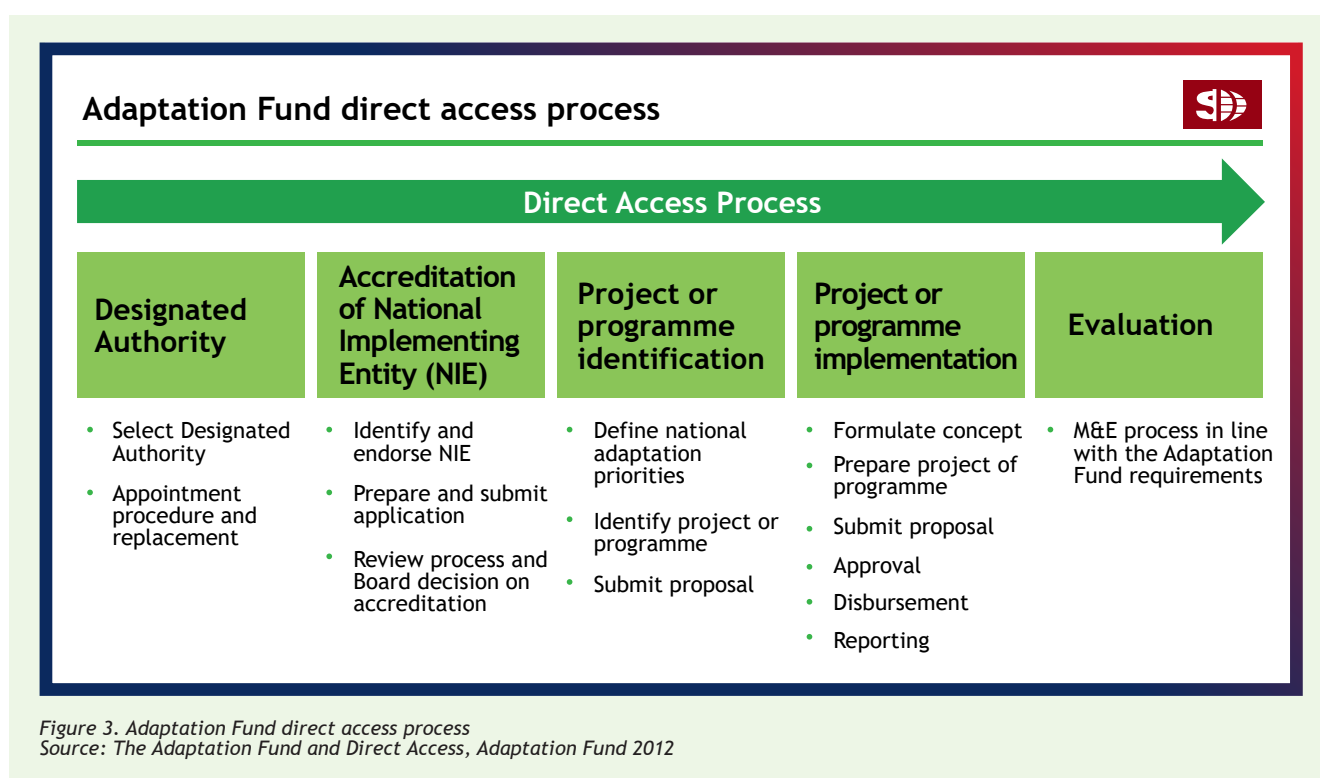
- ▶ Micro <=10 million
- ▶ Small 10-50 million
- ▶ Medium 50-250 million
- ▶ Large >250 million

## Key results areas


1. Reduced emissions from:
  - ▶ energy access and power generation (wind, solar, etc.);
  - ▶ low emission transport (rapid bus system, high speed rail);
  - ▶ buildings, cities, industries and compliances (energy efficient buildings/equipment, etc.); and
  - ▶ forestry and land use (forest conservation/water treatment and management, etc.).
  
2. Increased resilience of:
  - ▶ most vulnerable people and communities (diversification of supply chain management, relocation of manufacturing facilities/warehouses);
  - ▶ health and well-being, and food and water security (climate resilient crops, irrigation systems, etc.);
  - ▶ infrastructure and built environment (seawalls, resilient road networks, etc.); and
  - ▶ ecosystems and ecosystems services (ecotourism, etc.).

## ADAPTATION FUND

Under the Adaptation Fund, recipient governments can work with different access options, through a national implementing entity, a regional implementing entity or a multilateral implementing entity. To access the fund, these entities must be accredited by the Adaptation Fund Board, which is responsible for the development and oversight of project implementation and monitoring results. If the recipient government chooses a national implementing entity, it will use the direct access modality.







National implementing entities can be national legal institutions, such as a government ministry, a national climate finance institution, or an independent institution, such as a non-governmental organisation (NGO). The Adaptation Fund Board has stated that each eligible country should have only one national implementing entity. At the national level, for instance, a government may appoint a national implementing entity to apply for direct access to international climate finance (whereas at the international level, access to finance could be arranged via a multilateral agency, but this would be considered an ‘indirect’ route); Figure 1 illustrates the spread of actors and competencies that would be required for direct access at the national level.

## REGIONAL EXAMPLES OF DIRECT ACCESS

**Direct access approach through the Fiji Development Bank:** Fiji’s experience with GCF application suggests that the process of accessing GCF was not easy. On one hand, the application process itself is cumbersome and the information requirement is stringent. On the other hand, many government officials do not know how to navigate through the process to access this finance, and Fiji does not have all the required information. Furthermore, once the funding is approved, recipient governments also require additional capacity to implement the project.

**National designated authority approach:** Cook Islands readiness support agreement was signed with GCF in January 2016 with the aim of strengthening the capacity of the national designated authority (NDA) to engage with the Green Climate Fund (GCF). The budget allocated was USD 150,000 to be executed over 12 months. The intervention also intends to enhance the capacity of the Ministry of Finance and Economic Planning (MFEM) as the delivery partner, to further access and manage climate finance. The NDA, hosted by the Office of the Prime Minister, and the Development and Coordination Division (DCD) within the MFEM, will jointly implement this grant. The project has recruited consultants to work with the NDA and is expected to enhance the capacity of Cook Islands to access and manage climate finance.

**Regional accredited entity approach:** Vanuatu’s readiness support programme was developed with the support from the Secretariat for the Pacific Regional Environment Programme (SPREP) and was approved by the GCF Board in May 2016 with a total budget of USD 137,000 for a period of five months. The primary purpose of this readiness proposal is to determine the climate information and service needs of policy developers, planners and decision-makers in a vulnerable Pacific Small Island Developing State, Vanuatu. In doing so, the proposal will allow for tailoring of the delivery of climate and weather information and services for the issues and sectors most in need. The support is now complete and has led to the completion of the full GCF proposal entitled: **Pacific Climate Adaptation Policy and Planning Support through Applied Climate Information Services (Pac CLIM APPS)**, which aims to develop integrated, fit-for-purpose, climate information to support climate-resilient development in Pacific Island countries.

## POSSIBLE PUBLIC/PRIVATE SECTOR ARRANGEMENT FOR SAMOA

Key candidates identified as possible entities that can be accredited to facilitate direct access of the private sector would be a combination of entities with mandates to facilitate flow of funds including the Ministry of Finance, the Development Bank of Samoa and the Unit Trust of Samoa. The focus will be to enhance access to the GCF Private Sector Facility, which in turn will leverage off more private sector investment in small-medium enterprises in the agriculture and energy sectors.

## READINESS PATHWAY

Further support is needed for these agencies to prepare for accreditation under GCF. Core competencies that need to be institutionalised to secure access to both GCF and AF fund streams include those shown in Figure 4.

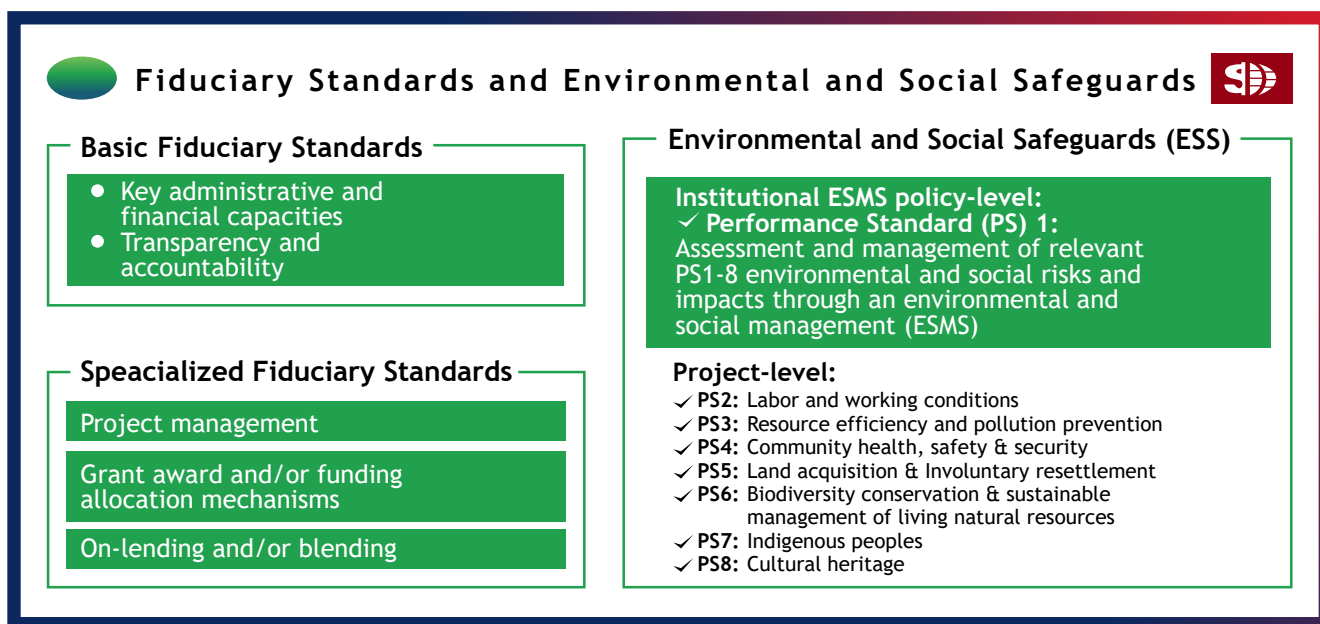


Figure 4. Fiduciary standards and environmental and social safeguards  
Source: GCF decision GCF/B.07/11, Annex I, II and III



# ANNEX 7: PROJECT CONCEPT NOTE 4

## ACCESSING OF EQUITY/DEBT INVESTMENT INSTRUMENTS FOR PRIVATE CLIMATE FINANCE

### PROJECT SUMMARY

Lead agencies	Ministry of Finance Central Bank of Samoa
Location	Apia, Samoa
Objective	To initiate development of innovative financial instruments, including green bonds and carbon offset schemes, to boost private sector access to climate finance
Indicative budget	SAT 500,000
Type of assistance required	Technical assistance Cash contribution
Potential sources of funding	International Finance Corporation, World Bank GCF Climate Readiness Fund

### INTRODUCTION

As experience with climate financing evolves, Samoa has been able to increase its access to numerous facilities to supplement its growing climate change portfolio. The implementation modalities, however, have not progressed as fast as envisaged during the design of these projects. This has been compounded by the limited baseline information available and the lack of technical capacity to undertake the required environmental and social safeguards.

Several Pacific Island countries have adopted various mechanisms to leverage climate finance resources for strengthening private sector initiatives. These include the use of blended climate finance instruments to fund both mitigation and adaptation initiatives. Samoa can build on the lessons learnt from these instruments in order to leverage more climate financing for specific climate-related projects being developed by the private sector to combat increasing climate risks.

### BLENDED CLIMATE FINANCE INSTRUMENTS

The International Finance Corporation (IFC) has been pioneering blended climate finance. Most IFC investments have been made on a commercial basis but the Global Environmental Facility, the Climate Investment Fund, and bilateral donor funds have also been a major source of concessional financing for IFC projects. The outside funds are often matched by IFC resources and can be deployed as concessional loans, guarantees, equity, and grants for private sector projects that would generally not have proceeded due to market barriers.

In a recent study, the IFC reported that, between 2006 and 2013, it had committed 39 investment transactions using blended finance; 15 of these transactions used guarantee instruments, 23 used debt products, and one project used equity. Nearly three quarters of these projects are investments made through local financial intermediaries, where every dollar of concessional finance to financial intermediaries has leveraged more than USD 13.8 of investment on the ground, including USD 9.00 of IFC investment that would not have occurred without such risk mitigation support.

It should be recognised, however, that, despite the successes of IFC’s blended finance models, there are challenges in reaching Least Developed Countries and Small Island Developing States. This is due to a lack of sophisticated capital markets and the IFC’s mandate to respond to private sector demand with its general cap on providing more than 25 per cent of the total financing requirement. As a result of this and higher levels of private sector activity in relatively developed markets, projects tend to be located in middle-income countries.

The GCF has also promoted blended funding through the use of four financial instruments: concessional loans, equity, grants, and guarantees that can be used through different modalities and at various stages of the financing cycle. Debt and equity instruments can help close a specific financing gap for specific projects and programmes, thus bringing more projects and programmes to fruition, while guarantees can crowd in new private sector financing from multilateral development banks, national development banks, and others.

## GREEN BOND OPPORTUNITY

### What are green bonds?

According to the IFC, green bonds are simple fixed income instruments that resemble traditional corporate bonds with the added benefit that they finance environmentally sustainable projects. The key to these bonds is simplicity; investors need to clearly understand the risks they are taking and must be able to easily allocate the instrument in their portfolio. The bonds must also be easy to replicate. The core principles for any green bond issuance are shown in Figure 5.

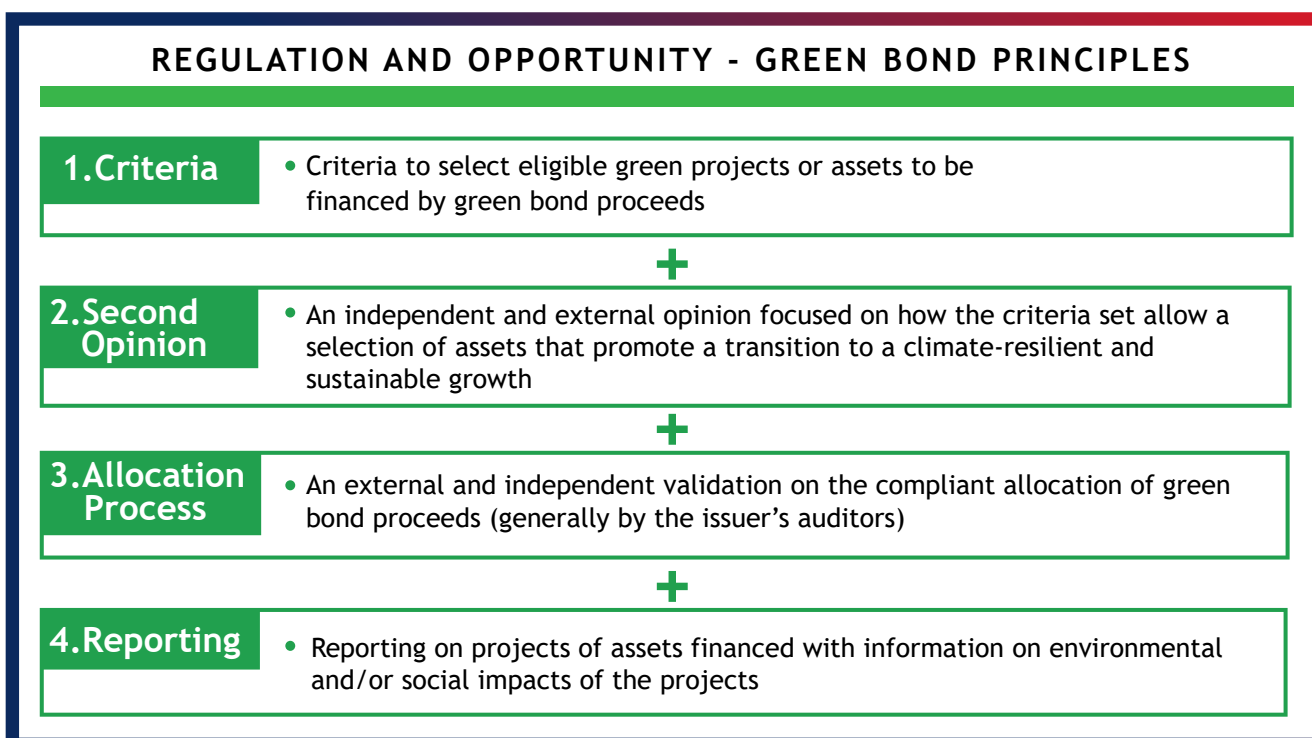


Figure 5. Green bond principles

Source: <https://www.ifc.org/wps/wcm/connect/2996f197-a75b-422a-9e2f-cdc022d8ea96/EMCompass+Note+25+Green+Bonds+FINAL+12-5.pdf?MOD=AJPERES&CVID=lzgXSmr>





In short, standardisation in terms of transparency, independent verification, and reporting is critical for the growth of the green bond market. To fully participate in the market, investors need to have confidence in the environmental credentials and performance of the bonds.

**Why issue green bonds?**

Green bonds are seen as a core tool to implement national climate change targets. The Paris Agreement signed in 2015 has seen a rapid growth in the green bond market, given that it seeks to mitigate greenhouse gas emissions and establish a low carbon economy. The Paris Agreement established an objective of holding the global temperature increase to less than two degrees Celsius above pre-industrial levels. The Paris Agreement under Article 6 (page 5) recognises carbon markets by creating “internationally transferred mitigation outcomes” that can be traded by signatories and can be put towards national contribution goals, similar to the emissions trading provisions established in the Kyoto Protocol.

According to a recent study, green bond issuance began in 2007 but really took off in 2013 (see Figure 6). By 2017, labelled green bond issuance increased globally to USD 206 billion, driven by strong China-based issuances and renewed international commitment from the Paris Agreement<sup>13</sup>.

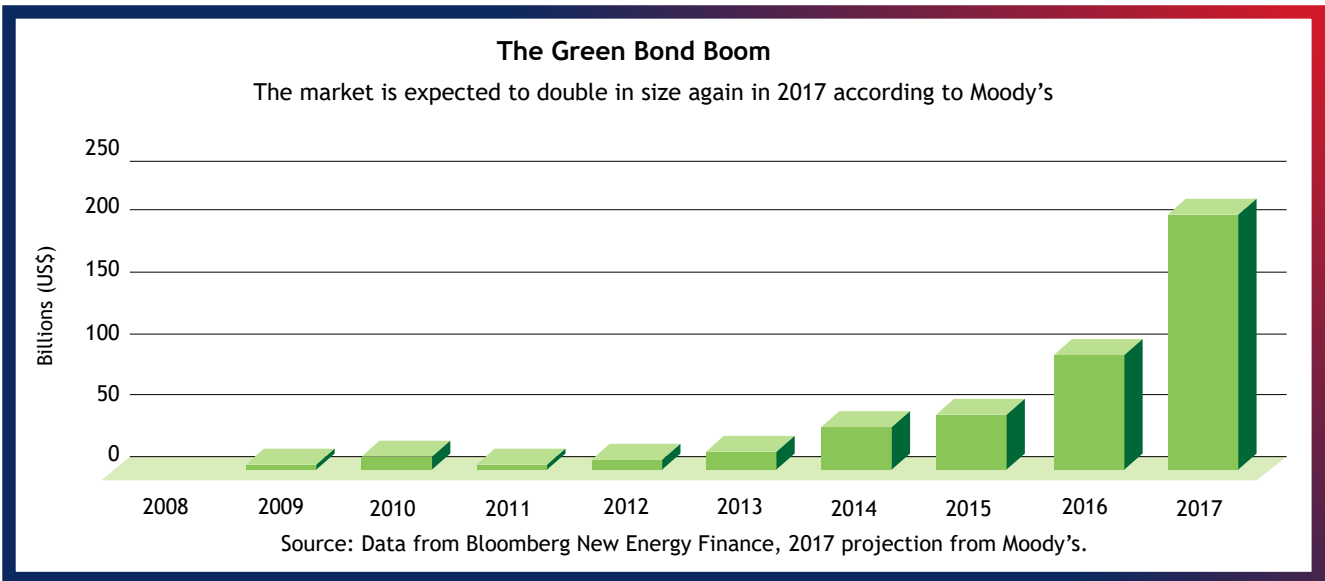


Figure 6. The green bond boom

**PILOT CARBON OFFSET SCHEMES**

Carbon offset schemes allow individuals and companies to invest in environmental projects around the world in order to balance out their own carbon footprints. The projects are usually based in developing countries and are designed to reduce future emissions. This might involve rolling out clean energy technologies or purchasing and ripping up carbon credits from an emissions trading scheme. Other schemes work by soaking up CO2 directly from the air through the planting of trees.

<sup>13</sup>Climate Finance Landscape for Aotearoa New Zealand: A Preliminary Survey, 2017

## EXISTING PACIFIC CARBON OFFSET SCHEMES

Several Pacific Island countries have successfully set up carbon offset schemes that are locally owned, developed collaboratively and, as much as possible, are locally delivered. These schemes have focused on creating self-sustaining forest carbon projects and programmes. Many of the projects start with developing a financial model that drives regenerative capability and self-sustainability.

EKOS, a New Zealand based consultancy company, has led the development of the following projects in the Pacific region using the Nakau programme - a robust framework for project governance, financial discipline, monitoring and reporting.

- 1. SASABOE RAINFOREST CONSERVATION PROJECT** - The Sasaboe Project is protecting 4,027 ha of rainforest from logging on Choiseul in Solomon Islands. Selling carbon credits means the community can keep the forest as a long-term source of food, building materials, medicine, water and income. The first carbon credits will be issued soon!
- 2. DRAWA RAINFOREST CONSERVATION PROJECT** - The first rainforest carbon credits ever to be issued in Fiji. The Drawa project on Vanua Levu protects 3,945 ha of rainforest from logging. Community-owned, this project has provided resilience against environmental degradation and weather events. It has also provided sustainable income and seed capital for other spin-off community businesses. It is certified to the Plan Vivo carbon standard.
- 3. LORU RAINFOREST CONSERVATION PROJECT** - This project protects 166 ha of rainforest in Espiritu Santo, Vanuatu. The area is home to endangered bird and marine species. The community has given up the right to clear land for coconut plantations in exchange for selling carbon offsets to fund local economic development. This is now fully subscribed and also certified to the Plan Vivo carbon standard.

## SAMOAN COFFSET PILOT SCHEME

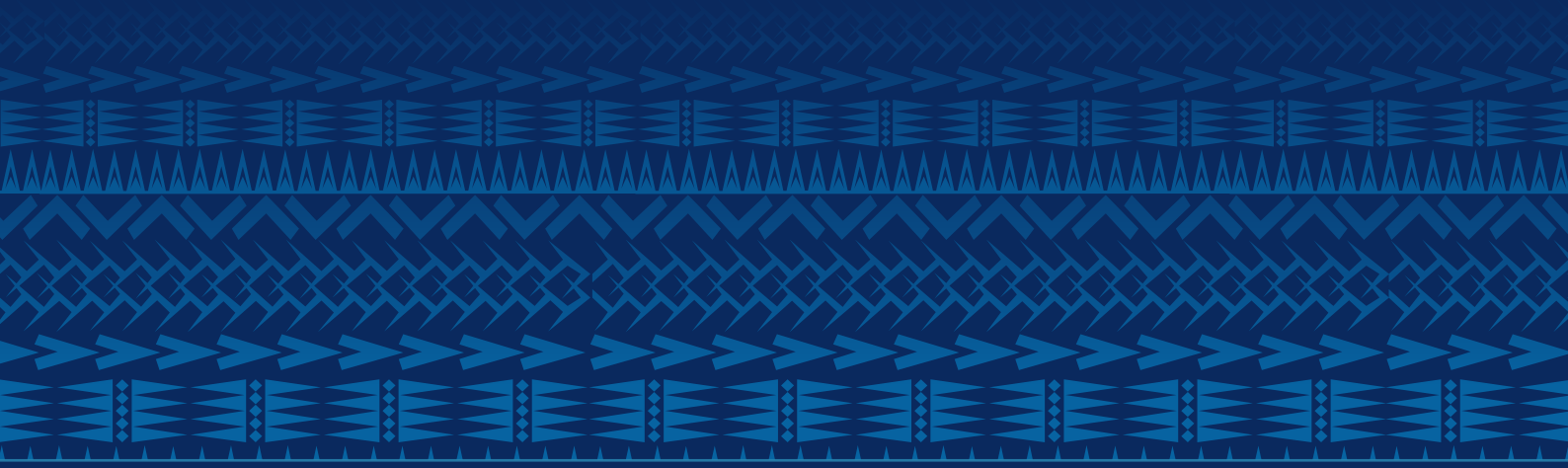
The COffset pilot phase began initial activities in 2016, funded by the carbon offset payments of three local donors to start planting over 500 trees at the Ole Pupu Pue National Park. This pilot phase aimed to demonstrate, on a small scale, the value of carbon offsetting and the involvement of communities in reforestation. Essentially, it paved the way for a larger project that targets more communities.

- ▶ The aim was to offset 100,000 kg CO<sub>2</sub> from the air travel of three private donors.
- ▶ The initial phase of the project was implemented in the villages of Poutasi, Saleilua and Saaga and ended in December 2018. Staff from the Samoa Conservation Society and MNRE are now working with young people and members of the community to replant and maintain the areas replanted under COffset.<sup>14</sup>

## WAY FORWARD: ACTION PLAN

Based on the lessons learnt from several Pacific Islands national climate finance schemes, it is recommended that support and assistance be gauged from development partners such as IFC and GCF to assess the feasibility of issuing green bonds in Samoa, as well as building on the results of the COffset scheme through expansion to cover other districts in Samoa, with a particular focus on major crops such as copra, cocoa, banana, taro and coconut.

<sup>14</sup><https://www.mnre.gov.ws/wp-content/uploads/2017/08/MNRE-AR-English.pdf>



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