

Review of Vanuatu's Climate Change Finance Actions

Terms of Reference

Purpose

Undertake a review of the status of implementation of climate change actions in Vanuatu based on the recommendations from the 2014 Climate Public Expenditure and Institutional Review (CPEIR) completed by UNDP and other related assessments (e.g. DFAT Mapping of Climate Finance in Vanuatu, PFM Roadmap, Forum Compact Peer Review, PEFA etc). The review is a joint effort between the Government of Vanuatu, PIFS, SPC/USAID Institutional Strengthening for PICs to Adapt to Climate Change (ISACC) Project, GIZ/DFAT Climate Finance Readiness of the Pacific Project, USAID Climate Ready Project and UNDP/DFAT Pacific Risk Resilience Programme, in consultation with SPREP and PFTAC and overseen by the Government of Vanuatu.

Objectives of the Vanuatu Review

1. To identify specific actions that have been implemented from the CPEIR recommendations, and provide actionable recommendations for the Vanuatu Climate Finance Roadmap on the steps required to improve access and management of climate change finance.
2. To review and update relevant information and data related to Vanuatu's national climate change finance context, including (i) national and sectorial plans, budget policies, strategies and processes, (ii) funding sources, (iii) public financial management such as procurement, expenditure and oversight, and (iv) institutions; guided by the PCCFAF.
3. To review and update national progress towards NIE accreditation to both the Green Climate Fund and Adaptation Fund, building on the recommendations in the 2014 CPEIR report and identify new entities, where necessary.
4. To provide a practical assessment of the additional pillars of the PCCFAF not reviewed by the CPEIR, including human capacity, gender and social inclusion and development effectiveness (including aid policies).

In undertaking this work, where ever possible it will be important to draw on, and reference lessons learned and best practices from work undertaken in Vanuatu and the region by Government, CROP agencies and partners related to accessing and managing climate change funding.

Scope of Work for the Vanuatu Review

This review will be guided by the Pacific Climate Change Finance Assessment Framework (PCCFAF)¹ and will build on the Vanuatu Climate Public Expenditure and Institutional Review (CPEIR) Report. The scope will be limited to the National Government-level due to time constraints.

¹The seven key pillars of the PCCFAF include: (i) Funding Sources, (ii) Policies and Planning, (iii) Public Financial Management and Expenditure, (iv) Institutions, (v) Human Capacity, (vi) Development Effectiveness, and (vii) Gender and Social Inclusion.

Stakeholders that will be consulted include central and line ministries/agencies, state owned enterprises, bilateral and multilateral agencies, regional organisations, private sector, NGOs, CBOs and church groups, that support climate change programs in Vanuatu.

The Pacific Islands Forum Secretariat (PIFS) will lead this joint team effort, in line with previous PCCFAF assessments and existing mandate from Forum Leaders. This review is jointly funded by the SPC/USAID ISACC Project, GIZ/DFAT Climate Finance Readiness of the Pacific Project and USAID Climate Ready Project. Additional technical support is provided by the UNDP Pacific Risk Resilience Program. PFTAC and SPREP will be consulted for inputs. Relevant specialists from the above agencies are expected to support certain pillars of this assessment.

1. Funding Source Analysis (building on 2014 CPEIR Report)

Lead Partner: GIZ/DFAT CFRP supported by USAID Climate Ready and PIFS

- Review and update the key sources of climate change finance being accessed by Vanuatu since the 2014 (CPEIR assessment) until now and how they are being allocated, accessed, channeled and managed by Vanuatu.
- Identify where the private sector and civil society engage in or activities in Vanuatu that they are/could be involved in. This will build on the private sector initiative under the GIZ Readiness Program for Vanuatu.
- Assess the balance between mitigation and adaptation funding.
- Assess the breakdown between multilateral and bilateral support, including any domestic revenue mobilization.
- Identify potential new or emerging sources of funding including associated benefits and challenges in assessing/ managing these resources.
- Identify actionable recommendations that Vanuatu needs to implement in order to effectively utilise existing funds and increase their access to future climate change finance.

2. Policy and Planning Analysis (Building on 2014 CPEIR Report)

Lead Partners: SPC/USAID ISACC supported by GIZ

- Review and update the information provided in the CPEIR on key policies and plans related to climate change priorities for Vanuatu (mindful of PCCFAF guiding questions), particularly those developed or endorsed after the CPEIR assessment.
- Identify specific recommendations related to policy and plans from the CPEIR, which have been progressed and by what partners.
- Identify challenges faced for CPEIR 2014 recommendations that were not implemented.
- Assess whether Vanuatu's budget allocation and expenditure are consistent with policies, strategies and plans.
- Prepare well supported and actionable recommendations on how national and sectoral policies and planning processes might be strengthened to improve the efficiency of access and management of climate change finance.

3. Institutional Analysis (Building on 2014 CPEIR Report)

Lead Partners: SPC/USAID ISACC supported by PIFS

- Review and update the effectiveness of new institutional arrangements related to climate change (mindful of PCCFAF guiding questions), which were put in place after the 2014 CPEIR assessment.
- Identify specific recommendations related to institutions from the CPEIR, which had been progressed and by what partners.
- Identify challenges faced for CPEIR recommendations that were not implemented.
- Assess delineation of roles and responsibilities between and within key climate change institutions.
- Identify potential gaps in the existing institutional structures and coordination mechanisms to address climate change issues.
- Assess the mandate, capacity, track record and policies of potential institution(s) to become Vanuatu's National Implementing Entity to the Green Climate Fund, building on the recommendations of the 2014 CPEIR.
- Prepare well supported and actionable recommendations for institutional strengthening related to climate change in Vanuatu.

4. Public Financial Management and Expenditure Analysis (Building on 2014 CPEIR Report)

4.1 Public Financial Management Analysis – *Lead Partners: GIZ/DFAT CFRP supported by USAID Climate Ready & UNDP PRRP*

- Review the feasibility of the Public Financial Management (PFM) Roadmap launched in 2017 and other related PFM reforms progressed.
- Identify specific PFM recommendations from the CPEIR 2014 Report which had been implemented and by what partners.
- Identify challenges faced for PFM recommendations from the CPEIR 2014 Report that were not implemented.
- Assess Vanuatu's performance on PFM priorities related to the fiduciary standards of getting NIE accreditation to the Green Climate Fund and the Adaptation Fund.
- Provide actionable recommendations related to Public Financial Management strengthening for Vanuatu.

4.2 Expenditure Analysis – *Lead Partners: GIZ/DFAT CFRP supported by USAID Climate Ready, UNDP PRRP and PIFS*

- Review and assess, using the guiding questions of the PCCFAF, Vanuatu's budget reports for 2015 and 2016 to identify the trends in public expenditure and specifically for climate change actions.

5. Human Capacity Analysis (new pillar)

Lead Partner: PIFS

- Assess Vanuatu's human resource budget allocated to manage its climate change program:
 - Volume of funds
 - Number of people (women and men)
 - Number of senior and junior staff
 - Specific climate change positions and climate change related positions

- Assess the range and quantity of technical skills available in-country (both national and sub-national level) to implement the focus country's climate change programs (including skills, expertise and capacity for integrated gender and social inclusion aspects). and the resource allocation:
 - Government officials
 - Advisers
 - Consultants
 - Government organisations and other organisations
- Compare Vanuatu's human resource allocation for climate change with resources allocated for other priorities (e.g. health, education etc):
 - *Are resources appropriately allocated across line ministries?*
 - *Are resources appropriately allocated across sections/activities?*
- Identify types of funding sources accessed so far to provide human resources for Vanuatu's climate change programs:
 - Government recurrent budget
 - Donor funded
 - Project funding
 - Climate change funding and general ODA
 - Budget support
- Assess the capacity development activities implemented in Vanuatu:
 - Government recurrent funded activities
 - Activities funded/implemented by development partners
 - Activities funded by budget support
 - Type of activities (tertiary training, exchanges, workshops, short courses etc)
 - What measures are in place to ensure equity of access for both women and men and other marginalized groups?
- Identify processes in place to build capacity within Vanuatu.

6. Development Effectiveness Analysis (new pillar)

Lead Partner: PIFS supported by GIZ

- Assess ownership and leadership – Does Vanuatu drive its own climate change policies and programs?
 - *Does Vanuatu take the lead role in establishment of priorities?*
 - *Is there demonstrated commitment at the highest decision making level to established processes?*
 - *Are efforts by communities – youth and women-led initiatives – recognized in decision-making processes?*
- Assess alignment and harmonisation – Do development partners align with country objectives and use local systems?
 - *Do development partners adopt the objectives and performance indicators incorporated into country policies and action plans?*
 - *Do development partners use country structures, systems and mechanisms? How can alternative modalities still accomplish alignment and harmonization goals?*
 - *What portion of development assistance falls outside the direct purview of national systems?*
 - *Do development partners provide indicative commitments of aid in a multi-year framework and disburse aid in timely and predictable fashion?*

- *Are programs well-coordinated to prevent duplication and fragmentation of efforts?*
- Assess management for results and mutual accountability – Does Vanuatu focus on development results and are results measured?
 - *What are the mechanisms, processes and frameworks for monitoring the implementation of climate change policies and plans?*
 - *Are there collective mechanisms (i.e. involving government and development partners) for monitoring implementation of climate change policies and plans?*
- Propose actionable recommendations regarding development effectiveness (donor harmonisation, alignment and inclusion, country ownership and leadership and management for results and accountability).

7. Gender and Social Inclusion Analysis (new pillar)

Lead Partners: SPC/USAID ISACC and UNDP PRRP

- Assess level of integration of gender equality and social inclusion (GSI) into climate change finance instruments in Vanuatu
 - *Throughout the design, delivery and evaluation of projects or other interventions.*
 - *In guiding policies, plans, legislative and institutional frameworks and all other core platforms for furthering climate change practice.*
 - *In the budget strategies, proposals and the final documentation integrating gender and social inclusion into the resources allocation.*
- Assess level of benefit provided for people from vulnerable and marginalised groups of the society such as people with disabilities, children, elderly and women from climate change programs:
 - *How is social benefit measured? What indicators are in place?*
- Assess integration of protection considerations of marginalised groups into response programs related to disaster preparedness, during disasters and post-disasters.
 - *What measures are in place to prevent gender-based violence?*
- Assess engagement of the Department/Ministry of Women's Affairs and Youth in appraisal of project proposals related to climate change and policy development?
- Assess a comprehensive approach to GSI from funded projects and programmes, including:
 - *Are there socioeconomic and gender assessments undertaken to develop or establish baseline data and understand existing needs and gender dynamics?*
 - *Are gender and other social inclusion elements included in project design in terms of implementation budget; output, outcome and impact indicators and institutional arrangements for project implementation and monitoring?*
 - *How are women, youth and other marginalized groups engaged at all levels, including through consultation, decision-making processes.*
 - *Is there inclusion of gender perspective in the application (or implementation) of projects?*
 - *Is there project screening for gender sensitivity at the various stages of the project: preparation, appraisal, approval, and monitoring?*

Assessment of options to improve access to climate change finance for Vanuatu [taking into account the above findings]

Lead Partners: All

- What additional climate related funding is potentially available to Vanuatu?
 - *Currently accessible sources?*
 - *New sources?*
 - *Climate change and disaster risk financing?*
- Which agency(ies) is the best placed to seek National Implementing Entity (NIE) accreditation to the Green Climate Fund?
- What measures are necessary for Vanuatu to become eligible for funding or additional funding, from each source (e.g. improved policies, strengthened public financial management etc)?
 - *What improvements are necessary to existing structures and processes?*
 - *What new structures and processes, including new modalities, could be utilised?*
- What are the options for implementation of these measures?
 - *Strengthening of existing programs (e.g. additional resources to accelerate progress or minor amendments to scope)?*
 - *Development of new programs?*
- How much will it cost to implement these measures?
- Does investment in these measures represent good value for money?
- How could development partners improve how climate change funds are managed to increase funding to Vanuatu?
 - *Streamline application and reporting requirements?*
 - *Increased provision of technical assistance?*
 - *Improve program flexibility?*

Required outputs, reports and deadlines

- i. Draft TOR for the review finalised and circulated to national stakeholders and key partners – deadline by 12 June 2017;
- ii. Regional joint team undertake mission to Vanuatu to consult with stakeholders as part of the review and assessment exercise – Monday 26 to Friday 30 June 2017;
- iii. Produce a draft report, including clarity on potential NIEs, no later than 28 July 2017, and a full final written report including recommendations not later than 25 August 2017.