



# Country Brief

## PAPUA NEW GUINEA and SOLOMON ISLANDS

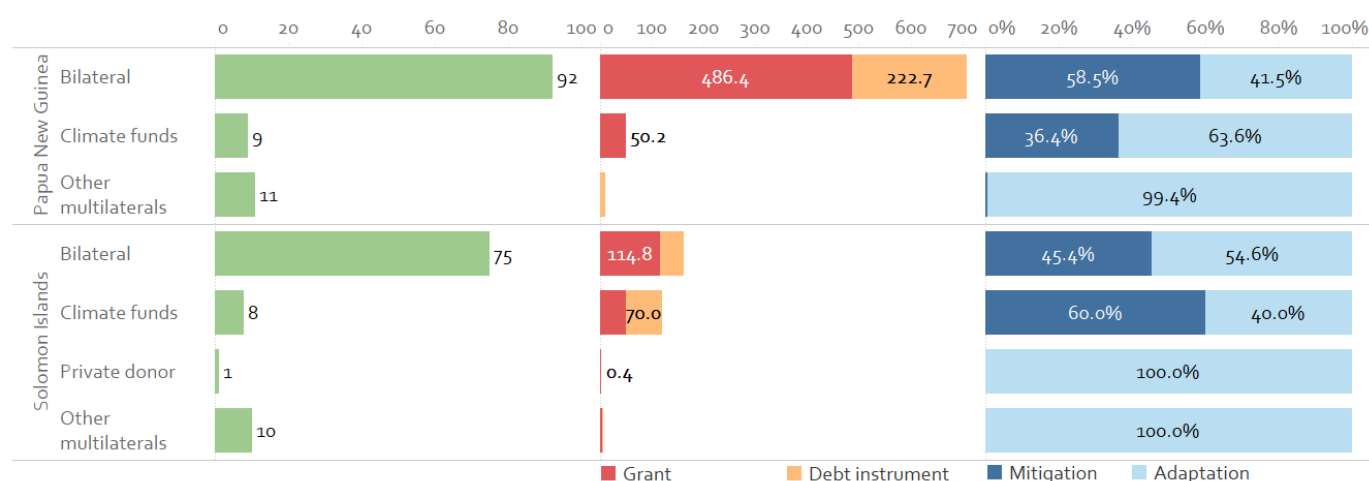
To analyse the climate finance landscape, the evaluation team looked at the climate-related development finance data from the Organisation for Economic Co-operation and Development (OECD). The team considered activities with principal and significant contributions to the climate objective (calculated using the OECD's DAC Rio markers for climate) from 2015 to 2019.<sup>1,2</sup> Against this backdrop, there are four climate finance partner types in the Papua New Guinea and Solomon Islands climate finance landscape: climate funds, private donors (only one in the Solomon Islands), and bilateral and multilateral partners.<sup>3</sup>

The main actors are bilateral partners in terms of project coverage: they finance 82 per cent of projects in Papua New Guinea and 80 per cent of projects in Solomon Islands. Finance from a private donor is only observed in Solomon Islands, from the Margaret A. Cargill Foundation, and is focused on community preparedness and rapid response recovery, making

it an adaptation project. The average project size in Papua New Guinea (USD 6.8 million) is more than twice as large as the project size in Solomon Islands (USD 3 million).

From the perspective of financial instrument usage, grants are a general preference across the partner types and in both countries. They are especially prominent among bilateral partners (Papua New Guinea: USD 486.4 million; Solomon Islands: USD 114.8 million). Looking at the balance in finance allocation between adaptation and mitigation, finance in Papua New Guinea is skewed towards adaptation among climate funds (63.6 per cent) and other multilaterals (99.4 per cent) but skewed towards mitigation for bilateral partners (58.5 per cent) and other multilaterals (99.39 per cent) but skewed towards mitigation for bilateral partners (58.5 per cent). In Solomon Islands, finance is skewed towards adaptation among bilateral partners (54.6 per cent), the private donor (100 per cent) and other multilaterals (100 per cent), but is skewed towards mitigation among climate funds (59.97 per cent) (Figure 1).

Figure 1. *Portfolio of climate finance in Papua New Guinea and Solomon Islands*



Source: OECD climate-related development finance (2015-2019), GCFTableau server data (2019)

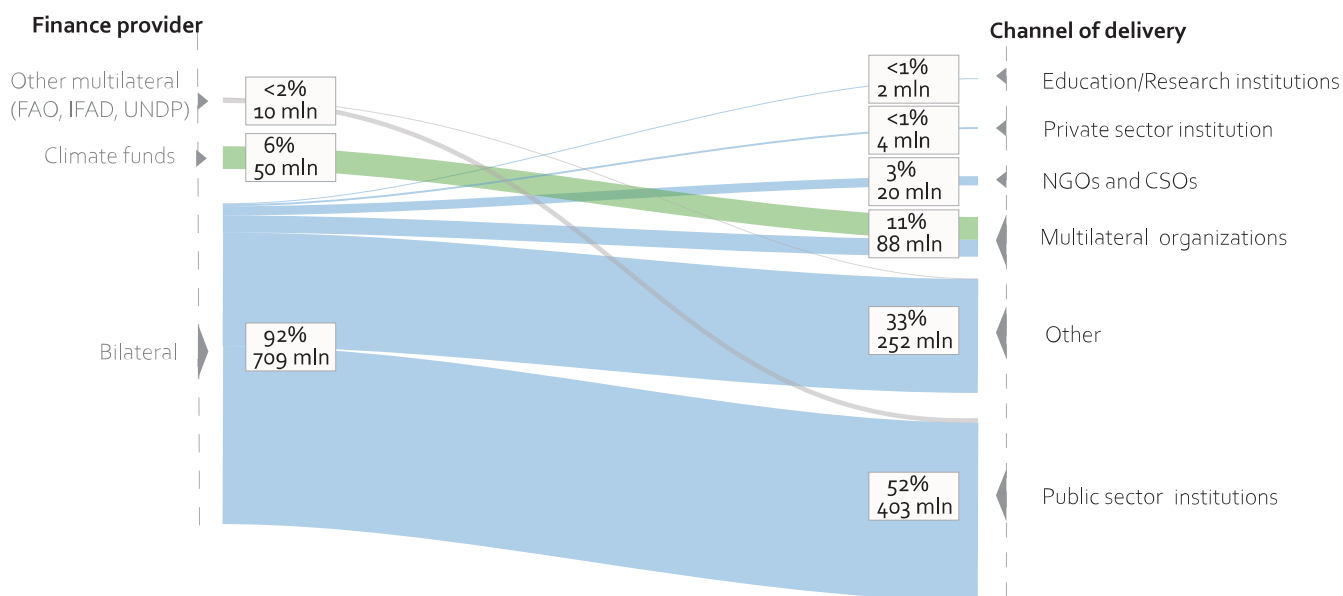
Note: At the time of climate finance landscape analysis, the most recent available update for OECD climate-related development finance data was for the year 2019. The data cut-off date in the external finance section of the brief is therefore 2019. The further analysis of GCF finance has a cut-off date of 1 July 2021.

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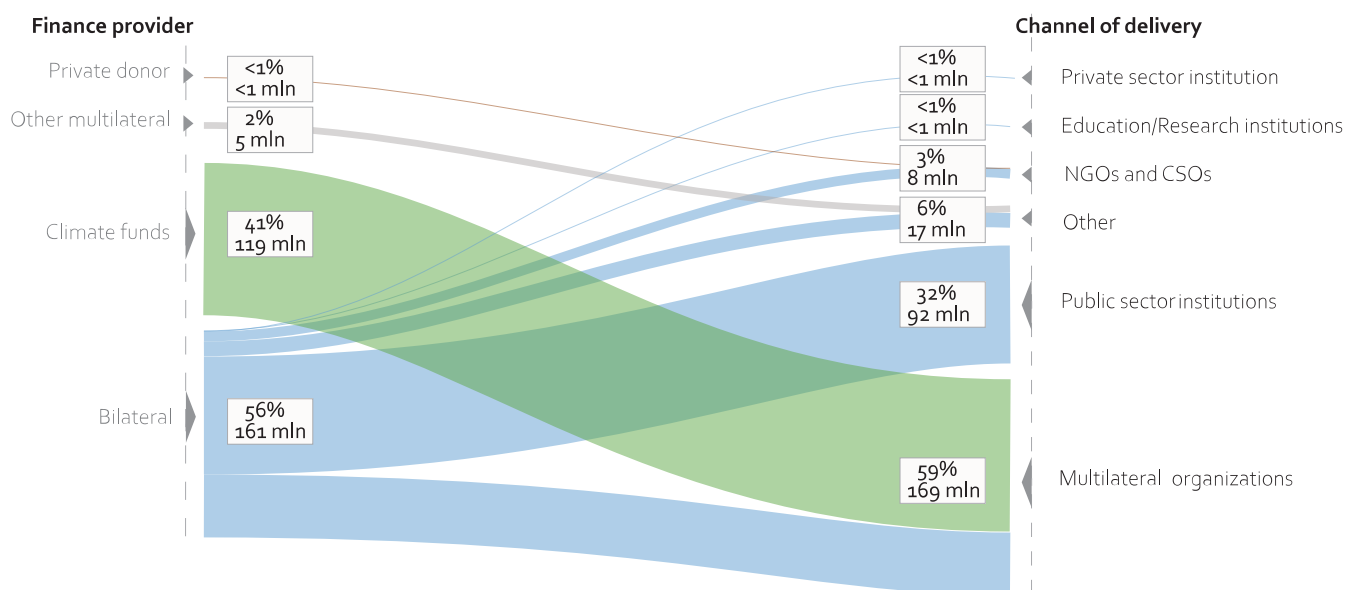
From the programmatic perspective, the channel of climate finance delivery plays a crucial role in catalysing and mobilizing the private sector in countries. According to the newest available data on climate-related development finance (as reported to OECD in 2019), the private sector is currently underused as a channel of climate finance delivery in the Pacific Islands. At the country level, less than 0.4 per cent of climate finance is channelled through

private sector institutions. This is a very small amount, and the channel is used mainly by bilateral partners (see [Figure 2](#) and [Figure 3](#)). In Papua New Guinea, the majority of climate finance is provided by bilateral partners and delivered through public sector institutions (92 per cent). In Solomon Islands, the majority of climate finance is provided by bilateral partners and delivered through public sector institutions (56 per cent).

**Figure 2. Delivery channels of climate finance in Papua New Guinea**



**Figure 3. Delivery channels of climate finance in Solomon Islands**



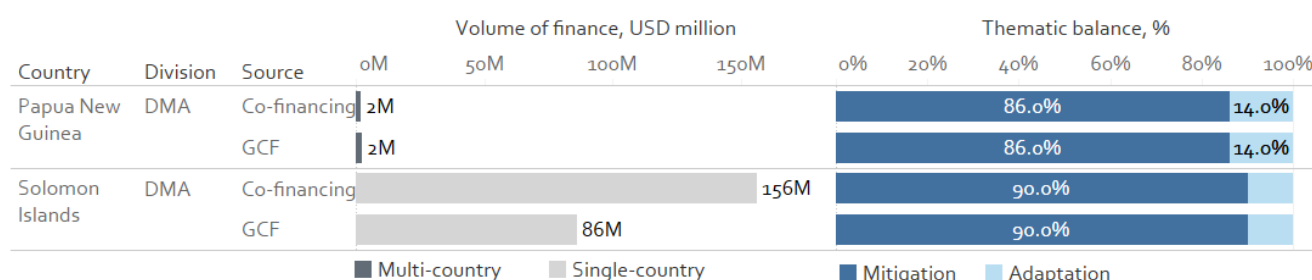
Source: OECD climate-related development finance (2015-2019), GCF Tableau server data (2019)

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Papua New Guinea and Solomon Islands are among the 18 SIDS eligible to receive GCF financing in Asia-Pacific. As of July 2021, Papua New Guinea has been approved to receive a total of USD 2 million of GCF financing and USD 2 million in co-financing, which brings the co-finance ratio in Papua New Guinea to 1. Solomon Islands has been approved to receive USD 86 million with USD 156 million in co-financing, bringing

the co-finance ratio in Solomon Islands to 1.8. There is only one GCF project in Papua New Guinea (FP036) and one in Solomon Islands (FP044). As previously observed at the macro level, the gap between mitigation and adaptation persists. In fact, all finance is concentrated among Department of Mitigation and Adaptation (DMA) projects and primarily directed towards mitigation efforts (Figure 4).

Figure 4. Volume of finance and thematic balance across GCF divisions, the Pacific Islands



Source: GCF Tableau server data (2021)

Note: Left: volume of finance across divisions; right: thematic balance across divisions. For multi-country projects, country allocations were based on shares indicated in the GCF Tableau server.

In addition to the imbalance between mitigation and adaptation, there is a tendency to focus specifically on the mitigation result area of energy generation and access; USD 2.1 million for Papua New Guinea (87 per cent) and USD 77.4 million for Solomon Islands (90 per cent) (Figure 5).

Through the Readiness and Preparatory Support Programme (RPSP), the GCF is supporting three

projects in Papua New Guinea and one project in Solomon Islands to build the countries' capacity to be project ready. In the GCF pipeline, Papua New Guinea has no funding proposals, six concept notes, and two RPSP grant applications, while Solomon Islands has one funding proposal, six concept notes and two RPSP grant applications.

Figure 5. Finance by result area in USD million, the Pacific Islands

| Country          | Adaptation                            | DMA | Mitigation                                    | DMA  |
|------------------|---------------------------------------|-----|---|------|
| Papua New Guinea | Ecosystems and ecosystems services    | 0.0 | Buildings, cities, industries, and appliances | 0.0  |
|                  | Health, food and water security       | 0.0 | Energy generation and access                  | 2.1  |
|                  | Infrastructure and built environment  | 0.2 | Forests and land use                          | 0.0  |
|                  | Livelihoods of people and communities | 0.2 | Transport                                     | 0.0  |
| Solomon Islands  | Ecosystems and ecosystems services    | 0.0 | Buildings, cities, industries, and appliances | 0.0  |
|                  | Health, food and water security       | 0.0 | Energy generation and access                  | 77.4 |
|                  | Infrastructure and built environment  | 6.9 | Forests and land use                          | 0.0  |
|                  | Livelihoods of people and communities | 1.7 | Transport                                     | 0.0  |

Source: GCF Tableau server data (2021)

Note: For multi-country projects, country allocations were based on shares indicated in the GCF Tableau server.

## Endnotes

- 1 For details, see [https://www.oecd.org/dac/environment-development/Revised\\_per\\_cent2oclimate\\_per\\_cent2omarker\\_per\\_cent2ohandbook\\_FINAL.pdf](https://www.oecd.org/dac/environment-development/Revised_per_cent2oclimate_per_cent2omarker_per_cent2ohandbook_FINAL.pdf)
- 2 GCF project approval began in 2015.
- 3 Terms such as 'private donor' and 'private sector institution' are used to maintain consistency with the standardized classifications provided by the OECD and used in its climate-related development finance data. The data are available at <https://www.oecd.org/dac/financing-sustainable-development/development-finance-topics/climate-change.htm>

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