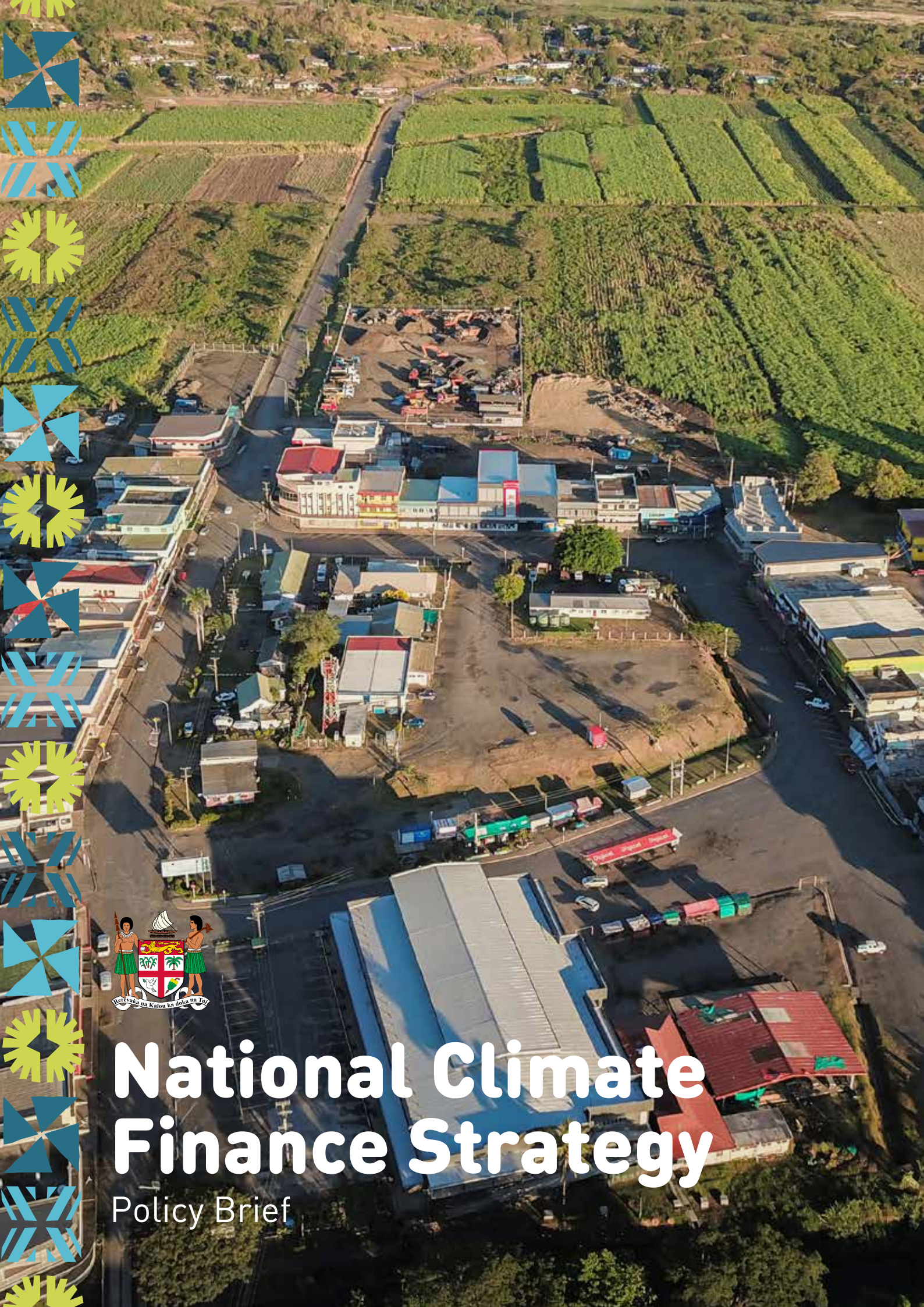


National Climate Finance Strategy

Policy Brief

1.0 Overview

The key objective of the Fiji National Climate Finance Strategy (NCFS) is to layout **investment priorities for climate adaptation and mitigation** over the short (2022-2025) and medium term (2026-2029). The strategy covers **twelve sectors** in the Fijian economy*: Agriculture, Blue Economy, Climate-Induced Relocation, Disaster Risk Management, Electricity, Forestry, Gender and Social Inclusion, Housing, Human Health, Climate Policy and Governance, Transport, and Water and Sanitation.*

The strategy is anchored to the National Development Plan 2017-2036, and draws from Fiji's existing climate change policies such as the National Adaptation Plan, Low-Emissions Development Strategy, Nationally Determined Contribution (NDC) Investment Plan and the Climate Vulnerability Assessment, and incorporates the priorities from the relevant line Ministries' strategic plans. The NCFS used public consultations with more than 40 organizations and ministries to prioritize the policies, interventions, targets, and projects identified in the climate strategies and plans. It is also informed by the World Bank's examination of How to Build Back Better After COVID-19 in Fiji, which provides a sustainability checklist to identify which adaptation and mitigation investments are most aligned with a green recovery from the COVID-19 pandemic.

The Ministry of Economy's Climate Change and International Cooperation Division (CCICD) is primarily responsible for monitoring implementation of the NCFS, but line Ministries, government agencies, development partners and other institutions will provide the expertise and capacity required to develop and implement the required investments.

2.0 How to use the National Climate Finance Strategy?

The NCFS conducted a cross-mapping of all national climate-related policies and strategic plans of the individual line ministries and used an inclusive and extensive stakeholder consultation process to prioritize the interventions identified through the cross-mapping. The NCFS is he blueprint for Fiji to channel public climate finance into the 12 priority sectors and identified interventions. Each sector discusses the following aspects of the climate finance landscape and investment priorities:

1. **Key Points** – Summarizes the key points and priorities for each sector.
2. **Projected** Climate Vulnerabilities – Summarizes the climate change impacts and risks facing each sector.
3. **Key Stakeholders** – Identifies the key partners that are actively supporting Fiji's climate-related ambitions in each sector.
4. **Recent Climate Finance Trends** – Provides a broad overview of the findings from the recently published Fiji Climate Finance Snapshot.
5. **Climate Finance Priorities** – This is the core of each sector in the NCFS. Each sector's priorities are discussed based on:
   a. *COVID-Related cuts to climate finance*
   b. *Medium and long-term priorities*.

This briefing note presents a summary of the information in the NCFS, but for more detail please refer to the full NCFS document.

The following sections present an overview of the mitigation and adaptation pathways, relevant ongoing initiatives, the current pipeline of priority projects, and the policies, interventions, and targets that need public climate finance. When developing new projects, project developers should first look at the pipeline of projects and the sector-specific set of priority policies, interventions, and projects.

3.0 Mitigation and Adaptation Pathways

3.1 Mitigation pathway

Fiji's national target is to reduce greenhouse gas emissions 30 percent below 2013 levels by 2030. Fiji's best mitigation pathway is to reach its goal of 100% renewable energy by 2030. Renewable energy currently accounts for roughly 53% of Fiji's electricity (see Figure 1 for EFL's electricity portfolio in 2019). Although Fiji's major electricity utility, Energy Fiji Limited (EFL) has six new renewable energy projects in the pipeline, all six projects need additional assistance to be completed. Additionally, the Fiji Rural Electrification Fund aims to implement solar mini-grids in rural communities that do not currently have reliable electricity.

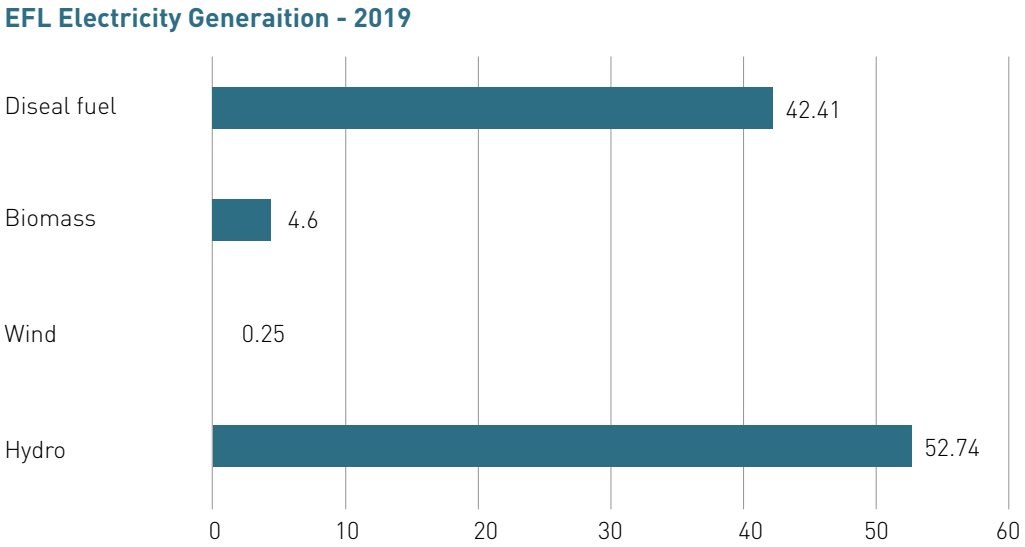


Figure 1. Energy Fiji Limited Electricity Generation Sources in 2019

Fiji's Forestry and Domestic maritime transport sectors also have ambitious emissions reduction goals and supporting initiatives. Table 1, below, summarises some of the ongoing initiatives to meet Fiji's national emissions reduction target and to guide a green recovery from COVID-19.

Table 1. Ongoing initiatives to Implement Fiji's Emissions Reduction Priorities.

Current Major Initiatives	Description
Plant 30 million trees in 15 years initiative	Implemented by Ministry of Forestry through 2035, this tree planting campaign aims to restore and rehabilitate degraded forests to reduce emissions and build ecosystem-based resilience to climate change.
Fiji Rural Electrification Fund (FREF)	Provides renewable energy to Fiji's outlying islands and villages and has identified six communities for the next phase. FREF is seeking donor support for implementation.
Technology Needs Assessment (TNA)	TNA for rural electrification and domestic maritime shipping. This helps prioritize the technology required to electrify transport sectors and develops technology action plans, concept notes, and project proposals to help Fiji procure the required technologies.

3.2 Adaptation pathway

As a small island developing state, Fiji is extremely vulnerable to the impacts of climate change, some of which are already visible in Fiji's agricultural sector, marine ecosystems, and coastal villages. The adaptation pathway is guided by the 2018 National Adaptation Plan (NAP), which compliments Fiji's Climate Vulnerability Assessment (CVA) (released by World Bank in 2017). The CVA recommends 124 interventions that, if implemented, would reduce Fiji's climate exposure. Fiji's NAP compliments this by identifying 10 priority sectors and 160 actions.

Table 2, next page, highlights some of the ongoing initiatives to implement Fiji's adaptation priorities and to guide a green recovery from COVID-19.

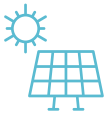
Table 2. Ongoing initiatives to implement Fiji's Adaptation Priorities

Current Initiatives	Description
Comprehensive Risk and Vulnerability Assessment Framework - Planned Relocation Guidelines	A guidance framework for the Fijian Government on the economic, social, and cultural considerations for the 15 rural communities that have been identified for immediate relocation due to increased climate change impacts. Expected to be completed mid-2022.
National Adaptation Plan Costing Methodology and Finance Plan	The CCICD and the International Institute for Sustainable Development (IISD) have developed two approaches that would create a costing methodology for Fiji's NAP. Once the CCICD selects one approach, IISD and the CCICD will provide trainings for line ministries about how to apply it.
Standard Operating Procedures for the Planned Relocation Guidelines	This provides the legal frameworks and standardized processes to ensure coordination among government and communities and to implement Fiji's planned relocation guidelines.

4.0 Mitigation and Adaptation Projects

The NCFS project pipeline is intended for funding from the Green Climate Fund (GCF), multilateral financiers, bilateral development partners, and the private sector. A range of domestic government agencies, bilateral partners, multilateral institutions, civil society organizations, and private sector entities that can develop and implement these projects.

4.1 Mitigation Projects

	Description	Mitigation Projects
Forestry	Implements Emissions Reduction Program under the Forest Carbon Partnership Facility Carbon Fund. The project coverage is 89% of the total land area of Viti Levu, Vanua Levu and Taveuni, with an estimated budget of US$48.6 million.	 **1. Climate Resilient Forests**
	Reforestation of degraded forests and supports broad thematic areas such as carbon stock enhancement, coastal restoration, food security, and flood mitigation.	 **2. Reforestation of Degraded Forest**
Energy	To provide solar mini-grids to rural communities without reliable electricity and far from the nearest grid. There are 20 rural communities identified for electrification over the next 3 years. Project budget is roughly US$7 million.	 **3. Fiji Rural Electrification Fund**
	The project helps micro, small, and medium off-grid hotels access solar technology. It has an estimated budget of US$11.30 million.	 **4. Solar Energy - Off-grid hotels.**
	A project to make solar technology affordable and accessible to Fiji's lowest-income families. It has an estimated project budget of US$10 million.	 **5. Solar Energy - Public Rental Board Flats**
	US$185 million to finance schemes to promote Lithium batteries for on- and off-grid energy storage and to replace lead acid batteries.	 **6. Promotion of Lithium-ion batteries**
Buildings	Develops guidelines for low-carbon building design and construction, including the creation of a green building rating system that is integrated with the national building code.	 **7. Capacity building – Low Energy Buildings**

	Description	Mitigation Projects
Land Transport	GPS monitoring and passenger information systems installed through urban/peri-urban areas with a budget of US$113 million.	 **8. Bus Network information transport system**
	To decarbonize Fiji's public bus fleet by creating the institutional architecture, regulatory environment, implementing pilot program with 10-20 electric buses, and developing capacity to operate and maintain electric buses. This has an estimated budget of $14.2 million.	 **9. Electric Bus Transport Fiji**
	A program to establish public private partnerships, service contracts, or licensing arrangements to dispose of, scrap, or recycle vehicles that have reached the end of their life in Fiji. To begin, this project has an estimated budget of US$ 5.45 million.	 **10. End-of-Life Vehicle Program**
Maritime transport	Decarbonising the shipping sector and achieve net-zero carbon by 2050 for Fiji, Marshall Islands, Solomon Islands, Tuvalu, and Vanuatu. This has an estimated budget of US$500 million.	 **11. Pacific Blue Carbon Shipping Program**

4.2 Adaptation Projects

	Description	Adaptation Projects
Reef ecosystems	An ecology and business program to promote sustainable resource management along the reef ecosystems stretching from Vanua Levu to the Yasawa. With support from the World Wildlife Fund and Fiji Development Bank, it has an estimated budget of US$5 to US$10 million.	 **1. Great Sea Reef Resilience Program**
	Focuses on improving infrastructure, technology, and products in the 5 identified vulnerable HCF. Initial funding of US$500,000 to complete the scoping and feasibility studies.	 **2. Climate Resilient Health Care Facilities (HCF)**
Buildings	Aims to install solar in low-income houses and to make climate-resilient construction processes and materials accessible to low-income housing, particularly through the Public Rental Board Flats. The Fiji Development Bank could help expand lending to commercial banks for solar powered, climate-resilient housing. Initial budget is roughly US$45 million.	 **3. Climate Resilient Homes**
	The approach is to rebuild or rehabilitate the 173 schools and 33 public building severely damaged during recent tropical cyclones to be able to withstand at least a category 4 cyclone. Implemented though the Construction Implementation Unit, this has an estimated budget of US$82 million.	 **4. Rehabilitation of Schools and Public Buildings.**
Water and waste	Improve the efficiency and climate resilience of 11 wastewater plants operated by the Water Authority of Fiji with technical support from Fiji National University, the Pacific Community, and Pacific Water and Wastewater Association. It has an estimated budget of US$6.5 million.	 **5. Efficient Operation and maintenance of wastewater treatments systems**
	This helps the Water Authority of Fiji make water production more efficient, reduce water demand, and improve the efficiency of operating and maintaining the water distribution system. It includes technical assistance for mass balance, audits of energy use in the water system, investment feasibility studies, and support to improve infrastructure. The estimated budget is US$5 million.	 **6. Efficient operation and Maintenance of water supply systems.**

	Description	Adaptation Projects
Cross-cutting	Phase one includes Standard Operating Procedures to operationalise the Planned Relocation Guidelines. The estimated budget is US$500,000 per community.	 **7. Climate Change Relocation**
	This will pilot a circular blue economy in Savusavu. The first step is to develop the SBTM framework. The estimated project budget is US$60,000 for this first phase.	 **8. Savusavu Blue Town Model (SBTM)**

5.0 Future Climate Finance Priorities

Once fully implemented, the National Climate Finance Strategy can transform public climate finance in the 12 identified sectors. The NCFS focuses on actions that should be implemented by the public sector and that could be co-financed by private sector or development partners. Long-term sustainability of the actions is key.

Each sector discussed in the NCFS covers the COVID-related cuts to domestic climate finance and the policies, interventions, targets, and projects that should be prioritized for implementation. Project developers should work from these priorities when initiating conversations with government stakeholders and developing concept notes. Table 3, below, highlights the climate finance priorities for each sector. It can be used as a starting point for project developers, but the full NCFS should also be consulted for more specific information.

Table 3. Future climate finance priorities

Sector and key information	Policy objectives	Investment Priorities
 **Agriculture** Led by the Ministry of Agriculture and Ministry of Sugar Industry. Implementation will cost just over FJ$52 million total.	a. Climate smart agriculture b. Disaster risk financing c. Sustainable agriculture d. Support for sustainable agribusiness and ecommerce e. Education and training on the use of pesticides	1. Improve institutional, technical, and scientific capacity by establishing a research collaboration with farmers, developing risk financing instruments, and strengthening biosecurity measures. 2. Access to resilient crop varieties, livestock breeds and market products that mitigate climate risks for farmers, accelerate market-driven solutions, increase adoption of sustainable soil and land management techniques, and diversify agricultural produce for subsistence farmers. 3. Expand knowledge management about and farming practices related to sustainable resource management and climate-resilient agriculture practices.

 **Blue Economy** Vital to Fiji's ability to build a climate resilient, lo-carbon economy. Fiji's oceans – including fisheries and tourism – account for roughly 38% of GDP	a. Conserve and manage natural and ocean resources. b. Climate -smart and ecosystem-based fishing practices. c. Protect ocean ecosystem from climate impacts. d. Transition from a production-focused approach to fisheries management to an ecosystem-based and climate resilient approach.	1. Rehabilitate and conserve Fiji's oceans and coastal ecosystems through strengthening the text and enforcement of policies. Classify 30% of offshore areas as National Marine Protected Area. 2. Enhance collaboration among government entities, local communities, and other partners to improve food security, harness technical expertise, and share local knowledge. 3. Promote sustainable fisheries, strengthen community-based fisheries management, and create a sustainable market for non-tuna species.
 **Climate Governance.** Enforcing a robust system of climate related policies and regulations is essential for Fiji to achieve a net-zero, climate resilient economy by 2050.	a. Integrate climate considerations into national, sub-national and community planning process. b. Improve monitoring and evaluation of climate interventions and targets.	1. Release a standardised screening tool that examines all government-funded projects for climate risks. 2. Expand capacity building of national and sub-national government representatives to mainstream climate considerations into the newly developed policies, plans, and projects and to increase technical expertise and knowledge. 3. Ensure standardize climate budget codes are used in the national and sub-national budget and financial systems to better prioritize climate investments.
 **Climate Induced Relocation** 27% of Fiji's population lives within one kilometre of the coastlines. 15 communities have been identified for relocation.	a. Clarify the processes required to relocate climate -vulnerable communities. b. Create a systematic approach to identify which communities need to be relocated and where they could move. c. Expand capacity building of national and sun-national institutions to guide relocation process.	1. Slow the initial impacts of climate change and the need to relocate communities and infrastructure through nature-based solutions. Projects such as climate-resilient sea walls, expanding mangrove forests, and planting seagrass. 2. Establish proof of concept and operationalise the Fiji Relocation and Displaced People's Trust Fund, which will help 15 communities relocate, including three in 2022. 3. Create and use data-driven vulnerability maps to identify vulnerable communities.

 **Disaster Risk Management.** Currently 25,700 Fijians pushed into poverty every year due to natural disasters and by 2050 it will reach 32,800. Economic recession forcing 150,000 job losses due to COVID-19 Pandemic	a. Expand knowledge of and compliance with Fiji's national building codes. b. Develop disaster risk financing products. c. Integrate disaster risk management practices across national and sub-national processes.	1. Critical national infrastructure complies with national disaster regulations, building code, and renewable energy targets by upgrading and enforcing existing regulations and standards. 2. Improve disaster management preparation through well-coordinated emergency plans, hazard mapping, and trainings. 3. Improved access to and use of hydrological, telemetry and meteorological information with expanded trainings for the Fiji Meteorological Services about how to develop and use a multi-hazard early warning system.
 **Electricity** Investments to expand the grid will increase emissions unless electricity is exclusively generated from renewable sources.	a. Create a robust enabling environment for new renewable energy generation from solar, wind and hydro. b. Attract private sector investment into renewable energy.	1. Ensure universal access to affordable, reliable, and sustainable electricity by ensuring 100% of electricity comes from renewable energy sources by 2030. 2. Expand investments in renewable energy, including through mini grids and solar home systems. 3. Improve energy efficiency in the electricity sector, including by focusing on increasing grid resiliency and improving enforcement of energy efficiency regulations.
 **Forestry** Forests account for 60% of Fiji's total land area. Healthy forests can sequester carbon and increase community's adaptative capacity. Ministry of Forestry takes Lead.	a. Protect forest cover b. Expand collection of forestry related data. c. Expand usage of sustainable forest management practices.	1. Develop and implement sustainable forest management practices by implementing the tree planting campaign, strengthening enforcement of forestry-related policies, and expanding adoption of sustainable forest management practices. 2. Improve service delivery and enforcement of relevant legislation, expand knowledge development for the Ministry of Forestry, and expand the domestic non-timber product industry. 3. Develop financing mechanisms to capture the socio-economic impacts of forests by implementing a national programme to reduce the negative impacts of logging, foster awareness of sustainable forest management, and map climate vulnerable flora and fauna within anational monitoring system.

Gender and Social Inclusion. Additional research is required to better understand whether climate finance considers the gender implications of climate change. Led by the Ministry of Women, Children, and Poverty Alleviation.	a. Climate adaption requires empowering women and marginalized groups. b. Fiji's climate adaptation response needs to be more gender responsive. c. Building the institutional capacity of women in local communities to manage climate related projects.	1. Integrate gender, socially inclusive, and human rights-based approaches into all stages of project design. 2. Mainstream gender considerations into national and sub-national planning processes. 3. Develop gender sensitive policies and processes to track and report on gender-based indicators. 4. Practice gender responsive budgeting for transparency, accountability, monitiroing and evaluation of gender considerations in public expenditures.
Housing Led by the Ministry of Housing and Community Development. 24% of the urban population lives in informal settlements.	a. Design and implement data-driven, climate resilient building standards. b. Retrofit housing infrastructure and services so they are more resilient to severe weather events.	1. Expand hazard mapping and build capacity of both the Ministry and municipal councils to develop downscaled climate vulnerability assessments that provide guidance about how to upgrade the housing stock. 2. Provide climate-resilient housing by upgrading existing informal settlements, supplying affordable land close to employment nodes, and developing programs and financial instruments for rural and urban communities to cost-effectively build disaster-resilient homes.
Human Health COVID-19 let to budget cuts of FJ$345,000 from four climate related healthcare projects Main stakeholder is the Ministry of Health and Medical Services	a. Develop comprehensive cost estimates about how to adapt the health sector. b. Conduct additional research about how best to integrate climate considerations into the health sector.	1. Deliver a more resilient and higher quality health system by strengthening the Ministry of Health's climate change unit and conducting extensive upgrades to health facilities so they can respond to climate induced diseases. 2. Integrate climate risks into building designs of HCF and upgrade existing facility to withstand at least a category 4 cyclone. 3. Build capacity of health workers on the overlap between human health, climate adaptation, and disaster risk reduction. This includes identifying which communities are most vulnerable to health and climate impacts and how best to protect them.

Transport NDC target to reduce transport emissions by 137,000tCO2 per year. Cyclone Winston destroyed 46% of Fiji's transport infrastructure, including: - 7,600km roads - 1,200 bridges - 9,000 streetlights - 47 jetties FJ$4.3 billion required over 10 years to improve resilience.	a. Upgrade public transportation infrastructure to be climate-resilient. b. Decarbonize roads and marine transport using new technologies.	1. Incorporate environmental and climate risks into the design of infrastructure and develop and implement waste management strategies for transport fuels. 2. Develop and deliver safe, efficient, sustainable, reliable, and affordable shipping and marine transport options by upgrading infrastructure, ports, jetties, navigations aids, and beacons to be climate resilient. 3. Build and deliver sustainable, efficient, and high quality international and domestic air service. Review and upgrade of airport and air strip infrastructure to be climate resilient and to meet international standards. Three projects prioritized: the aircraft re-fleeting program, sustainable aviation fuel integration initiative, and the airport & airfield infrastructure upgrade.
Water & Sanitation Targets Clean water in 85% of rural communities by 2021. Connect 40% of the population to the national sewerage system by 2021.	a. Fix water and sanitation issues in informal settlements. b. Implement an effective system to manage water resources. c. Upgrade climate resilient water and wastewater infrastructure to incorporate energy efficiency practices.	1. Systematically manage waste and wastewater projects using a comprehensive assessment of climate impacts on water and sanitation network, upgrade water and sanitation infrastructure to be climate resilient, and develop minimum standards for water and sanitation infrastructure. 2. Enhance access to water and climate-related data and risks by enhancing collaboration and capacity building among communities and sub-national government and by increasing awareness and ability of communities to adopt sustainable and efficient water management practices. 3. Ensure the long term sustainability of water resources by developing and implementing integrated water resource management plans in river catchment zones, incorporating alternative sustainable water sources, and protecting catchment areas from pollution.

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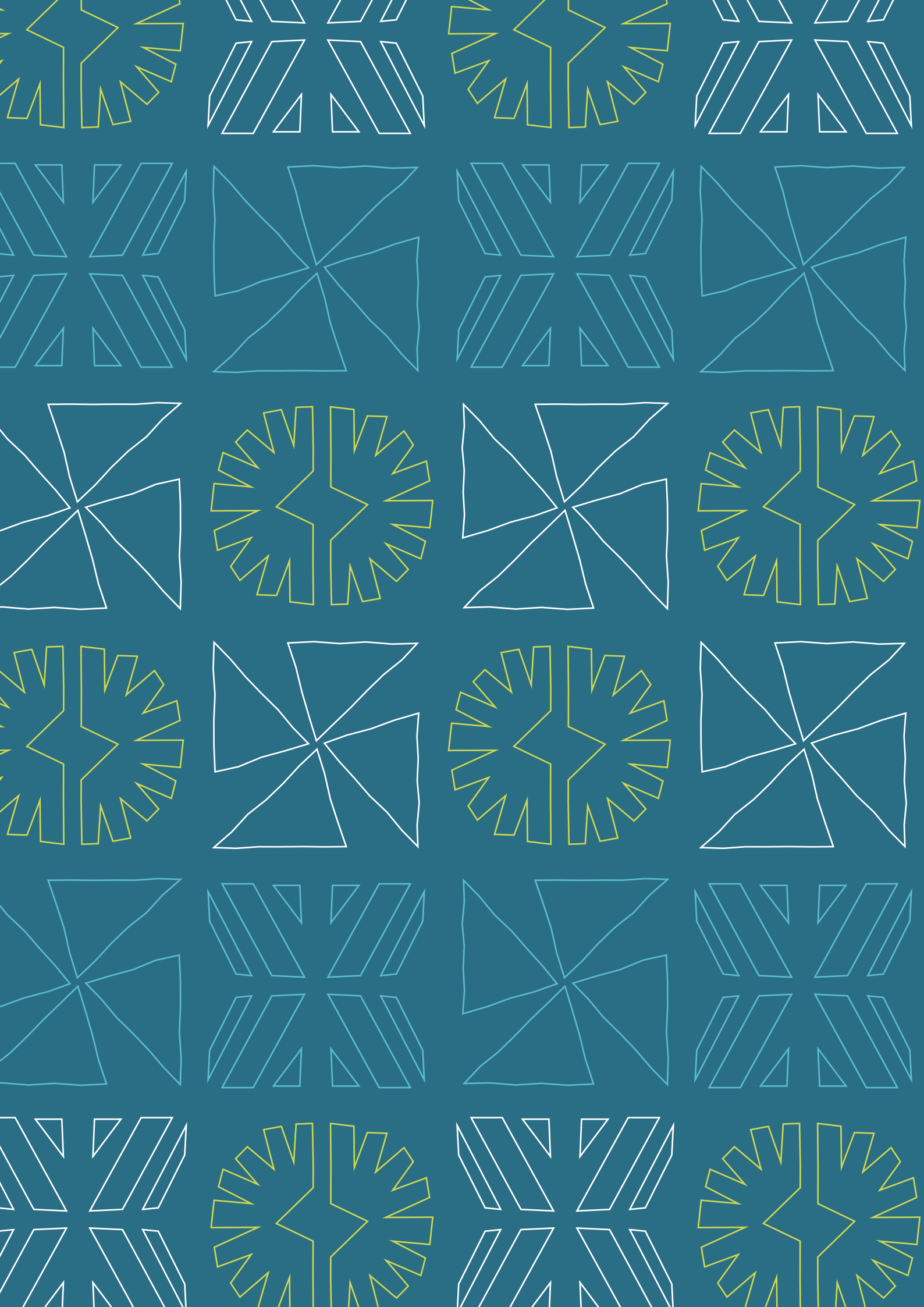

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