

Twenty Third SPREP Meeting of Officials

4-6 September 2012
Noumea
New Caledonia

Agenda Item 6.3: SPREP's Application to become a GEF Agency

Purpose of Paper

1. The purpose of this paper is to update Members on progress made by the Secretariat for SPREP to become a GEF Project Agency (PA).

Background

2. The 2011 SPREP Meeting directed the Secretariat to apply for accreditation as a GEF Project Agency under the GEF Pilot Scheme. The overall goal of this exercise is to increase funding from GEF for Pacific Island member countries.

3. The Secretariat prepared and submitted its Stage I Application on 15th December 2011. Comments were received on this application from the GEF Secretariat. The GEF Secretariat expedited applications to Stage II of the process and SPREP submitted its Stage II Application on 21 May, 2012, responding to the previous comments received from the GEF Secretariat.

4. Running parallel to this process the GEF constituted a "Value Added Review Panel" from February to May, 2012 to conduct "Value-added Reviews" on all completed applications according to the procedures and criteria agreed by the GEF Council. The SPREP Secretariat was not made aware of this process at the time. The Panel consisted of senior GEF staff members representing all GEF focal areas as well as GEF operations and business strategy and external relations teams. The report of the Panel was published on 18 May 2012. The GEF Council assessed SPREP's Stage I Application on the basis of this report, and the supplemental information provided by SPREP on 21 May was unfortunately not considered.

5. The GEF Council noted a number of areas for improvement before SPREP's application to be a GEF Project Agency could proceed. These areas included Environmental Safeguards, Fiduciary Requirements and Project Development, Monitoring and Evaluation.

6. The SPREP Secretariat has made major improvements in its financial, human resource (HR) and governance procedures and structures over the last 3 years, as reflected in SPREP passing the EU Institutional Assessment in 2011. However further improvements can and should be made to reach the level of a GEF Project Agency. It is further noted that SPREP is much smaller agency, and with far fewer financial and HR staff, than existing GEF Implementing Agencies such as UNDP and the World Bank.

7. The GEF Secretariat has offered support to SPREP in addressing the identified areas of improvement through a Medium Sized Project (MSP) in time for a second round of agency accreditations, the date of which will be decided at the 43rd GEF Council Meeting in November 2012. This support has been offered to SPREP given the clear alignment of its mission and mandate with the GEF Focal Areas and its past involvement in executing GEF Projects. The GEF Secretariat also recommended that SPREP work through UNDP Headquarters in implementing the MSP.

8. As of 23 July, SPREP is working on the Project Identification Form (PIF) for the Capacity Building MSP and will submit this directly to the GEF Chief Executive Officer by Friday 27th July 2012. Direct submission in this way ensures that the proposal may be submitted and approved quickly to enable work to begin without delay.

9. SPREP is also currently cooperating with the UNEP Collaborating Centre based at the Frankfurt School in the context of the SPREP application for Regional Implementing Entity status to the Adaptation Fund Board (see SM 9.2.4 for more details) and this process has identified concrete steps to be taken in ensuring SPREP's compliance with the Adaptation Fund's Project and Fiduciary Criteria as well as those of the GEF. The Secretariat will ensure that support provided under the MSP is closely linked and integrated with support provided by Frankfurt School.

10. In response to the recommendations of the accreditation process, SPREP developed an Internal Audit Plan which laid the foundations for setting up the internal audit function at SPREP. The Management Accountant, the SPREP Officer, now in charge of that function, will adapt this plan into an Internal Audit Committee Charter which sets up the Audit Committee at SPREP to provide oversight over a variety of operational and project functions in the Secretariat. The Internal Audit Charter is currently being developed according to the Institute of Internal Auditors (IIA) International Standards for the Professional Practice of Internal Auditing and the International Auditing Standards.

Recommendations:

11. The meeting is invited to:

- **Note** the progress made by the Secretariat and **encourage** the work to be continued as quickly as possible;
- **Encourage** Members of SPREP, who are also Members of the GEF, to strongly support the application of SPREP to become a GEF Project Agency; and
- **Encourage** interested donors and partners to **support** the implementation of any new standards, regulations and operational structures through possible secondments or financing.
- **Note** the establishment of the internal audit function within the Secretariat and the development of the internal audit committee charter and the internal audit charter for operations. .