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The Pacific environment, sustaining our livelihoods and natural heritage in harmony with our cultures.

Twenty Sixth SPREP Meeting of Officials

Apia, Samoa
22nd – 24th September 2015

Agenda Item 6.2: Access to Climate Finance – Adaptation Fund (AF) and Green Climate Fund (GCF)

Purpose

1. To inform Members of opportunities and processes for accessing climate finances through SPREP for the Adaptation Fund (AF) and the Green Climate Fund (GCF); and
2. To seek feedback from Members on how SPREP can best execute its Regional Implementing Entity (RIE) role for the AF and GCF to support services to the region

Background

3. The Secretariat of the Pacific Regional Environment Programme (SPREP) is accredited as an Implementing Entity for both the Adaptation Fund (AF) and the Green Climate Fund (GCF). This accreditation means SPREP can access finance from both funds on behalf of eligible (PIC) Members, to support adaptation and mitigation activities. There are other international agencies (UNDP, UNEP, ADB, World Bank) also accredited to either GCF and/or AF. SPC is also applying for GCF accreditation.
4. SPREP is accredited to deliver projects of up to \$10 million for AF, and \$50 million for GCF through traditional 'grant' type project modalities, operating as an Implementing Entity, and where agreed with country partners, as an Executing Entity (under GCF only).
5. SPREP's objective is to facilitate access by PICs to climate finance for resilient and low carbon sustainable development. SPREP will pursue this broad objective in line with its focus on environmental sustainability (including Ecosystem based Adaptation), capacity development, regional collaboration and partnerships. This means:
 - a. SPREP is available to provide general advice, support and capacity building to its Members for AF and GCF engagement.
 - b. SPREP can oversee project delivery as an Implementing Entity for the AF and GCF, and/or support project delivery directly as an Executing Entity under the GCF. SPREP can also provide Technical Assistance where an AF or GCF project is being managed by a different Accredited Entity, such as UNDP, ADB or the Micronesia Conservation Trust. Where SPREP provides TA, SPREP may charge on a fee for service basis

- c. SPREP can support directly, or help coordinate external support, for project proposal development. Such external support may be obtained through the Regional Technical Support Mechanism, for example.
- d. Similarly, SPREP can also provide advice and help coordinate support for 'readiness' activities where Members require additional capacity or have technical requirements, to better engage with climate finance, including through drawing on a range of donor supported readiness focused programs operating in the region. This may range from support for, and advice on, better financial management systems through to technical feasibility studies.
- e. As an accredited entity SPREP is accountable directly to the Boards of the both the AF and the GCF for the overall management of projects, including the financial monitoring and reporting aspects of project activities.

6. As a regional entity SPREP also has a role to play in helping ensure awareness, coordination and partnerships in the region. The cross cutting nature of climate change and the range and number of partners operating in the region means coordination and harmonisation is challenging. SPREP will work through relevant platforms and in coordination with other CROP entities to facilitate coordination and harmony.

7. At the national level, it is important to note that both the GCF and the AF work through dedicated National Designated Authorities (NDAs), which are commonly based in the Ministry of Finance. SPREP will promote and support country coordination of climate finance activities in line with country processes. It is important that NDAs are kept up-to-date on climate finance matters. A list of NDAs for AF and GCF are attached at Annex 1.

8. SPREP has dedicated resources and expertise to support delivery of these functions, including:

- a. A Climate Finance Adviser; and
- b. A Project Preparation Specialist (for 12 months to September 2016)

9. These two positions will form the core of SPREP's climate finance services. It is anticipated that as GCF and AF projects come online through SPREP, additional resources will be required, and obtained through project budgets. In addition SPREP will apply a Project Management Fee to cover other indirect costs including operational and overheads associated with operating as an Implementing Entity (the AF allows a 8.5% Management Fee while the GCF Management Fee is negotiable).

10. With the opportunities that come with operating as an accredited entity for both the AF and GCF comes a range of opportunities and challenges. Through the Climate Finance Adviser SPREP will continue to strengthen, and where necessary develop additional, policies and procedures to ensure the effective, efficient and accountable delivery of climate finances for the Pacific. Issues to be considered and addressed may include:

- Updating of the organizational risk management plan (in consultation with the Internal Auditor and SPREP Risk Management Committee).
- Development of a formal and transparent financial due diligence processes for when engaging country partners as executing entities that involve the transfer of funds for activity delivery.

- Development of a technical assistance Fee for Service policy, to help distinguish where services are being provided by SPREP above and beyond those of our core business.
- Further development of the Environmental and Social Safeguard Standards (and Policy) as well as monitoring and reporting processes.

11. These institutional strengthening processes will be integrated and addressed within frameworks and processes (drawing on the audit, and risk committees for example). The GEF funded institutional strengthening (MSP) project will also support delivery against these and other functions.

12. Countries, or line Ministries, as well as the community and private sector groups interested in engaging with climate finance should contact the SPREP Climate Finance Adviser.

Recommendation

13. The Meeting is invited to:

- **provide** feedback on SPREP's approach to GCF and AF implementation

Annex 1 - List of Pacific region NDAs for AF and GCF

10 August 2015