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

Twenty Seventh SPREP Meeting

Alofi, Niue

19 – 21 September 2016

Agenda Item 6.3: GEF Issues

Purpose:

1. To provide an update on the GEF Council's accreditation pilot and the implementation of the medium size project (MSP) for SPREP to be an accredited agency to the GEF.
2. To highlight GEF-6 uptake (programme vs un-programed) by Pacific Island Countries.
3. To highlight potential shortfall of the GEF-6 envelope and implications for the Pacific.
4. To discuss GEF strategic issues, challenges and opportunities.

Background

5. As an accredited agency of the GEF, SPREP will be better positioned to assist countries with project delivery under the GEF. An initial issue has been whether the GEF will accept any more accredited agencies. SPREP has been granted an MSP to ready itself for accreditation.
6. The 50th GEF Governing Council Meeting held in June 2016 decided to reassess at the end of the sixth replenishment period of the GEF Trust Fund (GEF-6) in 2018 whether to launch a process to accredit a limited number of additional agencies. The Council noted this date would allow them to take into account the findings of the Sixth Comprehensive Evaluation of the GEF. This issue is therefore expected to be re-visited in 2018.
7. GEF-6 programmatic cycle opened on the 1st July 2014. We are at the midpoint of the cycle - an important time to take stock of countries' progress in programming their national allocations.

GEF Accreditation Pilot Process and SPREP Application

8. The GEF council meeting in June 2016 decided to defer a decision on the future of its accreditation pilot towards the end of the current GEF-6 cycle. This would mean that a final decision could be made in either in late 2017 or early 2018. In the meantime, the Secretariat will continue with its capacity building program towards meeting GEF accreditation standards.
9. It is anticipated that prior to 2018, the Secretariat will have established new policies, guidelines, tools, procedures and processes that comply with GEF accredited standards,. There will also be time to gather evidence of using new capacities to support future application for higher level accreditation to the GEF, and renewal of current accreditation to the Adaptation Fund.

10. Complying with GEF accredited standards will translate to a more robust, effective and efficient organisation that is capable of successful project delivery for both the GEF and other donors.

Medium Size Project for GEF Accreditation

11. The MSP project document was signed in March 2015 between SPREP and UNDP Samoa as the GEF Implementing Agency. A total budget of USD 1 million was made available from the GEF to SPREP.. The overall objective is to assist Pacific Island Countries access GEF funding through SPREP as an accredited agency to the GEF.
12. The GEF funded MSP will be completed by the end of the year and will have produced key deliverables required to bolster the Secretariat's overall governance structure.

MSP Capacity Building Programme towards GEF Accreditation

13. **Policy: Important new policies have been developed to comply with GEF fiduciary policies:**
 - Finance: (1) Internal Control Framework or ICF, (2) Sub-Delegation, (3) Grants, (4) Cost Recovery, and (5) Financial Management.
 - Management and Procurement: (1) Travel Policy, (2) Procedural Manual, and (3) Tools and Templates.
 - Ethics: (1) Revised Code of Ethics, (2) Tools and Procedures, and (3) Linkages to ICF, Financial Regulations, Human Resource etc.
 - Internal Audit/Risk Management: (1) Enterprise Risk Management System.
 - Project Management: (1) Project Operational Policies, (2) Operational Manual, and (3) Guidance on Separating Implementing Agency function and Executing Agency function.
 - Environmental and Social Safeguards: (1) Environmental Management System, (2) Safeguard Standards, and (3) Guidelines, Procedures and Tools.
 - Gender Mainstreaming: (1) Policy, Guidelines, and Procedures.
 - Child Protection Policy: (1) Policy and Procedures.
14. Information and Technology E-Platform: The development of the Project Management Information System (PMIS) will enable project managers to develop and manage projects using this online database. The PMIS is expected to be fully operational before the end of the year. Project details such as budgets, expenditures, annual work plans including reporting on progress will be done through the PMIS.
15. Capacity Building: Staff training is aimed at upskilling staff on the use of the new tools and increase the level of understanding on the new policy and procedures established through the MSP. Training is expected to be on-going and lead by SPREP staff who have undertaken 'train-the-trainer' workshops conducted by the Nataij consultancy firm.

Strategic Issues, Challenges and Opportunities

16. **Future Accreditation to the GEF:** The Secretariat will continue to pursue accreditation to the GEF. In the meantime, the Secretariat will maintain its commitment to strengthen existing capacity to perform both executing and implementing roles. As the MSP project closes at the end of 2016, the Secretariat will ensure that all new and improved capacities will be maintained and continue to be strengthened. This will be supplemented with Training on an on-going basis. Additional improvements on the existing Financial and Management Information System (FMIS) and PMIS will be done once fresh funds are secured in the future. All new policies, procedures and tools will be institutionalized and practiced throughout the Secretariat. Evidence supporting the use of these new capacities will be gathered and collated for future use towards re-applying for accreditation to the GEF.
17. The Secretariat continues to monitor the discussions held at the GEF Governing Council on the future of accreditation with the view of re-applying for accreditation if a decision is made to open the accreditation process again. The Secretariat will be prepared to make a submission at that time.
18. **GEF-6 Shortfall:** The GEF Governing Council meeting in June 2016 noted the advice from the World Bank (as Trustee) of the potential shortfall in GEF resources as a result of movement in exchange rate. The Council noted its secretariat's commitment to the ongoing prudential management of GEF Trust Fund resources, and requested that the Secretariat prepare an update on GEF-6 resource availability, which also reflects any funding released from the GEF Cancellation Policy, and propose other potential measures to support effective resource use during GEF-6 for Council consideration at its October 2016 meeting.
19. The implication arising from a potential shortfall may result in the prioritization of projects. Member countries that are accessing GEF funding should advance preparations towards full programming of GEF-6 resources. Secondly, countries who have aging projects (still have not submitted project documents in the last 18 months and beyond) may have their proposals cancelled and funds redirected to make-up for the shortfall. Thirdly, countries should liaise closely with their council representative and alternate representative on this issue and request assistance from SPREP to monitor and report back to all national operational focal points on an update of the availability of GEF-6 resource and decisions of the GEF council meeting in October.
20. **GEF-6 Programming:** SPREP will maintain and continue to provide GEF support services to assist its member countries to access GEF resources and expedite project development. The Secretariat invites member countries to identify the assistance that they require to expedite project development for STAR funding. Countries to consider building-in SPREP-GEF support costs within project budgets either in the formulation and/or implementation stages.
21. Several opportunities exist to help countries lock in the remaining balance of their GEF-6 funding but will require support and full commitment from member countries. Countries may wish to consider 3 pathways and various funding modalities within the GEF that will suit their needs and at the same time, being able to programme the remaining balance of their GEF-6 STAR. The pathways are: (1) National Projects, (2) Regional Projects and, (3) Programmatic Approaches. The GEF's funding modalities are: (1) enabling activity of up to USD 1 million, (2) medium size project of up to USD 2 million and (3) full size project above USD 2 million.

22. The Secretariat urges member countries who have not taken advantage of the remaining balance of their GEF-6 STAR allocation to do so. It is urgent that member countries decide on their preferred pathway and funding modality and to work closely with their GEF Implementing Agency to start or complete their programming activity (i.e Project Identification Form/Project Preparatory Grant, Project Document, CEO Endorsement/Approval). Member countries will lose un-programmed funds towards the end of the cycle.
23. Historically, the Pacific region faces capacity constraints to undertake timely programming with the GEF. In terms of the way forward, the secretariat proposes a programmatic approach that member countries may wish to consider for GEF-7. The programmatic approach will target national priorities together with objectives that can be supported by SPREP in the areas of climate change, biodiversity and ecosystem management, waste management and pollution control, and environmental monitoring and governance. A concept paper will be shared with member countries and the GEF secretariat for consideration and additional discussions can take place between the secretariat, the GEF and all 14 national GEF Operational Focal Points in the Pacific region.
24. **GEF-6 Project Pipeline for the Pacific**

National	Project Name & Grant
Cook Islands	Renewable Energy Sector Project (USD 4,127,668)
Fiji	Building Capacities to Address Invasive Alien Species to Enhance the Chances of Long-term Survival of Terrestrial Endemic and Threatened Species on Taveuni Island and Surrounding Islets (USD 3,502,968)
Palau	Integrating Biodiversity Safeguards and Conservation into development in Palau (USD 4,233,562)
Tuvalu	Facilitation of the Achievement of Sustainable National Energy Targets of Tuvalu or FASNETT (USD 2,639,725)
Samoa	Improving the Performance and Reliability of RE Power Systems in Samoa or IMPRESS (USD 6,075,828)
Papua New Guinea	Facilitating Renewable Energy & Energy Efficiency Applications for Greenhouse Gas Emission Reduction or FREAGER (USD 2,840,640)
Tonga	Outer Island Renewable Energy Project (USD 2,639,269)
Regional	Project Name & Grant
SPREP	Strengthening national and regional capacities to reduce the impact of Invasive Alien Species on globally significant biodiversity in the Pacific (USD 4,500,000)

GEF-6 Uptake for the Pacific

25. At the mid-point of GEF 6 (June 2016), only 8 member countries have developed proposals for STAR funding. Only Palau, Samoa, and the Cook Islands have fully programmed their GEF-6 STAR. The remaining member countries have yet to do so. The total STAR funding remaining for programming as of August 2016 is **USD 63,398,019**.

Recommendation

26. The Meeting is invited to:

- **note** the MSP deliverables and results towards building the secretariat's capacity to comply with GEF accredited standards. The MSP will be completed by the end of 2016;
 - **note** the GEF's Governing Council decision to defer the discussion on the future of the GEF accreditation towards the end of GEF-6, 2018. The secretariat to follow-up and prepare its application in due time;
 - **note** the potential shortfall of GEF-6 resources and **encourage** member countries to liaise with their council representative and alternate representative to engage effectively on this matter and **requests** the secretariat to monitor and report back to member countries the decision of the GEF council meeting in October 2016;
 - **endorse** the programmatic approach pathway for GEF-7 programming by Pacific Island Countries;
 - **invite** member countries to identify and request support needed to expedite full programming of their GEF-6 STAR; and
 - **agree** that the secretariat must maintain improved capacity and continue to strengthen its function as an Executing Agency and Implementing Agency.
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