
AGENDA ITEM 6.4:

Northern Sub-regional SPREP Office Establishment

Purpose of Paper

1. To update Members on progress in establishing the SPREP Northern Sub-regional Office.
2. To seek endorsement of the transitional 2019 budget for the Office
3. To seek endorsement of the draft business case and provisional budget for 2020 and 2021.

Background

4. 27SM and 28SM endorsed work towards the establishment of a Northern sub-regional office to be located in RMI in response to decisions of the Micronesian Presidents, and tasked the Secretariat to work with Northern Members¹ to assess the viability of establishing a Northern Office, with the SPREP core budget contribution not exceeding the annual national liaison budgets for FSM and RMI (US\$100,000).
5. In 2018 the SPREP Executive Board considered a proposal to establish the Northern Office along with an indicative budget and tasked the SPREP RMI Desk Officer to work with the Secretariat and Northern Members to develop a business case and revised budget for the Northern Office.
6. In February 2019 the Micronesian Presidents' Summit (PMS) endorsed a strategy for establishing the office before the end of 2019. The Presidents' endorsement of the strategy in the PMS:
 - Gratefully noted the existence of sufficient budget for 2019 to enable the Northern Office to be initially established, charged with implementing the Executive Board's recommendations, and committed:
 - Northern Member countries to seek GCF Readiness funding for 2020 and 2021 with allocations to SPREP to enable full funding of the office from 2020 until on-going financing comes on stream from the implementation of SPREP pipeline projects².
 - all Northern Members seeking to benefit from the operations of the office to provide some annual financial contribution to the operating costs of the office.

Subsequently:

7. The Secretariat has established a transitional 2019 annual budget comprising a mix of:
 - a) permitted core funding (US\$100,000),
 - b) RMI host country contribution (US\$ 20,000),
 - c) RMI Readiness contribution (US\$ 30,000)
 - d) 2 project contributions. (PacWaste Plus US\$ 5,125, GEF-6- Invasive Species US\$ 8,000).

¹ Commonwealth of Northern Mariana Islands, Federated States of Micronesia, Guam, Kiribati, Nauru, Marshall Islands and Palau

² SPREP's current pipeline has 10 climate finance projects for Northern Members under development including 6 Readiness applications, as well as 2 Major GEF and 3 EU-funded projects

8. The RMI SPREP Desk Officer, Kilom Ishiguro has been appointed as the Transitional Northern Office Manager tasked with bringing a working group (WG) of all Northern Members together with the Secretariat to carry out the Executive Board's recommendations to develop a business case and revised budget for the Office, to be reported to 29SM.
9. RMI has allocated office space, which is currently being renovated for the purpose;
10. A target date of October 2019 has been tentatively agreed for the formal opening of the office should the Meeting agree.

Report

11. The WG has developed an operating model for the office, identifying key parameters requiring funding. The operating parameters and proposed budget are presented in Attachment 1. It should be noted that the budget is an indicative annual budget for a fully staffed and operating office, however full funding is not anticipated immediately, and staffing as well as the operating budget will need to progress as and when funding becomes available, building on the 2019 transitional budget.
12. The proposed budget has yet to incorporate country contributions from the 6 Northern Members other than RMI, necessary to help support the on-going operating costs of the Office from 2020 and to define the level of funding to be sought from the GCF under Readiness allocations. The strategy endorsed by the MPS envisages contributions from GCF Readiness funding. RMI has proposed a further US\$ 30,000 from their GCF Readiness proposal, the other 4 Northern national NDAs have yet to advise their plans. The 10 Northern GCF projects in the SPREP pipeline, including at least 2 sub-regional projects support the case for Readiness support to the operations of the Office.
13. Assessment of the pipeline's potential to deliver on-going project funding to the Office indicates that following 2020 and 2021 at least 8 further Northern projects will be coming on stream with direct Office support costs which will replace the anticipated 2020 and 2021 Readiness (one-off) funding.
14. The WG has developed a business case which is attached as Attachment 2.

Recommendation

15. The Meeting is invited to:
 1. **note** progress towards the establishment of the SPREP Northern Office;
 2. **endorse** the transitional 2019 budget for the office as outlined in Paragraph 6;
 3. **endorse** the operating model and budget for 2020 & 2021 identified in Attachments 1 and 2;
 4. **urge** all Northern Members to contribute some operating budget to the annual operating cost of the Office, and for those with NDAs, to allocate 2020 and 2021 Readiness funding to support the Office; and
 5. **promote** office funding contributions to sources of finance active or with interests in the North Pacific.

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