

## **Draft Business Case for the Establishment of the SPREP Northern Sub-regional Office**

This business case:

### Identifies:

- the strategic context;
- the rationale for the Northern Sub-Regional Office;
- benefits and risks;
- options, including costs and technical solutions;

### Analyses:

- options;
- the case for the Northern SPREP Sub-regional office.

### Proposes:

- a transitional budget for 2019;
- a draft budget for 2020-2021;
- Next steps and timelines.

### **Strategic Context**

- Micronesian Presidents have decided that SPREP should establish a Northern Sub-regional Office hosted in RMI to better service the priority environmental needs of Northern Members. At 27SM, 28SM and EB1 Members agreed for work to be undertaken towards the establishment of the Office in Majuro with the provisos that:
  - The SPREP core budget only contribute the amount budgeted for the two North Pacific Desk Officers in RMI and FSM;
  - Northern Members seeking to benefit from the office were to make some financial contributions to its annual operating budget; and specifically that:
  - The RMI Desk Officer working with the Secretariat and Northern Members was to develop a business case and revised budget for presentation to 29SM.
- RMI has identified a suitable office space and committed US\$20,000 annual contribution to the operating budget of the office.

### **Rationale**

The range of environmental priorities for Northern Members is broad, and includes all SPREP's regional areas of strategic focus, with particular needs arising from fast-emerging areas of environmental risk and security for which the SPREP Secretariat through its Apia-based HQ has dynamic on-going engagement.

Northern Members wish to be able to more directly communicate and engage with SPREP technical expertise and wider partnerships in policy and project development for the subregion and more broadly in SPREP core programmes.

Northern Members are physically the furthest Members from Apia and their access to HQ-based expertise and development partner specialists working with their HQ counterparts is limited by the particularly high cost of airfares, and the time needed to fly the necessary routes which are often geographically indirect and therefore time consuming.

A SPREP Northern sub-regional office would play a key support role to Northern Members in the design and implementation of projects. There are currently 10 climate finance North Pacific projects in the SPREP portfolio due to begin implementation in the next two years <sup>1</sup> including 4 NAP Readiness applications, plus 2 Major GEF and 2 EU-funded projects. Several of these projects are sub-regional.

### **Benefits and risks:**

#### Benefits include:

- Members have more frequent face-to face relationships with SPREP
- Links to SPREP programme and programme resources are more readily facilitated
- Capacity building, project design, project implementation support is much more available
- Northern sub-region issues are more clearly understood and provided for in service delivery
- Northern Members are more intimately included in SPREP activities both technically and politically leading to greater participation and commitment by Members
- Operating (travel) costs for SPREP projects in the North will be reduced

#### Risks include:

- Readiness funding may not be approved, However, in mitigation:
  - the role of capacity building and implementation of the pipeline of 10 climate finance projects fits GCF Readiness criteria);
  - Support to national GCF executing entities is also an important GCF criterion;
  - Leveraging capacity-building and training on key project management needs under other, non-GCF projects should be attractive to GCF;
  - An office bringing North Pacific expertise, understanding and connections will considerably benefit future GCF project design in the sub-region.

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<sup>1</sup> Northern SPREP Members: CNMI, FSM, Guam, Kiribati, Nauru, RMI, Palau.

## Options

1. The existing model of liaison with Northern Members consisting of core-funded Desk Officers in FSM and RMI proved unviable for Northern Members as it only reached 2 of the 7 Members, and there was no budget support or agreement for these 2 officers to service the others, or to establish similar desk officers in the other 5 Member administrations.  
27SM:
  - considered a request from Palau for its own SPREP Desk Officer, for which SPREP had no budget ability to support; and
  - considered a policy paper assessing SPREP's 2 models of regional presence;
2. Project-funded sub-regional office - 27SM noted that:
  - Project-funded Desk Officers funded by specific projects alone did not meet Northern Member aspirations due to lack of core funding necessary to supplement the non-project liaison work of Desk Officers contracted with 100% project-focused work programmes;
  - there were no Northern sub-regional projects in the pipeline at the time of 27SM that might have provided a sub-regional Desk Officer;
3. The Secretariat informally proposed an option to co-locate with SPC in their Pohnpei office, however this was made redundant by a subsequent decision of the Micronesian Presidents to locate the office in RMI.

## Conclusion

No possible alternative is viable. Alternative options 1 and 2 are financially unfeasible, and option 3 is politically unfeasible. Pursuing establishment of a SPREP Northern Sub-regional office, as tasked by 27SM, 28SM and EB1 is therefore the only viable option.

## **Draft Transitional Budget**

A budget for fy 2019 has been established to enable the work tasked by EB1 to be undertaken, and to establish a transitional operating office until full budgeting proposed for 2020 and 2021 has been realised.

## **Draft Revised Budget: 2020-2021**

As tasked by EB1 a draft budget proposed for 2020-2021 is presented as Attachment 2 to the principal document WP 6.4.

## **Next steps and timeline**

- The RMI Desk Officer has been transitioned into the position of Transitional Manager of the SPREP Northern Sub-regional office to oversee the establishment of the office
- The Government of RMI has provided, and is currently renovating a suitable office space in Majuro
- Should 29SM endorse this business plan and accompanying 2020-2021 budget, the office can formally open in late September.