



## Secretariat of the Pacific Regional Environment Programme

### TWENTY-FIRST SPREP MEETING

Madang, Papua New Guinea  
6 – 10 September 2010

#### Agenda Item 9.2.4: GEF Developments and Issues in the Pacific

##### Purpose

1. To report on the access to Global Environment Facility (GEF) resources by Pacific Small Island Developing States (SIDS), progress on the GEF Pacific Alliance for Sustainability Programme (GEF-PAS), environmental investment opportunities available through GEF-5.
2. To propose a stronger coordination role for SPREP through hosting the GEF-PAS Monitoring, Evaluation and Coordination Unit and continuing the GEF Support Adviser position.

##### Background

3. The Pacific SIDS and the Pacific Islands region have made notable recent progress under a regional framework that enhances PICs' access to GEF resources. Over US\$ 100 million in funding has been or is in the process of being approved for the region over the last four years. This followed a fifteen-year period since the GEF was established in 1991 during which Pacific SIDS received in total \$86 million of GEF resources, considered well below their environmental investment resource needs.
4. The 20<sup>th</sup> SPREP Meeting noted the progress in strengthening GEF coordination within the region and confirmed support for the agreement by Pacific SIDS GEF Focal Points that GEF-PAS coordination, including monitoring, evaluation and communications functions, be physically located within SPREP. Since the 20SM, the Secretariat's GEF Support Adviser position was extended until March 2011, thanks to additional funding from Australia. At this stage, there is no available funding for this position beyond March 2011.

##### *GEF-PAS Programme*

5. The GEF-PAS Programme Framework was approved by the GEF Council in April 2008 with the total indicative amount of \$98,837,920. The initial 24 projects under the programme increased to 28 when two multi-country projects were split into country-specific ones. The split of one more multi-country project will further increase this number. And while the official programme funding total was not altered, some projects – such as NAPA implementation – were subsequently allocated additional GEF resources, effectively taking the programme total above \$100 million.



6. Most of the Project Identification Forms (PIFs) under the programme have been approved at the time of writing except for PIFs for the country-specific projects that evolved from the multi-country regional renewable energy project concept, plus one for NAPA implementation. The first lot will be Medium Size Projects that do not go to the GEF Council requiring only endorsement by the GEF CEO. The NAPA project is funded from the Least Developed Countries Fund and has been allocated indicative resources. Funds involved in the outstanding PIFs at the time of writing total \$8.46 million (refer attached projects summary).

7. At the time of writing, about half of the projects are being finalised with detailed project documents. Some are well advanced in this process while others are only at the start, utilising Project Preparation Grants as approved by the GEF. Some others, for example the regional projects Pacific Adaptation to Climate Change (PACC), and the Integrated Water Resources Management (IWRM), and a number of NAPA projects, are at various stages of implementation (refer attached projects summary).

8. As reported to the 20SM, the approved GEF-PAS Programme Framework requires a Monitoring & Evaluation (M&E) Coordination Unit. Pacific SIDS GEF Focal Points agreed at their meeting in Palau that the Unit should be housed within the SPREP. The 20SM endorsed this agreement. At the time of writing, discussions are continuing concerning the final arrangements for establishing the Unit.

9. The regional and programmatic approach to the development of the GEF-PAS under the GEF-4 allowed for certain economies of scale through coordination, and the exchange of information and lessons among the participating countries and agencies, contributing positively to the planning process, and affording assistance and impetus to all parties to strive to meet set timelines. Similar economies can also be sustained and enhanced through the implementation phase with support from the proposed M&E Coordination Unit.

### *Lessons from the GEF-PAS Experience*

10. Developing the GEF-PAS provided valuable lessons to Pacific SIDS, the GEF Secretariat, implementing agencies, CROP agencies donor agencies and participating international NGOs. It gave Pacific SIDS early confirmation of an indicative lump sum figure of resources accessible to them; it allowed for better planning, scheduling and coordination of project development, tied to national sustainable development goals; in-country, it has encouraged closer synergies among agencies and between sectors, and better accounting for crosscutting concerns; regionally, it has allowed SIDS to draw on the experience of CROP and implementing agencies, and to develop regional consensus.

11. The Programme enabled GEF allocations to be locked in immediately on Framework approval and beyond the GEF-4 cycle period, allowing for leverage to countries and implementing agencies to locate co-financing, and for the programming of in-country contributions through national budgetary processes. Regionally, it rallied countries, CROP agencies, implementing agencies and other partners, in the process of developing quality projects that were lacking in the past.

12. However, the time taken to secure approval of the Framework delayed access to GEF resources until the second half of GEF-4, which delayed or derailed some projects in the pipeline. There was also uncertainty, and sometimes frustration, over GEF's own significant changes, such as implementation of the new Resource Allocation Framework (RAF), application of revisions to the Project Cycle, and provisions to allow more implementing agencies to participate.

13. There were also some country concerns with the need to progress projects in unison, which can mean that the slowest of partners can dictate the pace. Countries were also wary that the principles of country-ownership and country-drivenness that guide the Programme might be compromised by regional or multi-country approaches. Developing well-targeted in-country project components and activities was essential to ensure adherence to these principles.

#### *GEF-5 and Future Investment Scenarios – outcomes of the June 2010 GEF Council*

14. The GEF-4 cycle ended on 30 June 2010 and the GEF-5 cycle commenced thereafter. The GEF Council met during the last week of June 2010. It considered and approved the GEF Secretariat's proposals for initial allocations under the new System for the Transparent Allocation of Resources (STAR), based on a total replenishment of \$4.35 billion. The SPREP Secretariat advised GEF Focal Points of proposed country allocations by a Circular in early June.

15. The STAR for GEF-5, adopted by the GEF Council in November 2009, is applied to the focal areas of biodiversity, climate change and land degradation, with other focal areas and programmes to be outside that allocation system. The previous RAF system applied to biodiversity and climate change only.

16. The STAR provides flexibility to allow countries with allocations below a certain threshold to access programme resources across focal areas included in the STAR. The threshold is set so that at least 90% of total resources programmed for biodiversity and climate change are protected, that is, expended for that purpose, aimed primarily at large countries. For other countries without country-specific allocations and including most Pacific SIDS, marginal adjustments between focal areas will be allowed. However, the project cycle and programmatic approach approved at the June Council enables Pacific SIDS to pool all or a bulk of their STAR allocations to form a sizable national project under any of the STAR focal areas.

17. There are focal area set-asides, plus corporate budgetary provisions, before calculation of STAR national allocations, equivalent to 30% of the total Replenishment. These set-asides are used to finance regional and global projects, enabling activities, and the sustainable forest management programme. The balance of the replenishment available globally through STAR for national allocations after these set-asides are \$968 million for biodiversity, \$1.088 billion for climate change, and \$324 million for land degradation. For the three STAR focal areas, Pacific SIDS are allocated totals of \$28 million for climate change, \$43.81 million for biodiversity, and \$10.08 million for land degradation, for an overall STAR total of \$81.89 million.

18. Under the STAR, floors or minimums are set at \$2 million for climate change, \$1.5 million for biodiversity, and \$0.5 million for land degradation. Ceilings for relatively large countries are set at 11% for climate change and 10% for the other two focal areas of the total STAR resources. The methodology for calculating country allocations is based on the revised RAF formulas. A notable change is the weighting for terrestrial and marine biodiversity in the global benefits index calculation, which under the STAR is 25% marine and 75% terrestrial, compared to 20% and 80% respectively under the RAF. Another revision includes GDP per capita as a variable of the formula.

19. Members should note that STAR set-asides for regional and global projects, enabling activities, and sustainable forest management are accessed on a more competitive basis as they are not country-specific. This is also the case with some of the focal areas and programmes listed in 18 above, such as international waters, ozone depletion, and POPs and chemicals. These focal areas and programmes lend themselves to multi-country project approaches, and may need more immediate regional responses.

20. The Country Support Programme (CSP) and National Dialogue Initiative (NDI) previously implemented by UNDP/UNOPS will become corporate programmes implemented directly by the GEF Secretariat itself. Some of the approved programme changes include allowing for more country representatives from stakeholder agencies and NGOs to participate in constituency meetings and programme workshops, increasing the funding support to the OFP from \$8,000 to \$9,000 annually, and more ownership of this process by the GEF Secretariat.

21. Another significant change approved at the June 2010 GEF Council allows for direct access by countries of certain GEF resources instead of through an implementing agency. Countries, if they so wish, can request directly from the GEF Secretariat \$30,000 for GEF National Portfolio Formulation Exercises (NPFE). Countries can now also access directly up to \$500,000 for the preparation of reports undertaken as obligations to the conventions. However, it is also still possible for countries to opt to access these resources through a GEF agency as in past practice.

22. The GEF Small Grants Programme has also faced some changes. Ten SGP country programmes that are more than 15 years old and received cumulative grant funds of more than \$6 million have been upgraded at the start of GEF-5. These countries' SGPs will be funded solely from their STAR allocations. No Pacific SIDS are in this category. A total of \$140 million has been set aside from the 5<sup>th</sup> Replenishment for the global SGP, and the GEF Secretariat is encouraging countries to contribute up to \$200 million in total from their STAR allocations to top up that amount.

23. The GEF Council also approved changes to the project cycle aimed at streamlining the cycle and refining its programmatic approach. The maximum time given for the preparation and submission of the detailed project document has now been reduced from 22 to 18 months. Countries and implementing agencies can also now work on a national or multi-country Programme Framework Document (PFD) under which specific projects may sit. A lead agency may coordinate this programming process if there are more than one agency involved. The PFD will need to define the monitoring, evaluation and reporting role of the lead agency, which will be compensated through additional fees.

24. Pacific SIDS should urgently consider their approach to GEF-5. Options include: a regional programme with country and multi-country projects containing country-specific components and activities; a sub-regional or multi-country programme; or a stand-alone national programme as now possible under the revised GEF project cycle and programmatic approach. The starting point for identifying pressing requirements could be a review of the priorities countries had developed as project concepts at the early stages of the GEF-PAS process, but which were subsequently not progressed. There may also be continuing priorities addressed by previous GEF cycle funding that require continuation.

### *GEF Coordination in the Pacific*

25. The GEF Support Adviser position for Pacific Island Countries stationed at SPREP was jointly funded by AusAID and NZAID for three years from March 2007, and under the terms of the agreement was extended for one more year to March 2011. AusAID is funding the full cost of the extension. There is no funding beyond March 2011 at this stage. The overall objective of the position is to provide support to Pacific SIDS to enhance their access to GEF resources.

26. The GEF-PAS Programme Framework approved by the GEF Council contains provision for establishing a Monitoring & Evaluation Coordination Unit, which has not yet been put in place. The unit would consist of a monitoring & evaluation specialist, a communications specialist, and support staff. There is also a proposed steering committee comprising participating countries, GEF Secretariat, GEF agencies, CROP agencies, donors, and a selected regional NGO, to provide strategic guidance to the unit and report to the GEF Secretariat.

27. The M&E Coordination Unit was designed to provide support services to the umbrella programme given the number of projects it contained. A lead agency is suggested to be responsible for overall coordination of the GEF-PAS programme, while project-specific implementation activities continue to be the responsibility of the assigned GEF agency, executing agency, and the host countries as usual.

28. Following agreement by GEF Pacific SIDS and the 20SM that this unit be physically located with SPREP, discussions continue between the GEF Secretariat and the World Bank on the final modality, as well as discussions with AusAID and NZAID on the possibility of funding assistance for the arrangement. Based on its experience with difficulties associated with this process, the GEF has revised its programmatic approach to include these functions in the PFD itself, to be funded through GEF programme resources.

29. The GEF-PAS M&E and Coordination functions, as conceived and designed, are programme-specific, and largely do not address the initial concerns that caused Pacific SIDS to request a strengthened GEF presence in the region: that the Pacific Island Countries were experiencing difficulty gaining access to GEF funding compared to other SIDS. The main focus for the unit will be provision of guidance and assistance that will achieve the overall goals of the existing GEF-PAS programme.

30. The changes effected by the GEF to its programmatic approach during GEF-5 will devolve the role of monitoring, evaluation and reporting to a lead implementing agency for future programmes. Programmes, as noted above, may be at the national, multi-country, or regional levels. They may also involve one or more implementing agencies. These changes will add new levels of complexity to programme and project development and coordination at the national and regional levels, although intended to streamline the GEF project cycle and programmatic approach, which may be achieved at the GEF Secretariat and Council levels.

31. There will be a continuing need for the assistance and support that SPREP has provided to PICs over the past three-and-a-half years through the position of GEF Support Adviser. The nature of this assistance is broader than the programme-specific requirements for GEF-PAS coordination, with continuing focus on enhancing access to new resources. The GEF has entered its 5<sup>th</sup> Replenishment, and the cycle of developing quality programmes and projects, as was undertaken early in the GEF-4 cycle, starts over again. The changes instituted for GEF-5 is likely to significantly increase this need for support.

**Recommendations**

32. The Meeting is invited to :

- **urge** the Secretariat to engage with countries, the GEF Secretariat and GEF agencies to develop and implement an approach to accessing GEF-5 resources;
- **reiterate** SPREP Members’ support for establishing a GEF-PAS monitoring and evaluation coordination unit to be located at SPREP; and
- **agree** that the position of GEF Support Adviser with SPREP be continued, with revisions to responsibilities reflecting the above GEF operational changes, and urge the Secretariat to seek funding for the position as necessary, and Members to consider possible options for funding.