GEF 6 FOR THE PACIFIC REGION

PACIFIC REGIONAL POSITION PAPER PREPARED BY THE SECRETARIAT OF THE PACIFIC REGIONAL ENVIRONMENT PROGRAMME (SPREP)

2 December 2013

1.0 Background

The upcoming third GEF 6 replenishment discussions (10-12 December 2013) is convened to make the appropriate decisions required to shape the GEF 6 programmatic cycle. These discussions began early in the year and have been instrumental in securing confidence from GEF donors; primarily as a result of discussions around the OPS 5 study that form the strategic recommendations for GEF 6.

The Asia-Pacific representative Mr. Ahmed Saleem of the Maldives has invited comments[1] from both the Pacific GEF Operational Focal Points (GEF OFP) and the Political Focal Points (GEF PFPs) on all 9 documents that will be discussed in the third replenishment meeting. These documents are;

1. Provisional Agenda - Third Meeting of the Sixth Replenishment of GEF Resources (GEF-6) World Bank European Office Paris, France December 10-12, 2013 . GEF/R.6/16 DRAFT November 14, 2013.
2. Final Report of the Fifth Overall Performance Study of the GEF: At Crossroads for Higher Impact (Prepared by the GEF Evaluation Office). GEF/R.6/17November 19, 2013 .
3. Strategic Positioning of the GEF GEF/R.6/19 November 20, 2013.
4. Draft GEG 6 Replenishment Resolution for Approval by the World Bank Executive Directors (Prepared by the World Bank as Trustee). GEF/R.6/22 November 20, 2013.
5. Draft Summary of Negotiations Sixth Replenishment of the GEG Trust Fund (Prepared by the GEF Secretariat & the World Bank as Trustee). GEF/R.6/23November 20, 2013.
6. Financial Considerations for the GEG 6 Replenishment (Prepared by the GEF Trustee). GEF/R.6/Inf.07 November 20, 2013.
7. GEF Trust Fund Financial Report: Summary of Financial Information as of September 30, 2013 (Prepared by the Trustee). GEF/R.6/Inf.08 November 20, 2013.
8. GEF 6 Policy Recommendations (Prepared by the GEF Secretariat). GEF6/R.6/ 21 November 20, 2013.
9. GEF 6 Programming Directions (Prepared by the GEF Secretariat). GEF/R.6/20 November 20, 2013.

[1] Midhath Abdul Rasheed sent email (21/11/2013) on behalf of Mr. Ahmed Saleem to request all Pacific GEF Operational Focal Points and Political Focal Points to share comments and views on all 9 GEF 6 replenishment documents listed above. Vanuatu's GEF Operational Focal Point requesting SPREP to provide views for the Pacific GEF OFP membership.

Vanuatu's GEF Operational Focal Point, Mr. Albert Williams, had requested SPREP's assistance to provide analytical comments and views on documents that have implications for the Pacific. The preparation of this regional position paper has been distributed to all 14 Pacific GEF OFPs and PFPs for endorsement.

2.0 GEF in the Pacific

Since its pilot stage in 1991, the GEF has been instrumental in setting up policy and legislative frameworks in all 14 Pacific Island Countries. These enabling activity projects have seen the emergence of important policies and national strategic action plans for meeting international obligations to the UNCBD, UNFCCC, UNCCD, Stockholm Convention, and other regional MEAs existing in the Pacific Region. These national policies and strategies set the national platform for engaging with the GEF and ultimately shape the focus of project proposals submitted to the GEF for generating global environmental benefits. Indeed, the existence of these national policies and strategies form the impetus for engagement not only with GEF but other multilateral and bilateral donors on activities in support of these MEAs.

More recently, the GEF Pacific Alliance for Sustainability (GEF PAS) in GEF 4 has set the platform for transitioning from project by project models to a more programmatic approach to adequately capture the full gambit of GEF funding for the pacific region under one programme[2]. At the same time streamline coordination of key various national and regional projects together. The total of GEFPAS is USD 101.5 million with 10 Biodiversity Projects , 9 Climate Change Mitigation Projects, 8 Climate Change Adaptation Projects, 1 International Waters Project, and 4 POPs Projects.

For GEF 5, the Ridge to Reef Umbrella Programme has been a natural evolution from GEFPAS to programming GEF resources for the Pacific Region. This provides the opportunity to pool regional resources alongside national projects funded out of STAR allocations. The structural features of the Ridge to Reef Umbrella Programme allows for countries to shape national projects to deliver on national priorities while at the same time, bringing in funding from other GEF multi-focal areas under one umbrella programme.

3.0 Pacific Issues for GEF 6 Replenishment Discussions

The third replenishment meeting for GEF 6 provides an important opening for the Pacific Island Countries to engage effectively with its representative Mr. Ahmed Saleem of the Maldives. The issues provide in this paper thus represent a quick snapshot of opinions garnered from all Pacific Island Governments. It is not meant to be exhaustive but rather a rapid synopsis of key topics that form the 'thinking' around the GEF and its operation in the Pacific for GEF 6. The issues below are extracted directly from the OPS5 paper titled Final Report of the Fifth Overall Performance Study of the GEF: At

[2] Previous to GEFPAS, various regional and national projects were developed in isolation from each other. Based on a first come first serve basis, Pacific Island Countries were developing projects either regionally or nationally with different GEF IAs and often lacked coordination and communication with various project that were formulated. Thus creating a disconnection between national and regional results that could otherwise have been pooled to generate global environmental benefits under an economy of scale. Since GEF 4, a more programmatic approach has been employed as a welcome introduction to pooling resources together.

Crossroads for Higher Impact (Prepared by the GEF Evaluation Office). GEF/R.6/17November 19, 2013 and the GEF 6 Policy Recommendations GEF/R.6/20 November 20, 2013. These two documents are particularly important for the Pacific as they both provide lessons from GEF5 for GEF 6 and funding implications.

The GEF 6 Programming Direction GEF/R.6/20 November 20, 2013 document shows nominal changes from the previous draft presented in the 2nd Replenishment Meeting in New Delhi, India. The focus of programme direction remain largely the same as was in GEF 5 with the exception of the incoming Minamata Convention and the new responsibilities that the GEF as its financial mechanism will play to supporting national efforts to ratify the convention through enabling activity support. There is strong concern surrounding the reduction of allocations for Invasive Alien Species to USD 50 million[3], especially since it is targeting island ecosystems. The Pacific Region comprising of many island ecosystems would be the ideal sites for generating global environmental benefits of biodiversity conservation through management and control of invasive species. It is therefore the position of the Pacific Region to request that higher funding levels for Invasive Alien Species in GEF 4 and 5 should be matched in GEF 6 replenishment. Concerns should be raised as to the practical implications of GEF allocations for climate change, and a general concern that SIDS will be adversely impacted by policy shifts towards more GHG per dollar, and the lack of attention to adaptation in the GEF allocations (aside from LDCF and SCCF).

I. Overall Performance Study for GEF 5

Table 1: Issues Matrix Arising Out of OPS5

Conclusions	Recommendations	Pacific Position/Comments
Conclusion 1: Global environmental trends continue to decline. The replenishment may show no increase in purchasing power, while the GEF has accepted more obligations.	**Recommendation 1:** Resource mobilization and strategic choices in the GEF need to reflect the urgency of global environmental problems.	Agreed with recommendation. • Strongly support the proposal to invite the European Commission to become a donor to the GEF. • Strongly support the call for abandoning the practice of pro-rata linkage in instruments of commitment by donor Governments.[4] This would mean more funds for the GEF. • Strongly support the recommendation for a no-risk soft pipeline on the basis that this will lead to speeding up delivery of at least USD 400 million of GEF resources to recipient countries.

[3] Refer to the Biodiversity (BD) Table 1 - Focal Area Objectives and Notional Allocations per Program on page 26 of GEF 6 Programming Direction Document.

[4] The last contributors following this practice (France, Germany and Japan) released their payments in 2013, although the conditions for payments by major donors had not been fully met, as they became convinced that this practice was not placing pressure on the main donors in default and was thus only resulting in less funding available to the GEF. Refer to page 22, paragraph 63.

Conclusions	Recommendations	Pacific Position/Comments
Conclusion 2: The business model of the GEF is no longer appropriate and leads to growing inefficiencies.	**Recommendation 2:** The business model of the GEF needs major overhaul in the GEF-6 period.	Agreed with recommendation. • The GEF Project Cycle takes an average of 2.5 years for projects to be developed and implemented. This is considered too long by Pacific Island Countries. • Acknowledged that project cycle reforms have taken place but this may not be enough. Current reform of using umbrella programs and harmonization of project cycles between the GEF and the World Bank should continue.
	Specific recommendations include; • The results based management framework for GEF-6 should include a limited number of outcome indicators that can be measured through existing or easily generated data. The Evaluation Office should assess the evaluability of this framework before it is finalized by the Council.	• Support that GEF 6 follows the advice of the Independent Evaluation Group of the World Bank to identify no more than 5 to 10 "easily measured outcome indicators for which data are readily available for GEF RBM. • Support taking up offer by the GEF Evaluation to provide an evaluability assessment on the emerging RBM framework for GEF-6. Need to established a process and timeframe for this evaluability assessment. The process should identify entry points for including GEF OFPs/PFPs comments on draft documents for this evaluability assessment.
	• The tracking tools should be simplified and where global public knowledge databases are receiving the generated data, this should be implemented and funded adequately. The burden of the tracking tools on multi-focal area projects should be reduced.	• Strongly agree that the burden of using the tracking tools should be reduced through a more simplified format. The recent Pacific GEF Expanded Constituency Workshop held in Apia noted the advice that national project staff and counterparts will play some role in filling in the tracking tools. Given the limited capacity in Pacific Island Countries, it would be useful to have the tracking tools simplified into a few (2) pages. In the event the tracking tools are not simplified, the burden of completing this should rest with the GEF IA but a simplified template can be completed by national project staff and counterparts which can then transferred to the GEF IA to feed into the overall tracking tool for the GEF Secretariat. Any tracking tools should be made available to the region through the Pacific Climate Change Portal.

Conclusions	Recommendations	Pacific Position/Comments
	• The GEF should shift co-financing considerations to programming (through updated guidelines) and to the CEO endorsement and GEF Agency approval stages, to encourage partners on the ground to continue to find appropriate solutions that lead to high levels of co-financing, solid financing of baselines and increased global environmental benefits. This shift should reduce costs for the Agencies and revitalize the partnership on the ground.	• Strongly support the GEF should continue to encourage co-financing, but it should relax its fixation on the ratio per intervention and accept lower rates in regions and countries that have difficulties in achieving high rates, and encourage higher level of co-financing where this is possible. The one-size-fits all approach has crippled the project cycle.
	• The network of the GEF should redefine the inclusion of partners at decision points, focusing on Council decisions on strategies and policies on the one hand and on country level decisions, coordinated by Operational Focal Points on the other hand. The replenishment should invite the Council, the CEO and the GEF partners to develop a new partnership vision during GEF-6.	• Agreed and full support extended for the invitation to the GEF Council, GEF CEO and GEF Partners to develop new partnership vision during GEF-6. A process and timeframe including entry points for feeding in comments from GEF OFP/PFPs should be developed and notified to all GEF OFPs/PFPs.
	• The role of programs and programming frameworks should be strengthened. Council should approve programming documents that could lead to project proposals for CEO endorsement, including country level programming. For traditional projects the clearance requirements for concepts should be reduced to eligibility issues and inclusion in the Work Program should be delegated by Council to the CEO, to be published on a no objection basis. If project concepts or proposals for CEO endorsements require more	• Historically, the Pacific Region is slow in drawing down on GEF resources. The move to programmatic approaches for pooling regional and national resources such as the GEF5 Ridge to Reef is welcomed by the Pacific Region. Future GEF 6 umbrella programme proposals should establish a consultation process to include all relevant CROP[5] agencies. • Strongly support suggestions to reduce clearance requirements for PIF/PPG to eligibility criteria only and inclusion in the Council Work Program should be delegated to the CEO. • Strongly support diagnostic workshops with the intention to expedite PIF/PPG

[5] CROP stands for Council of Regional Organizations for the Pacific. It consists of 8 regional technical institutions in the Pacific that are designed to deliver technical and policy support services to Pacific Island Countries. Key CROP agencies that have/are executed regional GEF projects are SPREP, SPC, and FFA. Refer to http://www.forumsec.org/pages.cfm/about-us/crop/

Conclusions	Recommendations	Pacific Position/Comments
	than two interactions between Secretariat and Agency, issues should be solved in diagnostic workshops.	approvals. Budgets for diagnostic workshops should be met by the GEF Secretariat and GEF Agency. It should not be taken out of PPG funds or GEF IA fees as these funds are needed to hold national consultations and GEF IA fees need to be saved to provide countries with their GEF IA support role[6].
	• A new business model of the GEF should include a revitalized public involvement policy, a corporate strategy for SGP and a shift of STAP's quality assurance role from screening of projects to programs and portfolios. UNEP's support of STAP needs to recognize its functional independence and needs to ensure adequate administrative and logistical support.	• Agreed and fully support
Conclusion 3: The intervention logic of the GEF is catalytic and successful in achieving impact over time.	**Recommendation 3:** To maximize results, the intervention model of the GEF needs to be applied where it is most needed and supported by a better business model.	• Support the comment in the report - 'Rather than to seek assurance through reviewing project concepts with a magnifying glass to find evidence of the right focus to solve environmental problems – although due diligence should of course continue – the GEF should start supporting knowledge brokerage on the many successes and achievements of its intervention model, which was developed together with its partners, and which should be more widely shared through new efforts in knowledge management. The challenge is to refocus the partnership where it is and should be most effective: on the ground, rather than in Washington, DC'.

[6] Transaction costs are extremely high for the Pacific Region. Countries such as Kiribati is spread over an area of 3.5 million sq km and would require funds to reach outer islands for national consultation. In-country support from GEF IA are directly tied to their fee amounts that they receive; high transportation costs will mean that the GEF IA need their full fee to perform their supporting function.

Conclusions	Recommendations	Pacific Position/Comments
	Specific recommendations include; • Strategic choices and efforts to speed up broader adoption need to be an important focus of national and regional programming. Involvement of stakeholders is a key element.	• Agreed and fully support.
	• The GEF should encourage countries to take both civil society organizations and private sector engagement into account in their priority setting and portfolio identification for GEF-6.	• Agreed and fully support.
	• Focal area and multi-focal area approaches should include consideration of how to engage civil society and the private sector in areas where current practices have the most severe impacts on the environment.	• Agreed and fully support.
	• The strategic role of STAP in the GEF should be strengthened, with a stronger focus on addressing both natural and social science issues; targeted research should be revitalized and focus on learning from the increasingly large portfolio of completed projects.	• Agreed and fully support.
	• The Steering Committee of SGP should be re-vitalized, where necessary strengthened, and engage with UNDP and the Secretariat to ensure the corporate nature of SGP and provide strategic guidance to future directions of the program and the modality.	• Agreed and fully support. There is merit to include Regional Technical Agencies as an added value member in steering committee of SGP around the Pacific.
	• The GEF should adopt an action plan on implementation of the GEF Gender Mainstreaming Policy, taking OPS5 findings into account.	• Agreed and fully support. This should be informed by processes such as the work done in the Pacific on the climate change and gender assessment of the Pacific Adaptation to Climate Change Regional Project and the toolkit being developed.

Conclusions	Recommendations	Pacific Position/Comments
	• An integrated knowledge management and capacity development strategy should support this. New means for brokering knowledge, such as a community of practice of project proponents on better design and implementation for longer term impact, should be explored with sufficient funding and adequate resources, learning from successes such as IW: Learn.	• Agreed and fully support. In the Pacific Region, SPREP has established close linkages with environmental practitioners and experts through the Pacific Climate Change Portal. Other CROP agencies such as SPC - SOPAC have networks such as the IWRM webpage.

II. GEF 6 Policy Recommendations

The proposed GEF 6 policy recommendations cover the following five areas:
(a) Differentiation;
(b) Improving efficiency of the project cycle;
(c) Enhancing engagement with the private sector;
(d) Enhancing gender mainstreaming; and
(e) Strengthening results-based management and the knowledge-management systems.

Policy recommendations (b), (c), (d) and (e) have all been addressed to some degree in Table 1. Therefore, this section only deals with recommendation (a). The analysis of recommendation (a) is supplemented from reading materials presented in the 2nd Replenishment Meeting. Specifically, the GEF paper titled 'Strategic Positioning for the GEF' GEF/R.6/12, August 13, 2013. This paper provided detailed explanations about differentiated finances and the proposed adjustments to resource allocation system for GEF 6. Both are critical areas of importance for the Pacific Region as it determines national allocations and delivery form for GEF 6.

A) Differentiation

The differentiated terms[7] in this context is understood to mean that eligible GEF recipient countries would receive GEF financial assistance on different financial terms according to their GDP per capita levels (or other wealth indicator); the assumption being that countries with higher per capita income would receive GEF financing on less concessional terms than countries with lower per capita incomes. The various options proposed forward suggest that loan arrangements for higher middle income countries to incentivize market driven change is an innovative area that the Pacific will want to replicate in the future. Capturing lessons from this experience is important for future application in the Pacific Region. However, it should be noted that this differentiation should not apply to LDCs and SIDS in GEF 6, for whom the per capita GDP measure is not indicative of the real costs of doing business in the region.

[7] Strategic Positioning for the GEF GEF/R.6/12 August 13, 2013

(I) Updating STAR

The Pacific Region has benefitted greatly from STAR. It is widely accepted that STAR provides an equitable (fair) distribution[8] of GEF resources for national programming. The proposal for modifying the STAR is set to favor lower income countries which are in need of additional financial assistance. Therefore, the Pacific Region strongly supports the proposal for;

(a) Increasing the weight of the GDP per capita index to [X] ;
Increasing the weight of the GDP per capita index in the STAR allocation formula shifts resources from higher to lower income countries. The rationale behind the creation and inclusion of the GDP per capita index into the STAR was to re-allocate resources from higher income countries to lower income ones. It has been weighted to a value of -0.04. The Secretariat conducted simulations to assess the effects of increasing this value on country allocations. But this also needs to be weighted against environmental vulnerability.

The effects of successive increases in weight of the GDP per capita index on allocations by country income groupings: (i) low-income countries; (ii) lower middle income countries; (iii) upper middle income countries; and (iv) high income countries. As the weight increases, the allocation of the low income country group increases; the allocation of the lower middle income group increases up to a certain weight and then decreases; the allocations of the upper middle income and high income groups decrease steadily.

(b) Lowering the ceilings imposed on each focal area to [X]; and
The current ceiling levels for Climate Change at 11% and 10% for both Biodiversity and Land Degradation had not adversely affected the Pacific Region in the previous cycles. The Pacific Region would not support any reduction to its national allocations as a direct result of lowering ceilings.

(c) Increasing the floors for each focal area to [X].
In the current STAR model, a minimum allocation amount or "floor" was set for each focal area. This benefited many of the LDC and SIDS countries, many of whom would have had allocations beneath these levels had the floors not been introduced. The Pacific Region strongly supports the continuation of this practice in GEF 6.

[8] Equitable distribution means fair distribution in terms of countries receiving its own allocation from the GEF under a fixed formula for calculating country shares.