

Draft Notes:
GEF Sub-Regional Consultation for the Pacific SIDS
Nadi, Fiji, 3-4 August 2006

Day 1: 3 August 2006

Opening Session

Opening Statement

On behalf of the GEF Secretariat (GEF Sec), GEF Implementing Agencies (IAs) and Executing Agencies (EAs), Chairman Ravi Sharma welcomed the delegates to the Sub-Regional Consultation for the Pacific SIDS. Mr. Sharma noted the high level of representation among country delegations, and the presence of representatives of regional organizations, the NGO community and civil society, various GEF and UN agencies, and expressed appreciation to all delegates for being present despite busy agendas and relatively short notice at which the meeting was called. In particular, Mr. Sharma noted the presence of Ambassador Robert Aisi, GEF Council Member, and encouraged delegates to use this opportunity to express concerns and feedback regarding recent GEF developments to Ambassador Aisi in the advent of the GEF Assembly to convene in Cape Town in the end of August.

Mr. Sharma indicated that this is the last of a series of Sub-Regional Consultations that have been held since April of this year whose purpose is two-fold: (1) to better inform and discuss with GEF partner countries significant changes within the GEF environment including the new four-year Resource Allocation Framework that has recently come into effect, and (2) to identify needs and areas for capacity building interventions to support GEF Operational Focal Points (OFPs), particularly in light of their expanded role under the new RAF.

Mr. Sharma briefly re-counted the history of the GEF, emphasizing its mandate to assist countries in addressing global environmental issues. Since its establishment 15 years ago, GEF has expanded its programme from climate change and biodiversity to land degradation, international waters and POPs. The GEF has funded approx. 1800 projects in excess of US\$6.1 billion dollars in resources with co-financing of over US\$20 billion.

While Mr. Sharma recognized that many questions and issues may arise over the next two days with respect the RAF, he encouraged delegates to recognize that the RAF is the decision of the GEF Council and that again, the purpose of the forum is not to question and/or attempt to change what has been decided upon, but rather, to better understand and work within this new framework and understand its implications on national and regional planning and in particular, the increased role of country Focal Points. Mr. Sharma also indicated that there may be insufficient time to address all of these issues during the formal sessions over the two-day consultation. However, participants were encouraged to consult with GEF Sec and IA/EA representatives who would avail themselves outside of the formal sessions to respond to these questions and provide clarification.

Mr. Sharma noted that at the June GEF Council meeting, Council members had come close to agreeing on a replenishment figure for GEF4. It is expected that the funding for GEF4 will likely exceed \$3 billion which is a positive indication that donor countries

retain a lot of faith in GEF; the final figure will be determined prior to the GEF Assembly to convene in Cape Town in the end of August 2006. It was also noted that the final GEF-3 Work Programme tabled at the June meeting was the largest ever in GEF history with approximately 170 project proposals. It is expected that the Work Programme will be finalized by the time the GEF Assembly convenes.

Mr. Sharma concluded his remarks by noting that the new CEO of GEF, Ms. Monique Barbut, former Director of UNEP Paris on Industrial Environment, who has already assumed functions in Washington D.C., is very familiar with the issues and challenges facing the Pacific SIDS. Mr. Sharma conveyed Ms. Barbut's wishes for a fruitful meeting and looks forward to receiving feedback on the RAF and how the GEF can work towards better supporting the countries.

Ambassador Aisi welcomed the delegates and encouraged that the meeting unfold as a continuous working session where countries are encouraged to consider and discuss the RAF and how they may optimize use of the GEF as a service provider in the region. Ambassador Aisi encouraged countries to increase awareness regarding GEF and to adopt strategic approaches towards advocating national and regional positions in international fora. The Ambassador recognized that the RAF -in particular the Indexes applied towards determining country allocations- is not a wholly welcome paradigm. However, the Ambassador re-iterated that the decision to proceed with the RAF has been made and the purpose of this meeting is to better understand the RAF and to find a way to work within the new funding paradigm.

Delegates introduced themselves. Participants included GEF operational and political focal points, representatives from regional organizations, NGOs and civil society, GEF Secretariat and GEF implementing and Executing Agencies. (*See Annex I: Final List of Participants*).

Mr. Stephen Gold closed the Opening Session by noting that since this is the eighth and final Sub-Regional Consultation to have been held over the past few months, participants from this meeting have the advantage of benefiting from experiences from past Consultations as well as continuously refined reference and presentation materials. Mr. Gold briefly reviewed the objectives and agenda of the meeting. He indicated that all presentations are included in hard copy and on CD-ROMS in the padfolios and encouraged participants to use and modify them for application at the national level.

Presentation: "GEF Update"

Sam Wedderburn, World Bank/GEF; Andrea Volentras, UNDP/GEF; Keneti Faulalo, UNEP/GEF

The presenters recounted and elaborated on GEF's history, institutional framework, replenishment cycle; new directions, focal areas and respective strategic priorities and relevant conventions; multi-pronged capacity building approach; Scientific and Technical Advisory Panel (STAP); project eligibility criteria funding categories; project cycle; and important recent developments and directions including new funds for Climate Change Adaptations.

- The next General Assembly Meeting will take place in Cape Town, South Africa in August 2006.

- GEF Council includes 32 constituencies with member donors and recipients. The Pacific constituency comprises 16 countries: 14 Pacific SIDS, Philippines, and Indonesia. Ambassador Aisi is a Council Member and constituency representative.
- GEF-4 funding (replenishment) for 2006-2009 is currently under negotiation.
- New directions during GEF-3 included new GEF Focal Areas (land degradation, POPs), enhanced support for GEF FPs, review of the project cycle, establishment of the independent office of Evaluation
- GEF shall not be seen as the sole financier for projects –GEF is the co-financier. Projects proposed to GEF have to address GEF Strategic Priorities for FAs.
- GEF is the designated financial mechanism for the international conventions of biodiversity, climate change and POPs (interim financial mechanism), and a designated financial mechanism for the convention on desertification
- Until two years ago, GEF mainly address Climate Change mitigation. New funds have been created to address Climate Change Adaptation. Adaptation funds: Strategic Priority Adaptation (SPA), LDC Fund, Special Climate Change Fund (SCCF), Adaptation Fund (AF). LDC, SCCF and AF do not need to demonstrate global benefits. GEF4- 2006-2009; climate change heavy focus on mitigation more so than Adaptation.
- RAF applies only to the Biodiversity and Climate Change focal areas.
- Underpinning all focal areas is Capacity Building. The GEF capacity building approach is four-pronged: (1) NCSA (2) support more capacity building within GEF projects (3) support targeted capacity building projects (4) country specific programs for addressing capacity building needs in LDCs and SIDS
- Development Marketplace – This funding mechanism is available for innovative small scale “cutting edge” developments projects not clearly falling under the GEF Focal Areas. September/October call for proposals issued.

Questions and Answers: GEF Update

Q: What is the total amount available to countries under the 2nd National Communications?

A: \$15,000 is available for enabling activities, followed by \$405,000. Therefore a total of \$420,000 is available.

Q: Countries often feel a bit in the dark on the status of the project approval process. There is a need for enhanced feedback at various project cycle stages. How can this be accommodated?

A: This is a fairly broad issue that has emerged in several of the sub-regional consultations. The GEF Sec is attempting to address the issues on a broad scale through the development of a web-based system that will facilitate tracking of project approval status.

Q: What are the linkages among processes – COPs, GEF Council, GEF Sec decision making? How do we link the processes in terms of implementing decisions and recommendations? For example, how does GEF implement CBD decisions made at COP level?

A: GEF is the funding mechanism for the CBD Convention. The COP for the Convention provides policy guidance to the GEF Council on priorities for funding consideration. That guidance is then operationalized by the Council. Every

Council document includes a paper on how the Council has responded to COP Issues and these documents are public documents available on the GEF website.

Q: The Biodiversity Global Benefits Index (GBI) has a 80% Terrestrial, 20% Marine weighting. Pacific countries/SIDS is heavily disadvantaged under this weighting. How can SIDS approach and/or negotiate with GEF decision makers to convince them that marine areas are just as important as terrestrial areas? Or at least to convince GEF not to disadvantage non-land-based countries?

A: It is important to raise this perceived inequitable index through relevant channels and fora, at various levels. The evaluation of RAF will take place at the end of two year time so it would already be useful to start gathering information that may be incorporated into the discussion regarding the GBI.

Q: In what manner can EAs and IAs continue to assist countries under the RAF? The Council has agreed to a 9% management flat fee. There is a concern that smaller (possibly less profitable) projects may be less attractive for EAs and IAs to implement under the RAF as SIDS may move from large regional projects to country focused projects. Has the RAF created any disincentives to EAs and IAs?

A: First, prior to GEF-3, EAs could assume responsibilities for project implementation, but through partnering with IAAs. Now EAs may directly implement projects. Essentially, under GEF-3, the intention was to expand the role of EAs. Under the RAF, many countries may only be able to support MSPs through their country allocations. EAs and IAs recognize that they are Essentially facing less resources to support countries and will need to develop a strategy in this regard under GEF4. Nevertheless, it is important that EAs and IAs continue to view projects as part of entire portfolios where the reality is that some full size projects do in fact subsidize the cost of administering smaller projects.

Q: As co-financing is a pre-requisite for GEF funding, is there an exact formula for determining the required level of co-financing? Can national provisions be included as part of co-financing?

A: (For UNDP For Land Management, the formula is 1:1. For Climate Change: 1:4. National provisions may be included in co-financing figures. The World Bank treats projects on a case by case basis and has no explicitly defined ratios in this regard.

UNEP acknowledged that co-financing has been raised by several Pacific SIDS in GEF national dialogues as the key hurdle for accessing GEF funding, and will work closely with countries to address this challenge on a case-by-case basis.

Q: Out of the billions of dollars implemented for projects under the three conventions, how much has reached the small island nations in promoting global environmental facilities? Is there a piechart or other source that shows the level of resources allocated for Pacific SIDS in the various Focal Areas?

A: Historically, from Pilot phase through GEF3, SIDS have received approximately 6.5% of the grant amounts for biodiversity projects and 4.1% of grant amounts for climate change projects. In GEF-4, the initial indicative allocations for SIDS for biodiversity is 11.8% of biodiversity resources and 5.8% of climate change resources.

Q: Aside from SGP, how does GEF offer capacity building opportunities to

NGOs and CBOs?

A: Capacity building is inherent in all GEF projects. Follow-up to NCSAs will further GEF activities for enhancing country capacity building and development.

Q: Has GEF adopted a policy towards (engagement of) Indigenous Peoples?

A: Discussions in this regard are ongoing under the framework of the GEF NGO TaskForce. Several projects have already been developed to address Indigenous Peoples.

Q: Please clarify the concept of “additionality” under Climate Change Adaptation Funds project.

A: “Additionality” refers to the adaptation of an existing practice to an enhanced manner or “added-value” in a climate change activity.

Q: The introduction of competition under the Development MarketPlace has raised concerns because a country’s ability to adequately compete is linked in part to its capacity. There is a concern that competition will become a norm in GEF processes and that this will disadvantage countries that are relatively weak in terms of capacity at the national level.

A: The Development MarketPlace is specifically targeted toward CBOs. The focus is to encourage innovative projects particularly at grassroots level. It may seem as there is an environment of competitive but simply, funds are limited and not all projects can be approved; therefore applicants are encouraged to submit proposals that is technically sound, comprehensive and application-compliant to the extent possible.

Various comments were made in relation to SGP. One participant stressed that it is important to note that SGP projects are not so different than other projects submitted to GEF and therefore it is important to recognize similarities between SGP projects and other GEF-fundable projects. Participants shared both positive and negative experiences primarily regarding the speed of grant disbursements. It was also noted that special projects under SGP may received funding beyond \$50,000, in particular, projects that do not only have activities at the community level but that also influences policy change at the country level. Projects of this nature goes beyond the remit of the NSC and are submitted to committees represented by a panel of GEF IA/EAs. These projects are very likely follow-up to successful existing projects.

Finally, participants unanimously called for increased efforts in relation to capacity building and called for open communication and trust in the two-day proceedings and overall GEF partnership.

**Presentation: “Introduction to the Resource Allocation Framework (RAF)”
Kiran Pandey, GEF Secretariat**

Mr. Pandey began by noting that the context for the presentation was the GEF Council’s decision adopting the Resource Allocation Framework (RAF) to allocate resources in the biodiversity and climate change Focal Areas during the 4th replenishment of the GEF (GEF-4). In adopting the RAF, the Council asked GEF Sec to consult with countries regarding its implementation.

Mr. Pandey then explained how the current pre-RAF system functioned. Donors first agreed on an overall replenishment figure and on how this was to be allocated between different FAs. Project proposals prepared by countries with agency support were then approved on a first come-first served basis as long as funds still existed. There were no allocations specific to countries or agencies at this time.

The change to RAF reflects the result of a three-year evolution in international development thinking whereby funds should go to countries that have appropriate policies and institutions in place to ensure funds are properly used. This began with WB IDA’s performance-based allocation framework and is now the norm for many other international development banks. At the same time, it was not an easy decision by GEF Council which had many related discussions and differences of opinion on the issue.

The GEF’s RAF will begin with the biodiversity and climate change FAs because the RAF needs to be based on indicators and these two FAs had the highest potential for having good indicators. The GEF wants to be more catalytic in the future in influencing trends that increase over time. The RAF basically made past implicit decision-making more explicit and more transparent.

The biggest new change is that there are now allocations for countries based largely on a country’s potential to generate global environmental benefits given its policies and institutions. The RAF changes the way GEF resources are managed with an enhanced role for Operational Focal Points (OFPs).

Key Points:

- Main changes resulting from the RAF: countries know upfront how much money they can program; OFPs have an increased role in facilitating consultations for national priority-setting; and increased transparency in the allocation process.
- What has not changed: convention guidance remains the primary determinant for GEF funding priorities; countries prepare projects in line with GEF Operational Programs and Strategic Priorities; project cycle and technical project review criteria.
- RAF implementation begins once GEF4 resources are confirmed. RAF was expected to begin 1 July 2006 but cannot begin until negotiations are completed.
- Allocations to countries and the group for each 4-year replenishment period are based on a formula with adjustments for ceiling and minimum allocations.
- The allocation formula is based on ‘global environmental priorities’ and ‘country-level performance’ which are measured by the GEF Benefits Index (GBI) and GEF Performance Index (GPI) respectively.
- GEF Benefits Index for Biodiversity: Terrestrial (80%) and Marine (20%) Components

- The GBIs for biodiversity and climate change are determined separately based on indicators relevant to global environmental priorities in the respective focal areas.
- The same GPI applies to both focal areas. It is based on the relative success of GEF projects in the country's project portfolio (10%); an assessment of policies and institutions in the environment sector (70%); and an assessment of a broad framework of policies and institutions largely focused on governance (20%). The last two items are borrowed from the World Bank's Country Policy and Institutional Assessment (CPIA) used for allocating IDA resources (to be made public soon).
- The starting point for the RAF is the FA envelopes for biodiversity and climate change as agreed to in the replenishment agreement. Both envelopes are distributed in a similar manner:
 - 5% for Global and Regional projects
 - 5% for SGP and Cross-cutting capacity building projects
 - 90% to individual countries and the 'Group' (of which at least 75% are to individual countries and the remainder to Groups)
- The Group enables countries with the least allocations to pool their resources for developing larger projects, when it is beneficial to do so.
- Most funding for regional projects will come from country and group allocations.
- The ceiling for each country is 10% of the biodiversity envelope and 15% of the climate change envelope.
- The minimum allocation for each country is \$1 million for each focal area for the 4 year replenishment cycle.
- Allocations to a country and the group are not entitlements; they are the maximum amounts countries could receive for technically qualified projects.
- Only 50% of the 4-year allocation may be 'utilized' in the first two years. Countries can carry over amounts not utilized in the first two years and utilize these resources in the final two years of GEF-4. 'Utilization' is distinct from 'Disbursement'. 'Utilization' means that funds have been committed/approved by GEF Council. 'Disbursement' by a project can happen at any time after that. Unused allocations at the end of 2 years carry over to final 2 years of replenishment period. Unused allocations at the end of the replenishment period revert back to GEF.
- After two years, the formula is re-applied using updated GBI and GPI data to determine new allocations for all countries and groups for the final two years.
- The RAF will be reviewed:
 - independently by the GEF Evaluation Office after two years of implementation (Mid-Term Review)
 - in conjunction with OPS4 after four years

Questions and Answers:

Key Issues:

- Transparency, fairness of RAF as applicable to specific requirements of SIDS
- Reliability of the indexes used by the RAF in terms of Performance and Benefit Indexes
- Data sources
- Strategic planning and engagement of donors, IA, EAs

Q: The Pacific SIDS have not maximized access to full sized projects and

available funding. How do we ensure that maximum allocations are accessed and resources are utilized?

A: The role of the GEF and IA/EAs is to assist the countries. The IAs encourage countries to proactively maximize access to funds through increased strategic planning and development of technically sound projects. It was also noted that one reason for which countries have not maximized their allocations relates directly to the country's absorptive capacity. It was noted that if the Pacific SIDS access their maximum allocated ceiling under the RAF, this would represent more funds accessed than under GEF3.

Q: Confirmation was requested that 5% of funding for regional projects will come from country and regional allocations.

A: Yes, this fund pool is dedicated to projects that go beyond the country level and it is hoped that countries will contribute to regional projects. The GEF recognizes that it may require some effort to get those projects through as they will need strong country buy-in.

Q: What are the 148 countries eligible under RAF?

A: Eligibility rules have not changed due to RAF. They are based on Article 9a of the GEF instrument.

Q: What will happen to the MSPs that were submitted in March 2006?

A: If the project has already been approved under GEF-3, then it remains under GEF-3. If it has not yet been approved, then it will be covered by the RAF. Countries should request updated status of projects approvals from the respective IA and/or EA.

Q: To what extent have donors, bilateral and multilateral agencies, IAs and EAs been working together to integrate and coordinate country strategies?

A: Donor harmonization is a bit above the mandate of this forum and of the IAs and EAs. Countries are entrusted with having the main responsibility and initiative towards harmonization of programmes and strategies, more so than donor and IA agencies. In fact, there are a number of facilities available to countries to accelerate this process of national prioritization and country coordination, e.g., the NCSA, CSP, NDI.

Q: Under the RAF, can some countries access group allocations earlier and more frequently than others? i.e., could there potentially be "winners and losers"?

A: It is difficult to characterize winners and losers without a reference point. There are limits to how much one country can access from a group allocation. All countries in a group may not receive the exact amount; countries need to be proactive in submitting projects that meet standard project review criteria.

Q: In practical terms, how can a country actually acquire funds under the RAF?

A: Introduction of the RAF does not mean a change to the existing project cycle. The RAF specifies the maximum amount accessible to a country in order to facilitate country and regional planning.

Q: The RAF appears to be an inequitable framework under which SIDS are heavily disadvantaged as the GBI gives 80% weighting to terrestrial and 20% to marine areas. Does this mean that terrestrial areas are four times as important as marine areas? What influence and/or guidance have Conventions provided toward the determination of this weighting? The Index does not seem to recognize the cultural significance of

Biodiversity. Wherever possible, national data should have been factored into the indexes and calculations. Regional organizations in particular have done significant work in data gathering. However, countries and regional organizations were not asked to provide data to be used in GEF's assessment. If information was not available in countries, why did some countries seem to automatically fall into the bottom allocation and how many of the SIDS were put into this category due to insufficiency of data? Why has the precautionary principle seemingly been disregarded? Countries are simply at a loss as to how to understand the concept of 20% assigned weighting to marine areas. Also, in relation to the GEF Performance Index, countries appear to have disadvantaged by limited capacity and experience - do SIDS management of government fit the WB criteria? Has there been too much reliance on WB data?

A: Data and the data source process were Council approved. The key issues in determination of data to be used were that (1) the GEF Sec does not have capacity to generate and develop its own datasets and it was not considered reasonable to extend resources for data gathering if the data was already available elsewhere (2) There was a need to identify sources of comprehensive data on all eligible countries and find datasets that relate to the priorities of the Conventions. The GBI for climate change was developed from data available from the World Resources Institute. The GBI for Biodiversity was developed from data available from IUCN, Conservation International, WWF, Birdlife International and Fishbase. The data set used in relation to the GPI is based very much on the work of the World Bank, specifically the World Bank's Country Policy and Institutional Assessment (CPIA). In anticipation of the RAF Mid Term Evaluation, performance indicators from other sources are being sought. It was noted that even if the weight for the Marine indicator was increased to 30%, this would not have significantly changed the result.

Q: Was there a formula by which country allocations were made?

A: Indicative allocations for GEF4 have been made based on historical patterns of allocations.

Q: Is it envisaged that RAF will extend to other Focal Areas?

A: At the moment no decision has been made in this regard. The decision will not be made until the end of GEF4 and taking into account the results of the Mid Term Evaluation.

Q: Does delayed start up of GEF4 mean delayed completion of the RAF?

A: The RAF comes into effect with commencement of GEF4

Presentation: "Managing Resources under the GEF RAF"

Kiran Pandey, GEF Secretariat

The presenter highlighted the enhanced role of Operational Focal Points in facilitating a national consultative priority-setting process to manage GEF resources under the RAF, and the information support that the GEF would provide to focal points to carry out their enhanced roles.

Key Points

- In April/May 2006, the GEF CEO sent OFPs guidelines on managing resources under the RAF, a list of concepts currently under various stages of development in

each country, and initial indications of country and group allocations based on GEF-3 amounts.

- OFPs are asked to begin a national consultative priority-setting process and communicate decisions to the GEF as project endorsements or re-endorsements. This includes a review of project proposals sent by countries in the last two pipelines under GEF-3.
- GEF will provide final allocation figures for GEF-4 soon
- Many projects currently in the GEF-3 pipeline will hopefully be reviewed and approved, and thus removed, soon.
- Countries that expect project approvals for the December 2006 Work Program of GEF-4 are encouraged to endorse and send an initial list of re-endorsements by 15 September 2006. (This target date may shift given that the GEF-4 replenishment has not yet been finalized).
- Countries are encouraged to endorse a sufficient number of concepts to ensure that their allocations will be utilized. Based on historical experience, the GEF recommends over-programming levels of 130-150% of the 4-year allocation in the expectation that not all of the projects will develop in a timely manner.
- Two illustrative examples for countries with individual allocations were used to highlight the types of decisions that countries might encounter during their priority-setting consultations.
- The preliminary allocations of the countries in the group based on GEF-3 amounts compared to the set of concepts under development were summarized for the biodiversity and climate change focal areas.
- The rules related to “utilization” and unused allocations were illustrated to clarify its implications for countries:
 - “50% rule” -- only 50% of allocations can be committed during the first two years.
 - Unused allocations from the first two years are carried over to the next two years.
 - All remaining unutilized funds at the end of four years will revert to GEF.
- Continued support to countries includes about 12-25 annual national dialogues and sub-regional workshops under the National Dialogue Initiative (NDI), as well as the new Country Support Program (CSP) for FPs.

Question and Answer:

As a general comment and in response to the RAF presentation, several countries requested that the SIDs be afforded special consideration under the RAF and asked whether RAF has considered the unique and specific situation of the SIDS while adhering to the principles of the relevant Conventions.

Q: How does the RAF affect SGP? Can a country decide whether it will contribute to the SGP allocation?

A: The SGP will not change operationally under the RAF. The introduction of the RAF only changes the modality of funding the SGP. The SGP in GEF4 is expected to be funded from four sources as outlined in the programming document for GEF4 replenishment: (a) 5% of the biodiversity focal area envelope (b) 5% of the climate change focal area (c) share of the resources of the other focal areas and (d) additional voluntary contributions from country and group allocations of countries. UNDP will

develop and propose each tranche of the SGP and work with the countries to try to ensure that SGP countries make additional voluntary contributions.

Q: Concern was expressed regarding the effectiveness of an approach where the combined budget for pipeline projects exceeds the allocation under RAF.

A: Historical experience shows that not all projects go through the system and are approved in the end. Therefore, to help ensure that countries utilize their maximize allocation, countries are encouraged to over-programme allocations at 130-150% of the four-year allocations. On the other hand, it is also recognized that over-programming may create disincentives among project proponents as it may create competition among projects. In the end, it is up to the country to decide on the level of over-programming.

Q: Who are the other members of the group allocations?

A: The Council decided against public disclosure of a list of ranking and allocations for all countries and the regional and global level until the final indicative allocations for GEF4 are available. Approximately 88 countries are in the group allocation for Biodiversity and approximately 150 countries are in the group allocation for Climate Change.

Q: Is there flexibility in the 15 September 2006 deadline for project re-endorsement?

A: The 15 September deadline is a working deadline for country endorsement of projects. The country/group indicative allocations are valid for the duration of the four year replenishment period and countries that do not meet the target date will not lose their allocations. A project not submitted by 15 September simply means that the project will not make it into the First Work Programme. Projects that are confirmed/endorsed by 15 September 2006 will be processed expeditiously; therefore countries that expect projects to be ready for approval in the first few work programs of GEF4 are encouraged to meet this target date.

There were various comments made regarding a need for more effective communication and information dissemination from GEF to the FPs. New York based Representatives of the Permanent Missions for the Pacific SIDs offered to facilitate communications to the extent possible.

Day 2: 4 August 2006

Presentation on “Briefing on the Country Support Programme (CSP) for Focal Points”, Stephen Gold, UNDP/GEF, Keneti Faulalo, UNEP/GEF

Mr. Gold recounted the history of the development of the CSP, its objectives, implementation process and budget. The CSP’s main objective is to help strengthen the capacity of GEF Focal Points to effectively carry out their mandates for supporting GEF programs in their countries and constituencies, including the new RAF. He emphasized the program’s support for Focal Points to facilitate wider multi-stakeholder involvement in GEF decision-making and critical linkages between the GEF strategic objectives and ongoing national development strategies (e.g., CCA/UNDAF, CAS, PRS, etc). It was developed in response to FP needs, approved in November 2005 by the GEF Council and is intended to compliment the GEF National Dialogue Initiative (NDI). The CSP is a 4-year (2006-2009) three Component program guided by an inter-agency advisory

committee chaired by the GEF Sec. With a total budget of USD 12 million, just over half of the funds are allocated to Component 1: 'direct financial support to focal points', which is implemented by UNEP. Components 2 and 3 which address 'knowledge management' and 'regional exchange and training workshops' respectively, are implemented by UNDP.

Mr. Faulalo elaborated on Component 1 of the CSP by referring to the document "Toolkit to access financial resources under the CSP for Focal Points", which provides important information as to how to obtain direct financial support under Component 1. He encouraged Operational Focal Points to start thinking about the kind of supporting activities they would need in order to carry out their extra responsibilities in coordinating priority-setting at the national level, and upon which their 4-year workplans will be based upon. He brought to the attention of the focal points, the guidelines provided in the toolkit that the activities need to conform to. Following agreement of the costed work plan between GEF Secretariat and the national executing agency, funds will be disbursed by UNEP to the countries. Funding will also be made available for participation of FPs in two constituency meetings and participation of a limited number of FPs (primarily new FPs) at GEF familiarization seminars.

Mr. Gold elaborated on Components 2 and 3. The end product for Component 2, the web-based KM framework, will be based on existing KM frameworks, other national strategies (e.g. NCSAs) and needs expressed during this consultation. Activities will include the development of new guidance and information materials, lessons learned (e.g., GEF National Coordination – Lessons Learned", FP Handbook). Mr. Gold encouraged a continuous two-way information flow. He then provided an overview of Component 3, the annual regional exchange and training workshops for all focal points.

Key points:

- USD12 million, 2006-2009
- Component 1: UNEP – direct support to countries. \$8,000 per year; support to two constituency meetings per year; participation in GEF familiarization seminar (\$120,000 available for four years).
- Components 2 and 3: UNDP – regional exchange and training workshops ; knowledge management framework

Mr. Gold then presented the objectives and a suggested process for the upcoming Working Group sessions which included raising awareness of the enhanced role of FPs, identifying opportunities and bottlenecks to effective GEF project implementation, and identifying areas for capacity building support.

The CSP exercise suggested that Working Groups respond to the four following issues, although they did not have to follow this suggestion:

- A. Coordinating and facilitating GEF activities and resources; initiating and establishing informal/formal relations with key GEF stakeholders at the country level
- B. Building institutional memory within national executing agency/government ministries
- C. Mainstreaming global environmental concerns into national sustainable development strategies

- D. Collating knowledge and training needs of GEF project proponents and other key stakeholders.

Question and Answers:

Q: What is the distinction between the roles of the OFP and PFP?

A: GEF provides very specific guidance in this regard and this document was then distributed. Essentially, the OFP is responsible for day-to-day operations, convening multi-stakeholder meetings, liaising with IAs, endorsing projects. The PFP primarily focuses on GEF policies and developments, conveys country positions to the GEF Council, communicates national GEF priorities, and ensures that projects endorsed are in line with national policy working in cooperation with the OFP.

Q: Where should the FPs be situated in each country?

A: This is up to each country. However, typically, the OFP is housed in the Ministry of Environment and the PFP is housed in the Ministry of Foreign Affairs or Finance. In cases where the PFP and OPF are one in the same, the vast majority are housed in the Ministry of Environment. Countries experiences have shown that the MOE has in many cases less convening powers than the Ministry of Foreign Affairs or Ministry of Finance.

Q: Regarding web-based knowledge management, what plan is in place for NFPs to develop their IT systems taking into account that the costs are high for IT service providers?

A: It was noted that Internet access is not available in all countries. However, funds are not available through the CSP to develop IT systems as they relate specifically to the GEF. Funds are however available to cover Internet access.

Q: It was noted that the real cost of in-country coordination and the workload for the OFP are extremely high. Coordination involves high communication and travel costs to meet with stakeholders. The US\$8,000 annual allocation for OFPs seems insufficient. Are additional resources available to support the real cost of coordination? Can a part of the \$8,000 be allocated to the national institution hosting the FP to cover administrative overhead?

A: It was emphasized that the funds being provided under the CSP should be considered supplemental or “top-off” funds beyond the country budget and hosting provisions for the OFP, and therefore not the primary source of coordination. It was nevertheless acknowledged that the real cost of coordination is high. With the emphasis on “supplemental funds” in mind, if countries can clearly demonstrate to GEF the need for relatively modest additional funds, Council may possibly consider the request if very modest. The case for an additional amount would need to go through the proper decision-making channels - through a Council Member- to make the case on a country’s behalf.

Observ: Limited absorptive capacity at national level has hindered access to GEF funds. GEF is not the only source of external assistance. One person, the OFP, is tasked with too many responsibilities, having to learn the specific requirements of so many donors and funding agencies. FPs have become reports writers, given the excessive report preparation and reporting requirements from donors, even for only enabling activities and a relatively small amount of funds. Several participants endorsed a need for flexibility on

the part of donors and funding agencies particularly with respect to the application and reporting processes, and requested that additional support be considered for the Focal Points. In light of the increased role of the OFPs, i.e., to produce for GEF and to produce for country, it was suggested that the contractual relationship between FP and GEF, FP and country be re-visited.

Q: PFPs change with Governments. Therefore there is an ongoing challenge of loss of institutional memory. How can this be addressed?

A: FP turnover is an issue that affects a fair number of governments and this concern has been expressed in other Consultations. The CSP and National Dialogues are providing support to the GEF Focal Points in a more holistic fashion, i.e., support to the Focal Point as a facilitator of a broader multi-stakeholder decision-making process linking GEF to broader national strategies and plans. Therefore, it is expected that institutional memory can be more easily preserved in such as multi-stakeholder, multi-institutional environment.

Resource Persons re-iterated various sources of support to Focal Points. In addition, the UNDP/GEF Global Portfolio Project for LDCs and SIDS provides funding support to SLM MSP development.

Plenary Presentation of Working Groups on the CSP: Identification of Focal Point Needs and Priorities

Working Group 1: Kiribati, Marshall Islands, Nauru, Niue, Tuvalu

The group identified the following immediate operational challenges of Focal Points:

- Small administration unit
- Resource and budgetary constraints; need of funds for national dialogues
- Insufficient IA presence on the ground – therefore, communications not easy and in the cases of Kiribati and Marshall Islands in particular, there is the practical challenge in terms of distance between islands
- Insufficient access to information and weak ICT infrastructure

The group identified the following strategic and planning, and knowledge management needs:

- Integrated planning policy to facilitate development and articulation of national priorities
- Roster of biodiversity of climate change facilitators and/or consultants
- Guidance to identify the basic information required, to enable delegation of activities (GEF)
- Regular exchange of information, knowledge and experiences with other Pacific SIDS
- Increased on-the-ground presence and support from IAs, increased technical committees
- Improved collaboration with NGOs
- Support in securing of Co-Financing, development of ideas and concept papers
- Increased donor harmonization
- Development of awareness and understanding of all stakeholders about the RAF and the role of the national FP

- Transparency and clear indication of the status of a project proposal to be able to clearly inform Stakeholders.

Working Group 2: Cook Islands, Fiji, Papua New Guinea, Samoa, Tonga

The group identified the following broad issues and needs:

- Clear definition of the role of the PFP and OFP. Perhaps a need to continue to expand the role of the PFP or for the two FPs to merge into one position?
- Flexibility in each country as to where the OFP should be housed
- Clear leadership and objectivity in assessment of projects
- Expanded stakeholder participation meetings from planning and environment experts to Ministers of Finance. Establish mechanism to ensure widest stakeholder participation
- Increased strategic planning with other countries to define where regional programmes come in and how countries can and will contribute to regional projects
- Improved national development plan to streamline and dovetail programmes
- Co-financing and programming. Increased donor harmonization. At country level, programmes of various donor and national plans need to be considered to ensure harmony and that funding requirements are met..
- Expertise in project development as the ability of small countries to generate project concepts is key to fully utilizing a country's allocation.
- Addressing the challenge that environment in national programmes is not at forefront of the budgetary process and its implications on co-financing and the general effort to allocate more to the environment sector.
- Linking policy and implementation. A country could have a clear policy but when it comes to implementation, there are notable challenges.

Overall, the group recognized the forms of support being made available under the CSP and asked the GEF to look beyond the CSP to identify other windows of support. The group felt unanimously that \$8,000 is insufficient. The group indicated a need to seriously consider how best to utilize this allocation and inquired whether there is the flexibility for countries to borrow from future year allocations. GEF responded that it was possible to borrow from future year allocations if necessary for specific purposes.

Working Group 3: Micronesia, Palau, Solomon Islands

The group identified the following challenges and needs:

- Insufficient manpower to carry out the breadth of responsibilities of the Focal Point. Capacity is already overstretched.
- High travel costs/large distances because of geography preclude adequate breadth of stakeholder representation at planning and coordination meetings
- High turnover has resulted in a loss of institutional memory
- Need for enhanced coordination among IAs, regional institutions and key stakeholders
- Most immediate knowledge management training needs for Year 1: access to a GEF resource centre and knowledge management resource, GEF Communications Strategy Awareness Programmes for Local Stakeholders;

piggyback on major regional subregional events to carry out training information exchange awareness programmes.

The group felt that some critical underlying issues that prevent SIDS from making best use of GEF resources in the past will remain unless addressed by GEF & IAs EAs. The CSP can make a significant impact in the Pacific, but it can only address some of the issues faced by Pacific SIDS. The problem is exacerbated as GEF IAs and EAs also face capacity and financial constraints in helping countries access GEF resources. The group requested that this dimension be examined in greater detail and that perhaps a paper be submitted to Council on how to prevent the (further) marginalization of SIDS under GEF.

Working Group #4: NGOs

The NGO group raised several general issues of concern, namely:

- What will be the impact of RAF and how can civil society respond?
- What support can Focal Points be given? How to link up to National Steering Committees?
- How can the Pacific region respond to the RAF and in particular the Benefits Index and how can this be addressed to the GEF? What are the ways and means of reviewing RAF to give balance to the distribution of resources? How should the countries advocate re-thinking of RAF in terms of the 80%/20% GBI and GPI Indexes – in terms of bringing it to a more comfortable ratio?
- Civil society and government have differentiated responsibilities but a common objective. How can governments give trust to civil society that it deserves and vice versa? There is a need for increased mutual trust and confidence building
- Regarding capacity building at national level, how can civil society contribute to national development. There is much discussion regarding capacity of national governments but what about capacity in general?
- While the GEF supports Government Focal points, civil society focal points are not supported by GEF. Regional focal points receive support to participate in two GEF Council meetings but there is no support for information sharing.

Following the meeting, the NGO group issued a Declaration (see Annex).

Capacity Needs and Opportunities for SIDS

The Pacific SIDS will see an increase in GEF funding by more than 47% at minimum from GEF3 to GEF4 (BD and CC only).

The GEF has put in place many channels of support to the countries including GEF support for capacity development; Country Support Program for Focal Point (CSP); support for stakeholder dialogues (National Dialogue Initiative); support to Civil Society (SGP, Development Marketplace); Enabling Activities; NCSAs and follow-up MSPs; LDS & SIDS Country Programs; MSPs and FSPs.

Ms. Ceri Teather (from AusAID) confirmed Australia's pledge of 47 million Australian dollars to GEF4, and supported the need to better align donor interest with national strategies and to evaluate aid effectiveness criteria. Ms. Teather confirmed Australia's plan to develop a new environmental strategy over the next three years with respect to climate change, water and environmental legislation and supports the presence of a

representative of the GEFSec to be based in the region to assist countries in project development. The TOR for this position are being developed. As the out posting of a GEFSec representative is a potentially controversial step, the TOR and proposed candidate for the position will be presented to and endorsed by Council. If approved, it may require three months to deploy this individual.

Pre-closing remarks from IA/EA representatives

Mr. Keneti Faulalo of UNEP re-iterated UNEP's commitment as a partner in capacity building in Pacific SIDS. He indicated that UNEP is currently in the process of deploying another officer to be located in SPREP to strengthen its on the ground presence in the Pacific. He referred to a UNEP Governing Council decision in its twenty-third session requesting the Executive Director to continue strengthening UNEP activities in support of SIDS on a tailored and regional basis. Mr Faulalo noted that there have been numerous UNEP activities in SIDS in the last ten years as reported to the Mauritius International Meeting in January 2005, as well as a commitment to on-going and future activities in implementation of the Mauritius Strategy. He encouraged focal points to start thinking of GEF activities, not as isolated environment projects, but within the context of how they contribute to the sustainable development of their countries.

Mr. Sam Wedderburn of the World Bank noted the unique challenges facing SIDS when working with GEF and acknowledged that with or without RAF, there are underlying issues of capacity, high turnover, location and distance that present challenges and need to be addressed. Mr. Wedderburn encouraged thinking more creatively with respect to training, technical assistance and institutional strengthening and noted the important role of regional organizations in this regard.

Mr. Thomas Gloerfelt-Tarp of ADB encouraged participants to continue learning more of GEF developments and funding requirements.

Mr. Andrea Volentras of UNDP Samoa recalled that beyond the RAF, there are various funding channels available, in particular the Special Climate Change funds. Mr. Volentras encouraged participants to focus on potential opportunities under RAF and re-iterated that UNDP Fiji and UNDP Samoa will do their part to better assist at country level, and in turn, asked that countries do their best to meet their commitments to the process.

Mr. Stephen Gold of UNDP/GEF re-iterated the commitment to maintain dialogue and to translate the needs identified during the Consultation into support to be provided under the framework of the CSP, and reminded countries that the National Dialogue Initiative is available to host remaining dialogues in the region (8 have been conducted between September 2005-February 2006).

Open discussion:

Q: How can assistance of regional organizations as SPREP be enlisted in project execution?

A: Nothing has changed in the project cycle process. If country focal points would like a regional organization to execute a project, it is up to the country/focal point to identify this regional organization. The selection of the executing agency remains completely with the GEF national focal points.

Observ: The RAF has significantly changed/increased the role of the Focal Point, particularly with respect to prioritizing. Time is tight. Should regional organizations be requested to execute projects they need time to develop projects and mobilize co-financing after countries have agreed to work together on a regional project.

Presentation: “Evaluation and Results in the GEF”

Claudio Volonte, GEF Evaluation Office

Mr. Volonte elaborated on the mission and work program of the GEF Evaluation Office and the following points related to Monitoring and Evaluation (M&E): GEF policy, GEF M&E pyramid with key roles and responsibilities, involvement of FPs, minimum project requirements including design and evaluation, the GEF portfolio, and the RAF.

Key Points

- The newly created Evaluation Office is independent from GEF Sec and IAs and reports to GEF Council
- The new GEF M&E Policy to be implemented under GEF-4 encourages a larger role of GEF Focal Points in M&E: Implementation of project monitoring activities: participate in PIRs, receive mid-term and final evaluations, ensure that lessons are integrated into new projects, keep stakeholders informed on status of projects. Its main purpose is to promote accountability and learning and to increase transparency and results
- M&E should be done by all levels of the GEF system (pyramid). At the top of the pyramid, the 3rd Overall Performance Study (OPS) was recently completed
- Minimum M&E requirements at project level:
(1) a fully budgeted M&E plan -including baselines- that is operationalized during project implementation. (2) independent terminal evaluation
- Project monitoring is the responsibility of GEF Sec, IA/EA and Focal points; Project evaluation is the responsibility of the Office of Evaluation
- A future M&E system will be presented to Council by December 2006
- The Evaluation Office Work Program for FY07-10 includes evaluations of Country Reviews, GEF project cycle, APR, SGP, capacity building and the MTE of the RAF, among others.
- The RAF will be reviewed after two and four years, including RAF impacts on GEF operations. ToRs for the mid-term review are not yet developed and country suggestions are welcome. Issues raised in these meetings will be considered in preparation for the TOR for the Evaluation.

Questions and Answers:

Q: In what form will M&E training be provided?

A: An M&E training plan is currently under development.

Q: What is the status of the evaluation of the GEF project cycle?

A: The evaluation is nearly completed. It is anticipated the evaluation will have a positive impact particularly in relation to project review criteria.

Q: In terms of baseline analysis as a part of M&E at the project level, what does the GEF consider as baseline?

A: "Baseline" will vary from project to project in particular since the purpose of some projects is to in fact, create the baseline. Baseline essentially refers to the initial conditions of the problem that the project is trying to solve and/or address.

Q: How is the role of science being taken into account in project M&E?

A: There are ongoing efforts to ascertain whether the best available science is being used and applied under GEF projects.

Q: What is the status of the independent evaluation of the SGP?

A: The evaluation has not yet been launched.

Q: What are existing criteria as to what countries will be evaluated? There is a perception that some council members are not very keen on evaluating regional projects; however evaluation of regional projects could prove to be useful in providing a different perspective.

A: Evaluation of regional projects had to be foregone due to budget constraints. Therefore, the evaluation retained a focus on country projects.

Q: Climate Change is of great concern. How can the GEF reach people who most need assistance in this GEF focal area? Who are those most impacted by these issues? How does the Office of Evaluation measure human impacts of GEF programmes?

A: The Office of Evaluation recently completed a study on local benefits generated by GEF projects. This study is available on the GEF website. The GEF prides itself on the proven success of projects having generated local benefits but acknowledges that it needs to be more systematic.

Closing remarks

On behalf of the GEF Sec, the Chairman thanked the participants for openly sharing their views during the past two days and encouraged countries to continue to provide feedback on the RAF as well as to how GEF can further respond to capacity building needs specific to SIDS. The Chairman recognized that with the advent of RAF, all parties are navigating into uncharted waters but recalled that preservation of the marine environment remains a high priority and that many funding mechanisms outside of the RAF are available to respond to SIDS needs. The Chairman noted specific challenges facing SIDS including low absorptive capacity, low aid effectiveness, and the challenge for the GEF to demonstrate quickly that projects can be implemented with on the ground or in the sea effects. The Chairman stressed that strategic prioritization is key to the process and that when projects are successful; this can result in a positive catalytic effect in mobilizing funding. The Chairman therefore recalled the need for countries to focus on 50% implementation rate during the first two years of the RAF.

On behalf of the Pacific SIDS Constituency, Ambassador Aisi thanked everyone for their valuable participation and extended a welcome to the NGO delegates to participate in the Constituency meeting on Day3. He thanked the GEF Secretariat and UNDP/GEF National Dialogue Initiative for their dedication to organizing such a successful Sub-Regional Consultation on short notice.

Mr. Rex Horoi expressed his appreciation that NGO representatives were invited to this forum comprising Government, GEF, IAs, EAs, and regional organization representatives and requested the continued inclusion of NGOs in stakeholder consultations in order to maximize effectiveness of GEF in engaging and having a positive impact on local communities. Mr. Horoi indicated that the NGO group would submit a constructive Declaration immediately following completion of the meeting.

Keneti Faulalo closed the meeting on behalf of the participants with a thoughtful prayer.