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**Report of**

**Meeting of Financial Resources Working Group (FRWG)**

**29 March 2017**

**Pasig City, Metro Manila, Philippines**

1. **Background**

The establishment of the Financial Resources Working Group (FRWG) was first mooted in the 2nd Senior Officials’ Meeting (SOM-2) in 2008 which was hosted by the Government of Philippines. Its main task was to analyse relevant information, conduct preliminary assessments & feasibility studies, and develop financial management tools. This working group were to be led by Indonesia, and has been so since then. The FRWG are guided by the Regional Plan of Action (RPOA) in Section V on Financial Resources for CTI-CFF to establish a realistic, workable and sustainable financial architecture. Over the years, activities of the FRWG are geared to achieve this target[[1]](#footnote-1).

By the 10th Senior Officials Meeting (SOM-10), several critical recommendations were made based on the results of several FRWG meetings working towards the establishment of a financial architecture. Several critical acknowledgments and recommendations were made: (i) Tasked the FRWG to work with the necessary experts in developing the structure and mechanism of the CTI-CFF Fund or Special Fund in the form of trust or other types of fund as discussed in the Situational Assessment Report for review by the CTI Committee of Senior Officials at its 11th Meeting in 2015; (ii) Endorsed the establishment of the CTI-CFF Business Development Unit (BDU) to coordinate initiatives and efforts in financial resources and business development, and that it is initiated upon agreement of the terms of reference by the FRWG, with progress to be reported to the CTI Committee of Senior Officials at its 11th Meeting in 2015; (iii) Acknowledged the Stock-take of CTI-CFF Programs and Projects Final Report and recommend that CTI project pipeline for future investments be guided by the recommendations contained therein; and (iv) Tasked the FRWG to draft its terms of reference for review by CTI Committee of Senior Officials at its 11th Meeting in 2015.

The Final Report of the CTI Financial Architecture Study was adopted at the 11th Senior Officials Meeting (SOM-11) in 2015; followed by recommendations in the following 12th Senior Officials Meeting (SOM-12) for Member Parties and the Regional Secretariat to work on; such as the setting up of a Project Preparation Facility (previously known as the “Business Development Unit”) upon the appointment of the Project Initiation Specialist (PIS); establishment of the CTI Regional Fund upon completion of all Member Parties’ National Plan of Actions (NPOAs); and to further pursue other sources of funds to implement the Regional Plan of Action (RPOA).

1. **Meeting Objectives**

Following the recommendations made at the 12th Senior Officials’ Meeting (SOM-12) in 2016, the Financial Resources Working Group (FRWG) convened its first meeting of the year in Manila, Philippines. The objectives of the meeting are:

* 1. To be updated on the status of the Project Initiation Specialist (PIS) and the roles and responsibilities of this position;
	2. To be updated on the status of the ADB / GEF concept on “Scaling Up Investments and Sustainable Financing Mechanisms in Coral Triangle
	3. To be updated on the status of the CT6 Member States National Plan of Action (NPOA) Costing exercises and the results / outcome of the exercises; and
	4. To assess the need to develop the Terms of Reference (TOR) for the Financial Resources Working Group (FRWG).

The recommendations from this meeting shall be circulated to all NCC members for review and re-visited in the pre-SOM FRWG meeting at the end of 2017. The following are the report of the meeting and its outcome.

1. **Opening Session**

The meeting commenced at approximately 09:30am on 29th March 2017 with full representation from the CT6 Member Parties.

* 1. Opening / Welcome Remarks

As the Host Country, Dr. Antonio C. Manila, Assistant Director of the Biodiversity Management Bureau (BMB) made the opening / welcome remark on behalf of the Chair of the CTI Council of Senior Officers; Atty. Jonas R. Leones, the Undersecretary for Environment and International Environment Affairs with hopes that this meeting shall bear good outcomes. He informed the meeting that ocean use and management has received serious commitments by the United Nations and shall be reinforced at the upcoming Ocean Conference in June 2017. This is to support the Sustainable Development Goal 14: Conserve and sustainable use the oceans, seas and marine resources for sustainable development. He also notes Indonesia’s commitments towards reducing and eliminating marine debris and hoped that other Member Parties will follow suit. The Coral Triangle Initiative is a unique regional platform of which many common issues and programs that crosses national boundaries can be implemented together. He hoped that this meeting shall be able to continue to assist CTI to function as it is intended to be.

* 1. Appointment of temporary Chair of the Financial Resources Working Group (FRWG)

**Due to the absence of the Chair of FRWG, Mr Anang Noegroho, the Executive Director of the CTI-CFF Regional Secretariat recommended to appoint either the Host Country or one of the meeting participants with the highest ranking. After a brief discussion, it was agreed that one of the meeting representatives from Indonesia to be the meeting chair as to be consistent with the country that currently chairs the FRWG. The Indonesian head of delegation, Mr Suseno Sukoyono happily accepts the nomination as the chair for this FRWG meeting.**

**Mr Suseno extends his appreciation to the Host Country for organizing and supporting the meeting and acknowledged the Regional Secretariat for the meeting materials that have been forwarded in advance. He quickly runs through the meeting objectives and hope for active and useful discussion.**

* 1. **Round of Introduction**

**The Chair encouraged for a round of introduction around the table. All CT6 Member Parties are represented except for Timor-Leste with resource person from the Asian Development Bank; Mr Bruce Dunn, the Principal** Environment Specialist and ADB consultant, Mr Joe Lufkin of Asia Pacific Aid Programs Incorporated. A total of 36 participants attended the meeting; combination of NCC representatives; officers from various agencies from Philippines as Host Country and officials from the Regional Secretariat.

**Gender ratio for the meeting were at 44:56 for female: male. However, further analysis on participants in terms of positions (participants with specific level of decision-making and role in CTI) was not undertaken.**

For full list of meeting participants, please refer to Annex 4.

1. **Proceeding of the Meeting**
	1. **Meeting Agenda**

**The meeting participants were requested to review and endorse the provisional meeting agenda (please refer to Annex 1). Discussions ensued on issues such as the Regional Secretariat’s budget preparation and implementation; and amendments to the Financial Regulations that some Member Parties would like to propose. The Regional Secretariat advised the meeting that the Financial Resources Working Group (FRWG) meeting is a separate / independent meeting from the following days’ meeting on the Regional Secretariat’s budget and other financial related matters, each with separate Chairs. The FRWG is chaired by Indonesia and the budget and financial matters meeting is to be chaired by the Chair of the CTI Council of Senior Officers (CTI-CSO) itself (as tasked in SOM-12). Therefore, the agenda for FRWG is specific for Day 1 (29th March 2017) and vice versa. This distinction was made clear to all and confirmed by Member Parties and further explained in the following presentation on “Introduction and background of FRWG”.**

**The provisional meeting Agenda was endorsed.**

* 1. **Introduction and background of FRWG**

**A presentation on the introduction and background of the Financial Resources Working Group (FRWG) was made by Ms. Jasmin Saad, the Governance Working Group and Cross-Cutting Themes Senior Manager from the Regional Secretariat. The presentation outlined the chronology of events from the establishment of FRWG through to the endorsement of the CTI-CFF Financial Architecture Study[[2]](#footnote-2).**

**The presentation also outlines the outstanding FRWG tasks as recommended in the last 12th Senior Officials Meeting (SOM-12); which forms the agenda of this meeting. There are:**

* + - **Implementation of the Project Preparation Facility (PPF) Initial Activities upon the appointment of the Project Initiation Specialist (PIS);**
		- **Establishment of a Regional Fund that reflects CTI funding requirements and structural preferences of prospective contributors; and**
		- **Development of a Terms of Reference for FRWG (from SOM-10).**

**Additionally, the presentation briefly disclosed the Terms of Reference for the Project Initiation Specialist (PIS) (as per Annex 2.c).**

**Other pending tasks for FRWG such as the updates on the costing of all Member Parties’ National Plan of Actions (NPOAs); appointment of the Project Initiation Specialist; and the ADB/GEF concept on “*Scaling Up Investments and Sustainable Financing Mechanisms in the Coral Triangle”*, all were briefed by Mr Bruce Dunn from the Asian Development Bank (ADB) in the subsequent session.**

**The presentation further outlined the preliminary draft Terms of Reference (TOR) for the Financial Resources Working Group (please refer to Annex 2.d) for further review and refinement. The discussion on the TOR took place later during the day.**

**Importantly, the presentation clarified the distinction between the tasks of the FRWG and matters pertaining to the Regional Secretariat’s Operations Plan and Budget and other financial matters. The duties of approving the Operations Plan and Budget of the Regional Secretariat falls within the purview of the CTI-CSO and CTI-COM concerns only on operational funding and support funding for program activities. This is evidenced by the following rules and regulations.**

* + - **Article 10 on Budget of the Secretariat in the Agreement on the Establishment of the Regional Secretariat of CTI-CFF:**

***“1. The Executive Director shall draft the proposed Budget of the Secretariat in accordance with the Financial Regulations for adoption by the CTI COM. The proposed Budget shall indicate which of the administrative expenses of the Secretariat are to be financed from the Assessed Contributions referred to in Schedule 1 of the Financial Regulations, and which such expenses are to be from any trust or special funds received.”; and***

***“2. The budget of the Secretariat shall be adopted by the CTI COM by consensus. If the CTI COM is unable to adopt a decision on the Budget, the level of contribution to the administrative Budget of the Secretariat shall be determined in accordance with the Budget for the preceding year for the purpose of meeting the administrative expenses of the Secretariat for the following year until such time as a new Budget can be adopted by consensus.”***

* + - **Regulation 3 (Budget) of the Financial Regulations:**

***“5. The Executive Director shall submit the draft budget for the following year to all Parties of the Agreement on the Establishment of the Regional Secretariat of the Coral Triangle Initiative on Coral Reefs, Fisheries and Food Security (CTI-CFF Parties) at least 60 days prior to the Ministerial Meeting and the CTI CSO Meeting. At the same time, and in the same form as the draft budget, the Executive Director shall prepare and submit to all CTI-CFF Parties a forecast budget for the subsequent financial year.***

* + - **Special SOM 2014 – Annex 6; Attachment B**

**Decisions on Operations Plan and Budget: Regional Secretariat of the CTI-CFF 2015-2017 indicative operations plan and budget – assumptions (page 3)**

***“****That the indicative budgets include only core operational funding – that is funding or the essential staff and activities of the Secretariat. No program funding other than basic expenses and travel is included, the assumption being that this will be generated primarily from extra budgetary sources”.*

**This clearly indicated that program activities funds are to be sourced from extra budgetary sources and not from the assessed country contributions.**

**The FRWG is responsible to ensure the implementation of the Regional Plan of Action (RPOA) together with other CTI-CFF working groups to seek financial resources for program implementation.**

**Section V (Financial Resources) of the RPOA highlights the need for:**

* + - **Financial planning. Systematic financial planning to estimate funding needs and gaps, and identify funding options (including sustainable finance options);**
		- **Mobilizing funding. A systematic approach to mobilizing additional funding; and**
		- **Financial architecture. A systematic approach to determining the most effective way to channel financial resources (“financial architecture”). Structure and coordinate funding flows to effectively support priority activities and programs**

**This justifies the FRWG activities thus far to develop the CTI-CFF Financial Architecture through the endorsement of the Financial Architecture Study which contains recommendations to seek, source and secure funds from donor bodies; and manage the funds. Figure 1 simplifies this distinction of responsibilities between the FRWG and the Regional Secretariat and the nature (and purpose) of the respective funds.**

**Upon further discussion, the meeting participants acknowledged and understood the distinction.**

Figure 1: Distinction between Financial Resources Working Group (FRWG) and Budget Preparation and Implementation

* 1. **Updates from the Asian Development Bank (ADB)**

Next, the Chair invites Mr Bruce Dunn to update the meeting participants on items that are supported by the Asian Development Bank.

* + **Summary of the Financial Architecture Study**

The Study provided an overview assessment of the “funding ecosystem” in the CTI-CFF. It also noted that the CTI has a large and growing number of national-level Actions and Activities (currently 750 to 800 Actions and an estimated 2,000 individual Activities). Detailed costing information was scarce (or not yet been consolidated), which meant that overall funding gap projections for CTI should be addressed.

There are four clear funding pillars for CTI-CFF: i) national and sub-national contributions from annual budget allocation processes, ii) financial support from external donor agencies using a range of modalities, iii) (potential) establishment of a CTI-CFF regional trust fund, and iv) innovative and sustainable financing through public-private partnerships, payment for ecosystems services and other mechanisms such as the green climate fund that could be tapped. The establishment of a Regional Fund is vital to aggregate the financial sources.

* + **ADB RETA 7813:** Coastal and Marine Resources Management in the Coral Triangle - Southeast Asia

**Part of the activities under the ADB RETA 7813 are the costing of National Plan of Actions (NPOAs). As of current situation, there are no clear understanding or appreciation of what financial resources were available and what are needed. Therefore, it is imperative to know the cost of NPOA implementation;** help prioritize initiatives, determine how much domestic funding is available, and assess the financing gaps for which additional resources need to be mobilized. This would flow into the development of resource mobilization strategies and plans.

**For example,** costing assessment undertaken for the Philippines in 2014 to 2015 were made through a series of facilitated focus group discussions, stakeholder workshops, desktop research, and analysis of available financial data. It showed that approximately US$300 million is required to fully implement the Philippines NPOA from 2014-2020 or an average of US$43 million per year. The study further broke down the funding requirements per CTI-CFF thematic goal. For example, Ecosystem Based Approach to Fisheries (EAFM) would require 46% of the total funds required and seascapes program requires US$78million. Approximately 10% of the total USD300mill required are funded through national budget. This information is vital to identify the funding needs / gaps for the full NPOA implementation and enable the relevant authorities to seek external funds systematically.

ADB supported a review of all actions and activities identified in the six CT6 Member Parties’ NPOAs, based on a model review undertaken in the Philippines under two regional technical assistance projects (Pacific and South East Asia). Since there is a lack of resources to engage in participatory process, only desktop studies were undertaken for Papua New Guinea and Solomon Islands, and since data was not readily available, only the costs of NPOA implementation were assessed and it found that both Solomon Islands and Papua New Guinea require approximately USD4.5million to fully implement the NPOAs. However, there are no data to indicate available / allocated in-country resources thus the program was unable to undertake a (funding) gap analysis. Timor-Leste were unable to participate in the costing of its own NPOA. As for Malaysia and Indonesia, ADB facilitated similar NPOA costing assessment process. A report is due at the end of April 2017.

Mr Dunn reiterated the importance to continue the costing NPOA process as part of an annual in-country activity to assess its funding needs. Without such data and information, it is highly unlikely that Member Parties will be able to secure funds from external donors / funding agencies.

* Showcase Projects

Several potential showcase sites were identified to initiate program implementation upon the establishment of the Project Preparation Facility (PPF). These sites were: i) Wakatobi (Indonesia – provisional); ii) Tun Mustafa Park and Turtle Island (Malaysia); iii) Palawan and Davao (Philippines - provisional); iv) Kimbe Bay (Papua New Guinea); v) Choiseul (Solomon Islands); and vi) Nino Konis Santana National Park (Timor-Leste). However, due to the absence of the PPF and lack of financial data and information, not much progress have been made. Thus, it is imperative to acknowledge the importance of the NPOA costing to obtain the required financial data to proceed with projects implementation at these showcase sites.

* Appointment of the Project Initiation Specialist (PIS) / Financial Advisor

Taking all the above in consideration, CTI needs to mobilize financial resources that it needs to implement the RPOA, NPOAs; particularly at these showcase sites. Information needs to be aggregated and communicated to funding bodies. However, proposal submissions to funding bodies needs to consider of the respective funders’ priorities, their resources and application procedures and requirements. It is challenging and a tall order. Hence, the need for the establishment of the Project Preparation Facility (PPF) to develop the network and identify resources. Creating a project preparation facility or business development unit would also require ongoing maintenance of the project investment pipeline (or at least the information about it) - at a *program* level - would enable all donors (GEF, ADB, AID, DFAT etc.) to monitor the program they have been funding, identify potential future interventions, and rationally budget their own CTI-CFF project funding and technical assistance engagements a few years in advance.

The Asian Development Bank (ADB) supported for a Financial Advisor from September 2014 to July 2015 under the RETA 7813 but has since resigned. This gap was not addressed in time and has since been left empty. In September 2016 efforts were made to identify and appoint a Project Initiation Specialist (PIS) / Financial Advisor, but due to unforeseen circumstances, the position was re-advertised. As of current time, a candidate has been identified and ADB anticipate that the PIS shall report to work by April 2017. However, this support would only last until end of September 2017. Options needs to be made and evaluated to ensure continuity of this position.

* GEF Concept on **“*Scaling Up Investments and Sustainable Financing Mechanisms in the Coral Triangle”***

The concept was developed through consultations with various technical specialists, NCCs, Development Partners and the Regional Secretariat and was endorsed at SOM-11 in 2015. The original concept contained two main elements: a) strengthening M&E systems across CT countries and b) establishing project preparation facility (also referred to as ‘business development unit’) to advance recommendations related to the financial architecture study. Upon further consultations with the Global Environment Facility (GEF), it was proposed that projects be linked to an ADB baseline investment. They further advised that they do not provide direct support to Secretariat operations. More on the ground transformation related projects are desirable. Thus, the information from the NPOA Costing would prove valuable to identify projects that are within the requirements of GEF. With this guidance, ADB subsequently reviewed opportunities to re-structure the project and seek submission under the next GEF 7 replenishment cycle – which would start in July 2018.

* CTI Trust Fund

Not much headway made. A regional trust fund can only be considered when there is a clear and documented pipeline of investment projects with budgets, to raise /mobilize resources. It will also require detailed information on the NPOA funding gaps, and capacity to originate concepts, and support technical and financial design and preparation work.

* General Observation

When CTI was launched in 2009, it had a good brand presence. Many donor organizations, government aids, and NGOs took it in their stride to support CTI. However, the current landscape has changed. It is a competitive market now. Many other organizations and NGOs are competing for the same donor funding organizations. It is important to maintain continuous communication and ensure CTI brand presence at the regional and international level.

A review of the Regional Plan of Action (RPOA) is also timely to evaluate what has been achieved and what have yet to be attained. It is also an opportunity to re-brand Coral Triangle Initiative.

* Coral Cloud

One innovative program management tool called the ‘Coral Cloud’ has been developed as a result of the NPOA costing exercise to consolidate all the acquired data and information and put it into use. This tool could prove useful for CTI Member Parties to take control of their programs in all its details, knowing where everything is, how its implementation is going, how much it is spending - and on what, what the M&E results are, and be able to report these continuously to funders - in short, to manage its very large portfolio of projects efficiently, seeing detail when needed, and seeing the big picture when that is needed. This tool may serve as a necessary tool to NCCs as well when reporting to its respective Ministry of Finance to indicate what have been spent and its outcome; what are needed and its benefits. It is a tool to help NCCs to convince its own Government that CTI is still relevant and it is imperative to continue supporting it.

The Executive Director thank Mr Bruce Dunn for the updates and reiterate that the process of the appointment of the Project Initiation Specialist (PIS) took longer than anticipated and involves specific set of procedures.

Additionally, the Executive Director informed the meeting that the Regional Secretariat has secured the Public International Organization (PIO) status from USAID. The Regional Secretariat shall be receiving US$250,000.00 from USAID Department of Interior (DOI) of which US$75,000.00 have been planned for Solomon Islands to conduct and organize a Public Private Partnership Forum “Regional Sustainable Fisheries Business Forum on Responsible Fisheries Management” to re-brand the Coral Triangle Initiative.

The Executive Director also urged Member Parties to consider the need to organize a CTI Summit in 2018 to gain support; profile and re-brand the Coral Triangle Initiative. There is a need for a concerted effort for a continuous effort to profile and ensure that CTI-CFF remain relevant and become one of the foremost regional inter-governmental organization in marine resource management.

Other critical matters include requesting that the Asian Development Bank (ADB) to seriously consider supporting CTI as a region and not separating the support into two (2) categories; the Southeast Asian countries and Pacific countries through its SEA and Pacific divisions.

Current practice in implementation CTI programs supported by donors, is that each Development Partners have its own planned CTI program; e.g. the Government of Australia, through WWF have supported a program on nature-based sustainable marine tourism; and in several instances, the Regional Secretariat were not informed or consulted, thus making it difficult to align the program within the overall framework of the Regional Plan of Action (RPOA). The Executive Director hoped that this issue can be resolved in the upcoming Partners Meeting planned for 22 to 23 May 2017.

It is hoped that in the Partners Meeting that some of the focus area of discussion include strengthening the support for all NCCs particularly for the Pacific Member Parties; and to support CTI as a region especially with cross-border / transboundary issues such as marine debris; IUU and threatened species.

Lastly, the Executive Director hoped for more guidance to understand the mechanism and procedures for application in the next GEF7 replenishment cycle.

 Discussion

* Representative from Philippines request for more guidance to move forward towards the establishment of the Project Preparation Facility (PPF). Indonesia agreed and recommended that a Roadmap be developed for this. The Regional Secretariat responded that this shall be one of the task for the Project Initiation Specialist (PIS).
* Solomon Islands informed the meeting that one of the main task for the NCC is to review their NPOA, however they require support / specialist to move towards costing the NPOA.
* Mr Bruce Dunn responded and reiterate the importance of the appointment of the PIS / Finance Advisor as a first step towards the establishment of the Project Preparation Facility (PPF). He urged members to revisit the concept paper for the Business Development Unit (BDU) / Project Preparation Facility (PPF) that desirably it should a be dedicated team and not only managed by the PIS. The team shall be responsible to manage the NPOA costing; consolidate it at the regional level; look at gaps and priorities; communicate with donor communities and develop network with Partners.

Mr Dunn offered to assist the Regional Secretariat to organize a briefing session on emerging GEF priorities and priorities of other funding bodies.

He recognized the challenges with the separation of duties within the ADB institutional framework between program implementation in SEA and Pacific countries.

Since both RETA projects for the SEA and Pacific countries are to end by 2017, it is an opportune time to strategize for a way forward. A plan to ensure the continuity of the CTI-CFF. CTI itself must carry its message not only to ADB but to other Partners of its needs. The CTI is a country drive mechanism and have its own in-country processes to identify funding needs besides the NPOA costing. Counterparts of ADB for all countries are the respective Ministry of Finance. Thus, each NCCs are responsible to persuade and convince the importance of continued support for CTI to the Ministry of Finance and this shall be relayed to ADB.

Mr Dunn explained that there are unspent funds from the ADB RETA 7753 on Strengthening Coastal and Marine Resources Management in the Coral Triangle of the Pacific. Further discussions are needed to decide either to close the project or to extend it. The meeting agreed that the RETA 7753 project should be continued and hope ADB would consider it.

* 1. **Discussion on resuming the draft Terms of Reference (TOR) for FRWG**

The meeting reviewed the preliminary draft Terms of Reference (TOR) for the FRWG. The meeting was informed that only the Monitoring & Evaluation Working chaired by Philippines have its own Terms of Reference (TOR). It is critical for FRWG to have its own TOR to govern its inner workings for the benefit of potential new members. The draft TOR is attached as Annex 2.d. Upon further deliberation and discussion, a new draft TOR was developed (please see Annex 3). Only Malaysia and Philippines have given their input. This draft TOR shall be circulated to all NCCs for review and comments, upon receipt of all comments it will be collated and combined to produce the updated version of the TOR. This TOR shall be presented at the upcoming pre-SOM meeting end of November 2019 in Manila, Philippines for final review and approval by the FRWG, and subsequently reported in SOM-13 for endorsement.

* 1. **Focal points for FRWG**

**In light that most of the representatives of the FRWG in the meeting are new to CTI, it is good to be re-acquainted and each Member Parties should have its own FRWG focal points. The meeting was informed that each NCCs have its own unique management practices. E.g. for Philippines, all CTI related communications goes through the NCCs thus there is no dedicated point person to manage different segment of CTI. The Regional Secretariat acknowledged this unique situation. Below are the focal agencies / person for FRWG:**

* + 1. Philippines & Solomon Islands: all communication should be addressed directly to the National Coordination Committee (NCC);
		2. Papua New Guinea: all communication should be addressed directly to the National Coordination Committee (NCC); however, PNG note on the importance of a focal point;
		3. Malaysia: As the Ministry of Science, Technology and Innovation (MOSTI) is undergoing a restructuring exercise, they shall provide it as soon as it is able to do so. However, communication in relation to focal points nomination for FRWG should be directed to the relevant working group at the national level;
		4. Indonesia: The focal point for FRWG in Indonesia would be Mr. Agus Darmawan, Secretary of Marine Spatial Planning Directorate General, Ministry of Marine Affairs and Fisheries.
1. **Decisions**

With a view of consistency with SOM-12 decisions, the Financial Resources Working Group (SOM-12 Chairman Summary - Decision 11.2), and after deliberation during the one-day meeting of FRWG, the Meeting made the following recommendations to the CTI Council of Senior Officials to the 13th Senior Officials’ Meeting:

1. **Urged the Regional Secretariat to proceed with the appointment process of the Project Initiation Specialist / Financial Advisor.**

The members acknowledged the challenges to implement the recommendations in the Financial Architecture Report with regards to the Business Development Unit (BDU) / Project Preparation Facility (PPF), the Regional Trust Fund and Showcase Projects without the appointment of the Project Initiation Specialist (PIS). Once the Project Initiation Specialist (PIS) is appointed, the PIS shall develop workplan, timeline and procedures for the establishment of the Project Preparation Facility (PPF) and implementation of the initial activities[[3]](#footnote-3);

1. **Recommend to the Regional Secretariat to seek options / alternatives to ensure the continuity of the Project Initiation Specialist / Financial Advisor position.**

Acknowledged the issue of continued employment of the Project Initiation Specialist (PIS)/ Financial Advisor (FA) taking into consideration that the appointment shall be for a period of six (6) months; which shall end in September 2017, as this position is supported through the Asian Development Bank’s Technical Assistance on “Coastal and Marine Resources Management in the Coral Triangle – Southeast Asia Project (RETA 7813), which shall end by 2017;

There are two (2) options that can be considered to ensure the continued services of the PIS / FA; there are:

* + 1. To seek for further support from other Development Partners; or
		2. To consider this position to be absorbed as part of the Operational Plan and Budget of the Regional Secretariat.
1. **Urged the CTI-CFF Member States to complete the National Plan of Action (NPOA) Costing and its analysis to identify financial gaps and thus be in a better position to seek for financial support;**
2. **Recognized that CTI-CFF Member States may identify its own Showcase sites, while continuing its NPOA Costing exercise;**
3. **Recognized the need of specialists in the CTI-CFF Pacific Member States to assist in the review process of their respective National Plan of Actions (NPOAs);**
4. **Recommend to Regional Secretariat to further communicate with ADB on the offer for support to assist the FRWG in facilitating briefing sessions to understand GEF funding application procedures;**
5. **Recommend to Regional Secretariat to continue its communication with Pacific Member States to address the following matters:**
	* 1. CTI-CFF Regional Secretariat shall communicate with Pacific Member States on the importance of continuing the ADB-RETA 7753 on **“Strengthening Coastal and Marine Resources Management in the Coral Triangle of the Pacific”** which ends by the end of 2017;
		2. Noted that most CTI-CFF Pacific Member States have limited capacity to undertake its own national level NPOA costing exercises;
		3. Acknowledged the efforts of CTI-CFF Regional Secretariat to encourage the administration of ADB to align its support for both Southeast Asian and Pacific Member States in order to strengthen ADB’s support to CTI-CFF as a region.
6. **Noted the planning for a Partners’ Meeting from 22nd to 23rd May 2017 in Manado, Indonesia;**
7. **Noted the processes towards the establishment of the FRWG and the urgency to develop the Terms of Reference (TOR).** In this regard, the Meeting agreed on the draft outline of the TOR as attached. The Meeting requested the CTI-CFF Member States to submit their input on the draft TOR within fourteen (14) working days (by 21st April 2017) to the Regional Secretariat for collation and to produce a comprehensive TOR. The collated draft TOR shall then be further discussed and considered during the pre-SOM13 FRWG meeting prior to its presentation in SOM-13; and
8. **The Regional Secretariat acknowledged the unique situation in each Member States to provide a focal point for the FRWG.** The following are the status of focal points / mode of communication to the respective Member States:
	* 1. Philippines & Solomon Islands: all communication should be addressed directly to the National Coordination Committee (NCC);
		2. Papua New Guinea: all communication should be addressed directly to the National Coordination Committee (NCC), however PNG note on the importance of a focal point;
		3. Malaysia: As the Ministry of Science, Technology and Innovation (MOSTI) is undergoing a restructuring exercise, they shall provide it as soon as it is able to do so. However, communication in relation to focal points nomination for FRWG should be directed to the relevant working group at the national level;
		4. Indonesia: The focal point for FRWG in Indonesia would be Mr. Agus Darmawan, Secretary of Marine Spatial Planning Directorate General, Ministry of Marine Affairs and Fisheries.
9. Acknowledged the support offered by the Asian Development Bank (ADB) to conduct briefing session on the priorities, guidelines and procedures towards proposal submission for the next GEF-7 replenishment cycle.
10. **Closing**

Upon a very participative discussion, several important recommendations have been agreed upon by the members of the meeting. Further follow-up tasks are upon the Chair of the FRWG with the assistance from the Regional Secretariat. It is hoped that the next FRWG meeting as part of pre-SOM meetings in November 2017 shall set the foundation for the FRWG and continue to work in setting up a sustainable financial architecture for CTI-CFF.

The Chair extended his appreciation to the Host Country for organizing the meeting and its support for the members of the meeting. The Chair also thanked the contribution made from the members of the meeting and the efforts from the Regional Secretariat towards the continuation of the FRWG.

Meeting was adjourned at 18:30.

**Annexes:**

**Annex 1: FRWG Meeting Agenda**

**Annex 2: Presentation on Introduction and Background of FRWG**

**Annex 2.a: Historical events in relation to FRWG**

**Annex 2.b: Draft Project Preparation Facility Initial Activities & Regional Fund**

**Annex 2.c: Proposed Terms of Reference for Project Initiation Specialist (PIS)**

**Annex 2.d: Draft Terms of Reference for FRWG (unedited)**

**Annex 3: Draft Terms of Reference (TOR) for Financial Resources Working Group – FRWG (edited)**

**Annex 4: List of meeting participants**

1. Please refer to Annex 2.a for the historical journey of the FRWG and its activities. [↑](#footnote-ref-1)
2. Please visit: <http://twk.pm/pg6t6vha36> for a copy of the CTI-CFF Financial Architecture Study. [↑](#footnote-ref-2)
3. The term Business Development Unit (BDU) was recommended in the Final Report on CTI-CFF Financial Architecture which was discussed as length in several FRWG meetings prior to its adoption in SOM-11. However, the BDU was re-branded as a Project Preparation Facility (PPF) to reflect a more realistic expectation of its role, function and outputs due to the funding limitation to affect the recommendations in the Financial Architecture Report (reflected in SOM-11 Chairman Summary; Annex 11(6) Decision Document on FRWG – Decision 4 & 5. [↑](#footnote-ref-3)