



coral triangle initiative

Regional CTI Secretariat Interim

Ministry of Marine Affairs and Fisheries - Government of Indonesia
Mina Bahari II Bldg, 7th Floor / Jalan Medan Merdeka Timur No. 16 / Jakarta, Indonesia
Phone: + 6221.386.0623

Chairman: Dr.Alex Retraubun, Vice Chairman: Dr. Gelwyn Yusuf
First Secretary: Eko Rudianto (mrudiant@yahoo.com), Second Secretary: Ibnu Hadi, Third Secretary: Dr.Purwanto
Coordinator: Darmawan (darmawan@indo.net.id)

ANNEX-2 DECISION DOCUMENT ON FINANCIAL RESOURCES

Fourth Senior Official Meeting (SOM 4)

under the

Coral Triangle Initiative (CTI – CFF) On Coral Reefs, Fisheries and Food Security

Adopted on 21 October 2009
by the Governments of Indonesia, Malaysia,
Papua New Guinea, the Philippines, Solomon Islands, and Timor-Leste

1. Background

Financial resources are of particular importance to achieving the goals and targets in the CTI Regional Plan of Action (RPoA) and the National Plans of Action (NPOA). This document contains a set of decisions agreed on the 4th Senior Officials Meeting (SOM4) designed to help mobilize and effectively channel financial resources.

A Financial Resources Working Group (FRWG) was established under the CTI during the Roadmap process. The FRWG was tasked with developing a draft of the Financial Resources section of the RPoA (Section V). From December 2007 – May 2009, CT6 governments held a number of discussions on this topic during CCC and SOM meetings. In the final version of the RPoA, Section V contains a *general framework* for how CT6 governments will approach financial resource issues (see Annex I to this document). This framework in Section V provides some useful short-term guidance on next steps that could be taken at national and regional levels.

To date, about \$115 million of direct external grant assistance has been committed by donor agencies to support various aspects of CTI implementation -- primarily by USAID and ADB/GEF¹. In addition, about \$14 million of national funding commitments were announced by CT6 leaders at the CTI Summit. There is general recognition that these early financial commitments represent the beginning of a much larger fund mobilization effort needed to fully implement CTI regional and national plans of action. At the same time, there is recognition of the need for sufficient *capacity* of CT6 countries to be able to absorb / efficiently disburse large-scale funding.

The RPoA is a ten-year action plan. Activities and costs will change during this timeframe. Therefore, when discussing financial resource issues and needs, it may be useful to consider two general phases of CTI implementation:

Phase I: Investment Phase (2010 – 2015)

This phase could include various *start-up* activities that will not have ongoing (i.e. recurrent) costs over time. For example, this could include studies and assessments related to MPAs systems, climate change vulnerability, and sustainable coastal fisheries. It could also include the start-up of new programs covering these topics. Of course, in all CT6 countries, there are already MPAs in place, as well as fisheries and other programs that are operational and do have ongoing costs. These would need to be factored into the Investment Phase as well.

Phase II: Sustainable Finance Phase (2015 – 2020)

This phase could primarily include a set of *ongoing* activities that have recurrent costs. For example, this could include the recurrent costs for managing a national MPA system or a comprehensive program to promote sustainable coastal fisheries. During this phase,

¹ This funding covers all CT6 countries over a five-year period. A small portion of this funding is also being provided to countries outside the CT6 (i.e. Fiji, Vanuatu).

sustainable funding mechanisms could be established to meet these longer-term, ongoing costs (e.g., trust funds, tourism-based fees, fishery license fees).

One key issue that emerged during the Roadmap process was the importance of aligning external donor funding with CT6 government priorities, including specific priority activities outlined in NPoAs.

To best achieve this alignment, some fundamental questions still need to be answered regarding such issues as total funding needs and effective ways to channel financial resources (i.e. “financial architecture”). Section V of the RPoA provides some guidance on *how* to answer these questions. In particular, Section V 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”).

The strategic decisions below are proposed to help answer these questions and mobilize and effectively channel financial resources to support CTI implementation. Attachment II to this document provides a schematic diagram to depict the linkages among these decisions.

2. Strategic Decisions

Senior officials of the CT6 governments have considered the following decisions related to immediate next steps on financial resources, based on RPoA guidance:

Decision #1: National financial planning processes

AGREE to immediately accelerate progress on government-led, systematic, national financial planning processes in each country.

In each CT6 country, a government-led, systematic financial planning process will be undertaken as a priority, spearheaded by the CTI National Coordinating Committee (NCC), and involving partners, as appropriate. While each country will need to design this process based on specific country circumstances, it will be important for such planning processes to involve finance and planning ministries with relevant budget decision-making authorities, in addition to other ministries that have been engaged in the CTI process to date. Concrete objectives of these financial planning processes will include:

- Short-term NPoA work plans defining *immediate* funding needs. To prepare work plans defining immediate project funding needs over the next 1 – 2 years, and identifying existing financial resources (national and international) to support these needs. These work plans will be circulated to major donors and partners to help ensure their funding and technical support are aligned with CT6 government priorities.

- Financial Plan for Investment Phase (2010 – 2015). To prepare a plan identifying all the major financial needs and gaps during the entire five-year Investment Phase (Phase I) of CTI implementation, along with existing and projected sources of funding to support these needs. These financial plans will be circulated to major donors and partners to help ensure their funding and technical support are aligned with CT6 government priorities.
- Financial Plan for Sustainable Finance Phase (2015 – 2020). To prepare a longer-term plan (preliminary) for meeting the ongoing costs during the Sustainable Finance Phase (Phase II). These financial plans will be circulated to major donors and partners to help ensure their funding and technical support are aligned with CT6 government priorities.
- Regional workshop on national financial planning. The Financial Resources Working Group will consider the need for a workshop to support these national financial planning efforts.

Decision #2: Region-wide CTI Financial Resources Strategy for Phase I

AGREE by 2011, develop and formally adopt a *Region-wide CTI Financial Resources Strategy for Phase I of CTI Implementation, covering NPoAs and the RPoA.*

An immediate priority will be to resuscitate the Financial Resources Working Group (FRWG), and to take appropriate steps to help ensure its effectiveness. With the support of the CTI Secretariat and experts, the FRWG will prepare a preliminary *Region-wide CTI Financial Resources Strategy for Phase I*, to be considered by the SOM and possibly forwarded to CT6 ministers for their endorsement. The Strategy, which will draw upon NPoAs and the RPoA, will include the following sections:

- Comprehensive funding needs. A comprehensive estimate of funding needs for NPoAs and RPoAs, including *immediate* funding needs and *longer-term* needs broken down by phases of CTI implementation.
- Top funding priorities. A short list and description of the top funding priorities of CT6 governments.
- Existing and anticipated funding. A comprehensive list of existing and anticipated funding to support implementation (from all national and international sources).
- Funding gaps. A preliminary estimate of funding gaps at national and regional levels, focused on the Investment Phase (2010 – 2015).
- Contributions to poverty reduction and economic development. Contributions of CTI funding programs to Millennium Development Goals (MDGs) and national development plans, with guidelines on how CTI funding opportunities and funding programs can simultaneously support CTI implementation and achievement of the MDGs and national development plans in each country.
- National funding. An outline of preliminary steps being taken to mobilize and increase national sources of funding.

- External funding – individual countries. A list of external funding opportunities that will be pursued by individual governments.
- External funding - collaboration. A list and description of collaborative funding opportunities that will be pursued jointly (i.e. by all CT6 governments or subsets).
- Financial architecture for Investment Phase. A description of options and preferences for the financial architecture that will be needed to maximize fund mobilization, ensure effective channeling of funds, and achieve sustainable financing.

Once finalized and endorsed, this Strategy will be circulated to major donors and partners to mobilize their support and to help ensure their funding and technical assistance are aligned with CT6 government priorities.

Decision #3: High-Level Roundtable on CTI Financial Resources

AGREE to organize a first High-Level Roundtable on CTI Financial Resources for Phase I in late 2010

Drawing on the activities outlined above, a first *High-level² Roundtable on CTI Financial Resources* will be convened in late 2010, possibly immediately following the third Ministerial Meeting under CTI (MM3). This first roundtable will primarily focus on Phase I financial issues, but will also address some longer-term issues. This first event will be followed by additional roundtables in the future. Preliminary objectives for this first roundtable include:

- CT6 government presentations. To provide an opportunity for CT6 governments to present the early steps being taken to implement CTI action plans, and to present a preliminary draft of the *Region-wide CTI Financial Resources Strategy*, with initial information on funding needs and priorities for the Investment Phase of CTI implementation – at the regional level and for each country.
- Donor agency presentations. To provide an opportunity for donor agencies to present their existing funding programs, and to outline their views regarding the preliminary draft of the *Region-wide CTI Financial Resources Strategy*.
- CTI Partnership Agenda on Financial Resources. To consider the need for, and possible next steps of, a new *CTI Partnership Agenda on Financial Resources* – centered around mobilizing and structuring the financial resources required to achieve the goals of the CTI plans of action.

3. Operational Direction:

Senior officials of the CT6 governments have considered the following directions to carry out the Strategic Decisions:

² The aim will be ministerial-level participation by governments and CEO-level participation by partners.

1. **Mandated the Financial Resources Working Group (FRWG) to:**
 - Carry out implementation of Decision #2
 - Carry out implementation of Decision #3
 - Develop modalities for utilization of existing external funding, consistent with the priorities of the CTI countries (as part of Decision #2)
2. **Mandated the Chairmanship of Working Group to:**
 - Remains Indonesia
 - Nominate a chair from an Indonesian agency with financial authority
3. **Invite ASEAN experts** to FRWG meeting to help with fund mobilization
4. **Members of FRWG**
 - CT6 countries will bring finance experts into this process
 - Experts from partners
5. **Two FRWG meetings**
 - First meeting will be in Indonesia, second meeting will be in Malaysia
6. **Engaging financial expertise (e.g., consultant) to support the process**
 - SOM has given authority to the FRWG Chair to decide on this need
 - Australia has offered financial support for this if deemed necessary

Attachment I

SECTION V OF REGIONAL PLAN OF ACTION: FINANCIAL RESOURCES

Note: At the SOM3 meeting, CT6 governments recognized the possible need to revisit this section, and tasked the CTI Coordination Committee to continue to advance work on this topic.

I. GENERAL APPROACH

1. Context

The implementation of the CTI will be complex, encompassing:

- Actions by national governments. Broad-ranging actions by six national governments, organized around five over-arching goals, 10 macro-level targets, 30+ regional actions, and national actions in each country.
- Actions by other key stakeholders. Broad-ranging actions by hundreds of sub-national governmental entities, local communities, non-governmental organizations, and private sector actors.
- Projects and funding programs. Hundreds of discreet projects and funding programs over the 10-year timeframe of the Plan of Action.
- External funding support. A group of external funding institutions investing in the Plan of Action, likely to be significant in size.

2. Elements of general approach to financial resources

Given this highly complex context, we are committed to a strong collaboration and a systematic approach to financial resource issues. At the broadest level, this will entail collaboration around two activities: (i) mobilization of funding; and (ii) creation of the “financial architecture” needed to structure and coordinate funding flows to effectively support priority activities and programs. Our general approach to collaboration in this area will cover the four major elements outlined below.

Element #1: Engagement by external funding institutions

- Promote engagement by funding institutions. We will promote the early and active engagement in CTI by a range of external funding institutions, including through their participation in key CTI events and coordination mechanisms, and through effective outreach and communications.
- Help establish institutionalized donor coordination process. We will encourage and help catalyze an ongoing donor coordination process to promote regular dialogue on key issues related to funding mobilization, funding coordination, and financial architecture (see Section IV above).
- Help ensure donor funding is driven by CT country needs. We will take steps to help ensure that donor funding programs are structured to meet the needs of CT countries in the context of implementing the Regional and National Plans of Action.

Element #2: Information and assessments

- Assess “big picture” funding needs, gaps and options. Early in the implementation phase, we will prepare general estimates for total funding (and funding gaps) covering the entire CTI Plan of Action, followed by more in-depth refinement of estimates over time. This will be combined with feasibility assessments of various funding options.
- Assess finer-scale funding needs, gaps and options. We will also conduct finer-scale financial assessments of needs and gaps -- along with feasibility assessments of various funding options. These finer-scale assessments will be performed (i) at scales that are relevant to specific commitments in the Plan of Action (e.g., site, seascape, national); and (ii) on specific themes emphasized in the Plan of Action (e.g. marine protected area networks, ecosystem approach to

coastal fisheries). Such finer-scale assessments may require development of detailed “business plans”.

- Assess and manage information on funding. We will establish and maintain information management systems that help to manage and track information on funding programs and funding flows.

Element #3: Mobilization of funding

- Link funding directly to CTI Plan of Action. Our individual and collaborative efforts to mobilize funding will be organized around and linked directly to the Plan of Action, with specific funding programs created to achieve its goals and targets.
- Mobilize total funding needed. We will take the necessary steps to mobilize the level of total funding needed to achieve the goals and targets in the CTI Plan of Action.
- Emphasize contributions to Millennium Development Goals (MDGs) and national development plans. As part of our efforts to mobilize funding, we will assess and communicate the contributions of marine and coastal resources to the achievement of the MDGs and national development plans in our countries, and inject this information into domestic budget discussions and dialogues with external funders.
- Mobilize domestic and international funding. We will mobilize large-scale domestic and international funding. (For some of our countries, domestic funding increases may need to start modestly, growing over time.)
- Achieve a solid diversification of funding sources. We will mobilize funding through a diverse array of sources, including: national budget allocations, trust funds, tourism-based fees, grants and loans by international funding institutions, and private sector sources.
- Promote sustainable funding. We will put in place sustainable finance mechanisms designed to provide a significant portion of the reliable, long-term funding needed (e.g. trust funds, tourism fees, fishery license fees).
- Joint efforts to mobilize external funding. We will undertake joint efforts to mobilize support by external funding institutions for those targets in the Plan of Action where such joint efforts are needed.

Element #4: Financial architecture - financial mechanisms and fund distribution

- Create well-structured, large-scale funding distribution mechanisms. We will encourage and help to establish large-scale funding distribution mechanisms as needed, structured in ways that effectively attract and pool funds, and then efficiently distribute such funding (e.g. world class standards of financial management, transparency, grant performance standards, monitoring and evaluation, etc.). The geographic scope of such fund distribution mechanisms will be an important consideration, determined by funding needs, efficiencies, practicalities, and other factors.
- Ensure alignment of funding channeled through NGOs. For funding by public donor agencies that will be channeled through NGOs, work closely in partnership with these NGOs to help ensure alignment of this funding with CT country needs in the context of the Plan of Action.
- Distribute funding to relevant stakeholders at a range of scales. We will create a set of financial mechanisms that can distribute funding to a range of relevant stakeholders, covering the public sector and civil society, and covering entities operating at all major scales of action (e.g., MPA network, seascape, national, sub-regional, region-wide).
- Implement innovative financing mechanisms. We will consider and implement as appropriate innovative financing mechanisms such as: pooled regional funds, trust funds (endowments, sinking and revolving funds, and combinations), micro-finance facilities, and alternative livelihood investment funds.

II. SPECIFIC COLLABORATIVE ACTIONS BY CT6 GOVERNMENTS AROUND FINANCIAL RESOURCES

Under some of the goals and targets in Section III above, a number of specific collaborative actions related to financial resources are described. These are highlighted in Table 1 below:

TABLE 1. SPECIFIC COLLABORATIVE ACTIONS AROUND FINANCIAL RESOURCES

TARGETS	COLLABORATIVE ACTIONS
Goal #1: Priority Seascapes Designated and Effectively Managed	
Target #1 “Priority Seascapes” designated, with investment plans completed and sequenced	Regional Action #2 Develop investment plans for all identified priority seascapes, including <i>joint</i> investments plans for those seascapes involving two or more countries
Target #2 Marine and coastal resources within all “Priority Seascapes” are being sustainably managed	Regional Action #3 Through joint and single-country efforts, start to mobilize the financial resources necessary to support “priority seascape” programs (based on Seascape Investment Plans).
Goal #2: Ecosystem Approach to Management of Fisheries (EAFM) and Other Marine Resources Fully Applied	
Target #2 Improved income, livelihoods and food security of coastal communities through a new Sustainable Coastal Fisheries and Poverty Reduction Initiative (“COASTFISH”)	Regional Action #2 Collaborate around the mobilization of significant new financial investments to support COASTFISH.
Target #3 Sustainable management of shared tuna stocks achieved for all species of tuna exploited in the region, with special attention to spawning areas and juvenile growth stages	Regional Action #2 Develop a collaborative work program on this topic that covers a wide range of activities, which could include: <ul style="list-style-type: none"> • Develop and update assessments of the contribution of tuna fisheries to local economies, employment of men and women, and food security. • Develop approaches to maximize the flow of economic and other benefits to CT6 countries from sustainable catches of tuna in their waters, including development of domestic industries, product branding and certification, value adding, and value chain and market analyses. • Assess and develop mechanisms (including regulatory and financial measures) to address the potential effects on subsistence and small scale, near-shore fisheries of conservation measures required to ensure long-term sustainability of commercial tuna species. These could include new financial mechanisms to compensate fishers and to support conservation measures to reduce fishing pressures on tuna spawning and juvenile growth areas within the CT.
Goal #3: Marine Protected Areas (MPAs) Established and Effectively Managed	
Target #1 Region-wide Coral Triangle MPA System (CTMPAS) in place and fully functional	<p>Regional Action #4 Collaborate around mobilizing sustainable financing for the CTMPAS Collaborate (within the CTI grouping of governments and with other partners) to achieve sustainable financing for the CTMPAS.</p> <p>Regional Action #6 Establish a public / private partnership or Working Group for engaging the tourism and travel industry in supporting CTMPAS (This partnership or Working Group will be designed to help mobilize new private sector financial and in-kind support for MPAs.)</p>
Goal #4: Climate Change Adaptation Measures Achieved	
Target #1 Region-wide Early Action Climate Change Adaption Plan for the near-shore marine and coastal environment	Regional Action #3 Jointly complete a region-wide <i>Early Action for Climate Adaptation Plan</i> for near-shore marine and coastal environments (including identification of domestic and international funding to implement the Plan).

III. SHORT-TERM NEXT STEPS

To advance progress on the general approach and specific actions outlined above, in the short-term, our six governments will:

- Establish Financial Resources Working Group. Under the CTI Steering Committee (see Section IV above), we will establish a Financial Resources Working Group to help organize collaborative efforts on this topic.
- Carry out “getting started” activities. During the first year of the CTI implementation phase, the Financial Resources Working Group (with assistance from the Secretariat and outside expertise) will focus on a set of “getting started” activities. These will be solidified at future meetings of the Working Group, and could include, for example: (i) collection and analysis of relevant information; (ii) preliminary assessments and feasibility studies; (iii) development of information management tools to assist decision-making on financial resources; and (iv) outreach to key funding partners (e.g., donor roundtable).
- Convene a Roundtable on Financial Resources. Drawing on the “getting started” activities described above, we will convene a special Roundtable on Financial Resources at the end of the first year of the CTI-CFF implementation phase.

Attachment II

DIAGRAM DEPICTING CTI FINANCIAL RESOURCES PROCESS

