

TA-7813 REG: Coastal and Marine Resources Management in the Coral Triangle - Southeast Asia

**International Investment Strategy and Project Development
Consultancy (44113-012)**

(Co-financed by the Global Environment Facility and the Government of Australia)

**Towards a Comprehensive Financial Architecture
for the Coral Triangle Initiative**

Assessment and Design of an Institutional Framework for Sustainable Financing of CTI-CFF Programs

FINAL REPORT

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The views expressed in this report do not necessarily reflect those of the co-financing agencies or collaborating partners.

ABBREVIATIONS

ADB	-	Asian Development Bank
AF	-	Adaptation Fund
BD	-	business development
BDU	-	Business Development Unit / Project Management Unit
CBO	-	community-based organization
CCA	-	climate change adaptation
CDIA	-	Cities Development Initiative for Asia
CI	-	Conservation International
CMWG	-	Coordination Mechanisms Working Group (of CTI)
COASTFISH	-	Coastal Fisheries and Poverty Initiative of WorldFish
CSO	-	Committee of Senior Officials (of CTI)
CSR	-	corporate social responsibility
CTI-CFF or CTI	-	Coral Triangle Initiative for Coral Reefs, Fisheries, and Food Security
CT6	-	Indonesia, Malaysia, Papua New Guinea, Philippines, Solomon Islands, and Timor Leste
CTI-SEA	-	ADB TA-7813 REG: Coastal and Marine Resources Management in the Coral Triangle - Southeast Asia
CTSP	-	US Coral Triangle Support Partnership
DFAT	-	Department of Foreign Affairs and Trade (of Australia)
DMC	-	Developing Member Country (of ADB)
DRM	-	Disaster Risk Management
EAFM	-	Ecosystem Approach to Fisheries Management
FRWG	-	Financial Resources Working Group
GEF	-	Global Environment Facility
GIZ	-	Deutsche Gesellschaft für Internationale Zusammenarbeit
IRS	-	Interim Regional Secretariat (of CTI)
M&E	-	monitoring and evaluation
MDG	-	Millennium Development Goals
MPA	-	Marine Protected Area
NCC	-	National Coordination Committee (of CTI)
NGO	-	nongovernment organization
NOAA	-	National Oceanographic and Atmospheric Administration (US Gov't)
NPOA	-	National Plan of Action (of CTI)
PASS	-	project advisory & support services
PDE	-	project development entity
PDF	-	project development facility
PES	-	payment for ecosystem (or environmental) services
PPE	-	project preparation entity
PPF	-	project preparation facility
PPP	-	public-private partnership
PWS	-	payment for watershed services
RETA	-	Regional Technical Assistance (of ADB)
RPOA	-	Regional Plan of Action (of CTI)
RS	-	Regional Secretariat (of CTI)
SCTR	-	State of the Coral Triangle Report
SOM	-	Senior Officials Meeting (of CTI)
TA	-	technical assistance
TF	-	trust fund

- TNC - The Nature Conservancy
- TWG - Technical Working Group (of CTI)
- UNDP - United Nations Development Programme
- UNEP - United Nations Environment Programme
- USAID - United States Agency for International Development
- WB - World Bank
- WWF - World Wildlife Fund

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I. EXECUTIVE SUMMARY

A. Background

1. The second meeting of the Financial Resources Working Group (FRWG) of the Coral Triangle Initiative for Coral Reefs, Fisheries and Food Security (CTI-CFF, or CTI) was held in Kuala Lumpur, Malaysia, on 19-23 November 2012, to discuss the establishment of a coherent “financial architecture” of funding mechanisms and processes to ensure sustained long-term financing of the CTI.

2. A report on that meeting published by the Asian Development Bank (ADB)¹ noted that the CTI financial architecture should address, *inter alia*, the following issues:

- Weakness in planning,
- Lack of management structure to coordinate funding, monitoring & evaluation,
- Lack of clear conservation targets on which to base ‘bankable’ projects,
- Lack of clarity on financial benefits of investment in CTI,
- Lack of information on national funding mechanisms’ credibility, reliability, and independence from politics,
- Current subsidies and fiscal incentives shaping commercial use of natural resources,
- Inability of CTI collectively to provide economic justification to support sustained investments,
- Tendency towards short-termism rather than strategic financial planning, and
- Perception by finance and planning ministries of CTI as an environmental program only, with no financial or economic relevance.

3. To assist CTI “get back on track with development of sustainable financing modalities to support the implementation of the (CTI) regional and national plans of action”², a three-point strategic agenda was adopted to develop its “financial architecture” by:

1. Conducting a high-level assessment planning report,
2. Conducting special studies on sustainable financing mechanisms and opportunities, and
3. Establishing a CTI Business Development Unit (BDU) to “oversee the implementation of the financial architecture of the CTI”.³

¹ Moving Forward on the Financial Architecture for the CTI: A Three-Point Agenda for Urgent Action, Asian Development Bank, Manila, 2013

² *Ibid.*

³ “Financial architecture” was defined therein as “the selection and configuration of financial mechanisms into which funds can be channeled to ensure long-term and sustainable financing of the CTI”, and the report refers to a “CTI

4. The Terms of Reference (TORs) for this consultancy⁴ mandated the following:

- Assessment of medium and long term (to 2025) resource requirements,
- Assessment and design of fund generation and mobilisation mechanisms, and
- Assessment and design of an institutional framework for sustainable financing of CTI-CFF programs.

to meet the “urgent need to mobilize and channelize resources to achieve the objectives set out in the Regional Plan of Action (RPOA) and action projects incorporated in the National Plans of Action (NPOAs).”⁵

5. All of these have been addressed. However, in the absence of concrete NPOA and RPOA costing data (v. Section II below), estimates⁶ have had to be made as to the scale of CTI’s aggregate long-term resource requirements. A range of fund-generating and mobilizing mechanisms are reviewed (v. Section III below) and discussed vis-a-vis their applicability to CTI projects and opportunities for CTI to seek funding, and, finally, the institutional framework (through the assistance of a BDU) and functions needed to achieve sustainable funding for RPOA and certain NPOA Actions and Activities has been set out in detail (v. Section IV below).

6. This consultancy first prepared and submitted to FRWG its Situational Assessment & Recommendations report of 21 October 2014. This report was acknowledged at the tenth CTI Senior Officials Meeting (SOM10) held in Dili, Timor Leste on 2-5 November 2014, and work thereafter began on the second and third points⁷.

7. This Final Report, Implementing a Comprehensive Financial Architecture For CTI-CFF, is, based on a detailed review of CTI’s existing project sourcing, screening, preparation, marketing, funding, and management processes, existing project financial data (including the stock-take of CTI funding to date and financial projections for planned NPOA and RPOA projects), CTI’s overall project pipeline, current and potential sources of funding, standard processes for project preparation, funding, monitoring and evaluation, together with a review of the current approved plans for the RS.

8. Consultations were held with all development CTI partners, as well as with officials familiar with international donor and trust funds and project preparation / management units associated with other development programs. The feedback and responses received from the development partners both individually as well during the course of the FRWG meetings and draft presentations have been incorporated in this final report.

Business Development Unit / Project Management Unit” (BDU) to “oversee the implementation of the financial architecture for the CTI”.

⁴ International Investment Strategy and Project Development Consultancy (44113-012), under ADB’s Regional Technical Assistance project TA-7813 REG: Coastal and Marine Resources Management in the Coral Triangle - Southeast Asia.

⁵ Note that this study does not address the financing of staffing or activities of the CTI Regional Secretariat, but is focused on mechanisms for funding of RPOA and NPOA Actions and Activities

⁶ NB The estimates used herein for CTI’s resource requirements cover the period to 2020, rather than all the way to 2025. However, the financing mechanisms proposed herein should be able to operate sustainably through 2025.

⁷ Because of the limited time available for this consultancy, it was decided with the concurrence of FRWG to combine work on ADB’s points 2 and 3 into this report, which includes a review of available and potential sources of sustainable financing, together with implementation planning for the BDU.

9. In formulating these proposals for the design of a CTI financial architecture and looking ahead towards its implementation by the FRWG, RS and BDU, particular attention has been paid to practical and operational considerations to ensure that CTI as an organization can compete globally for donor funding, as well as secure national funding, in an increasingly competitive and resource-prioritized market. These include the following:

- At all times, projects should be evaluated in terms of their return on investment, and designed to maximise their financial sustainability, whether in the form of private sector participation, earmarked revenues, or other means. This will reduce, over time, CTI's dependence upon international and national funding support.
- CTI projects must be structured to the standards of sophisticated international funders (including and potential private partners); they will need to be marketed competitively globally in an environment of continually tightening data-driven donor monitoring and reporting expectations;
- CTI needs to improve its management of financial and project data, beginning with detailed costing and financial structuring of individual projects, to enable portfolio-level financial management (e.g. internal funding by Activities generating surplus revenue of Activities generating no revenue);
- CTI needs to adopt international-level best practices in project and portfolio monitoring & evaluation (M&E), to ensure that projects are "MDB and donor compliant" and to establish and maintain CTI's credibility as a competently-managed and effective user of contributors' funds; and
- CTI needs to diversify its sources of support and establish new partnerships with funders including climate adaptation & mitigation funds, the private sector, and private foundations, as described in Section III below.

B. Definition, Methodology and Approach

10. This report uses the term "financial *ecosystem*" to refer to the funding and other entities from and through which funds flow in respect of CTI projects. These entities, described in detail in Section III below, include CT6 national and local government agencies, CTI-specific entities, such as the Regional Secretariat, National Coordinating Committees (NCCs), Working Groups (WGs) and various types of partners and (multilateral development banks, bilateral development agencies, international organizations, trust funds, climate funds and other special funding entities, corporate partners, NGOs, foundations, academic institutions, etc.

11. This study uses the term "financial *architecture*" to refer to the complex network or system which comprises those entities, together with the:

- **Funding Relationships** among the entities; and the
- **Mechanisms** through which those funding relationships are created and maintained, through which CTI projects are (a) prepared, documented and budgeted, (b) presented to, and negotiated with, appropriate sources of funding, (c) receive that funding, are implemented, and, finally, (d) are monitored and accounted for transparently to all stakeholders.

These components must all work together in a coordinated and systematic manner to make sustainable the flow of external funding needed to accomplish CTI's Goals and Targets. It should be noted again that the "Financial Architecture" described in this study covers only mechanisms to finance CTI RPOA and NPOA Actions and Activities. It does not include any mechanisms for financing the internal operations and overhead of the Regional Secretariat which are covered by Assessed Contributions of CTI-CFF Parties.⁸

12. A *de facto* financial ecosystem of some complexity has evolved around CTI already - CTI-related projects have received almost USD 1.4 billion since its inception in only 2009⁹. However, for CTI to mature as an institution, this *de facto* financial architecture must be made to run more systematically. CTI has a good record of donor and partner coordination, but could accomplish its Goals and Targets far more effectively with a more rationalized and structured financial architecture. This consultancy has examined the elements of CTI's *de facto* financial architecture, tried to identify the gaps and missing capacity, and to give, in this Final Report, a workable plan to put in place operations which can perform the needed financing functions for CTI to be sustainable.

13. To begin to design a comprehensive financial architecture for a complex multi-country program such as CTI, it is necessary first to understand what has and what has not been funded. The "top-down" funding to CTI to date as described in Section II.A below, shows quite substantial flows (of over USD 1.35 billion to date) to CTI and CTI-related projects from major international donors. This has been complemented by a "bottom-up" project identification process as the CT6 countries have gone through a process of defining numerous Actions and Activities under their respective National Plans of Action (NPOAs) to achieve CTI Goals and Targets. This process has created a large pipeline, or inventory, of more than 700 approved CTI Actions, and these Actions' component Activities may number in the thousands.

14. This consultancy undertook an effort in 2014 to quantify the estimated costs of the NPOA Actions. A cataloguing exercise in October 2014, done for this study, compiled a consolidated list of approved Actions and their subsidiary Activities across the CT6, of 780 individual nationally-approved Actions. These Actions have various component Activities (or sub-projects), in some cases up to 8 or 10 Actions. A working estimate of discrete Activities extant under approved Actions would be in the range of 1,500 to 3,000, assuming an average of 2 to 4 Activities per Action. As described below, few data for costs, committed funds, amounts expended to date, and project status (completed, ongoing, not started) for NPOA Actions were made available by NCCs, and it is assumed that these Actions are largely awaiting funding and implementation¹⁰.

15. The next step in structuring a financial architecture or sustainable funding program for CTI is defining the quantum of funding required and its timing. For this, two types of information are required, (a) project costs and revenues and (b) the desired timing of those inflows and outflows.

⁸ This was expressly clarified by the FRWG during initial discussion on the Terms of Reference for this study.

⁹ NB These amounts include a range of sources and programs not integral to CTI-CFF, but whose objectives are aligned with those of CTI (e.g. PEMSEA) – v. Table 1, Section II, and also Appendix I.

¹⁰ For several reasons described herein, this "bottom-up" NPOA project pipeline seems not to be well-synchronized with the "top-down" funds flow, which is driven more by donor policies and preferences than necessarily by national priorities reflected in the NPOAs. It should be noted that, in contrast, RPOA Actions, perhaps because of the more active donor engagement in the process of formulating and quantifying them, are much better documented as to cost estimates.

When properly planned and thought through, each NPOA Action will have an overall cash-flow by month or quarter over its duration or life, being the aggregate of the cash-flows of its component Activities. Donors generally require very detailed and categorised budgets and financial projections in applications for funding.

16. In addition to demonstrating to funders that the proponents of a project have thought it through carefully and in detail, and understand its costs and benefits, these detailed budget projections are necessary for the funders themselves need to plan their own finances and budgets so that they know when to raise funds from their *own* funders and how much money will be required in any given period. As will be seen by reference to Appendices 2 and 4 hereto, project funding proposals to major international donors and agencies need to be highly detailed and accounted for, using donors' own accounting categories.

17. By aggregating the financial projections of individual Actions at national level, across all of CTI, by Goal, Target, or any other means of grouping, overall cash-flow projections could be calculated. At the CT6 level, for example, this would represent the overall funding requirement needing to be met by funds sourced through the "financial architecture", and this could then be disaggregated and re-aggregated into 'bundles' of Actions, tailored to specific funding sources, and the actual funding and project implementation could proceed. CTI does not currently have the means to perform these calculations readily.

18. This consultancy endeavoured to calculate overall funding requirements (and the timing of those requirements) for CTI so that a financial architecture could be designed to accurately meet them. However, it turned out that (except for the Philippines, where detailed costing workshops have been held) cost estimates were not available for most of the NPOA Actions. In an attempt to gather this data, the list of all approved NPOA Actions and Activities was circulated to all NCCs with a request by the FRWG that at least a single figure for estimated cost, and a number of years estimated span for each Action be provided by the respective national NCCs. Although this request was repeated by the SOM10 in Dili in November 2014, it must be noted that no information was forthcoming from any NCC.

19. Due to the lack of response cost (or revenue) projections, with timings, for NPOA Actions, this study has been unable to systematically quantify overall CTI **net** funding requirements or to determine when that funding should be scheduled for drawdown. It has also been impossible to identify which Actions are foreseen as possibly generating future revenues, and which thus might be able to be structured to attract private funding or cross-subsidise "cost-center" Actions or Activities.

20. It must be noted, however, that this lack of data and resulting inability to plan financially at the CT6 level indicates only that CTI as an organization has not yet developed the institutional capability, entities or processes needed to support CTI national and subnational agencies in the detailed costing and financial projections needed to prepare projects for funding. Creating this capacity is, therefore, a top priority for CTI, as it is a *sine qua non* for any financial architecture to work¹¹. Hopefully the formal establishment of the Regional Secretariat and the appointment of an Executive Director would provide a centralized reference and coordinating hub that would be able to collate this data with the assistance of the BDU and the NCCs.

¹¹ It is intended that this capacity gap be filled provisionally by the BDU pending development of RS capacity.

21. Experience in costing of priority projects in preparation of the CTI High Level Financial Roundtable (2012) and the recent Philippines experience, however, as described below, shows clearly that interagency costing workshops are an effective way to prepare project proposals using a participative approach that ensures inputs from all stakeholder entities and departments. This approach will soon be extended to Indonesia under ADB TA-7813 REG: Coastal and Marine Resources Management in the Coral Triangle - Southeast Asia, and can be replicated in the other CTI countries¹². It will be undertaken for Timor Leste and Solomon Islands under ADB's Pacific division RETA.

¹² The Philippines NPOA Costing Report noted gaps and limitations in the results of its methodology (e.g. lack of information on CTI-related projects being undertaken at LGU level, by local NGOs or by academe, its inability to conduct similar costing workshops onsite at truly local level). However, after thorough review, this consultancy recommends strongly that it be used by CTI (with certain refinements and systematization to address limitations inherent in this single pilot workshop), across all CT6 countries as the basis for financial preparation of all NPOA Actions and Activities. It should be an early and top priority of the BDU to arrange funding for and organize these workshops as part of its on-going budgeting and costing process, as a key component of its CTI project preparation and funding activities. These are described in detail in Section IV below.

II. CTI FUNDING TO DATE & ESTIMATED FUTURE FUNDING REQUIREMENTS

A. Summary of Stock-Take (October 2014)

22. A comprehensive review, undertaken on behalf of the FRWG in 2014 and adopted by SOM10 in November 2014, surveyed the volume and sources of international funding channelled to CTI Actions and Activities for the 5-year period from 2009 through 2013. Its results, summarized in the table below, indicate that almost \$1.4 billion in combined funding has been channelled directly to CTI-CFF and to associated projects in that period, or almost \$280 million per annum.

Table 1: International Programs & Projects Directly contributing to CTI-CFF:¹³

Part 1: Programs / Projects Contributing Directly to CTI-CFF (All in USD)			
Agency	GEF Financing	Agency Co-financing	Total
Asian Development Bank (ADB)	37,536,365	263,463,123	300,999,488
United Nations Development Programme (UNDP)	15,470,662	117,739,492	133,210,154
World Bank	17,500,000	113,280,000	130,780,000
Food and Agriculture Organization (FAO)	3,000,000	8,218,600	11,218,600
Sub-Total	73,507,027	502,701,215	576,208,242
Part 2: Associated Programs / Projects Contributing Indirectly to CTI-CFF			
UNDP	73,678,075	524,182,401	597,860,476
World Bank	10,801,370	24,170,000	34,971,370
Sub-Total	84,479,445	548,352,401	632,831,846
Part 3: Other Bilateral and Multilateral Agency Investments (All in USD) in CTI-CFF (for details, see Appendix 1)			
United States Agency for International Development (USAID)			82,892,626
German Development Cooperation (GIZ)			44,654,580
Food and Agriculture Organization (FAO)			19,550,000
Australian Government			9,598,252
Total			156,695,458
Grand Total (Parts 1 , 2 & 3)	Total GEF	Total Other Agencies	Total
Total Support to CTI-CFF Direct/Associated	157,986,472	1,207,749,074	1,365,735,546

¹³ From Abraham, A., Stock-Take of CTI-CFF Programs and Projects: Strategic Review of Progress and Future Directions report for FRWG, 31 October 2014

B. Estimating CTI Funding Requirements 2014-2020

23. One approach to estimating future CTI funding requirements (in the current absence of budget planning at the Action or Activity level), is to look at this past spending on CTI. Based on the above figures, CTI and related programs¹⁴ have been funded to the total amount of USD 1.365 billion over the 5-year period 2009 – 2014, or approximately USD 280 million per annum. Taking that as a basis for projection, funding requirements for the seven-year period from 2014 to 2020 would be another USD 1.96 billion¹⁵.

24. However, although this figure gives a rough order of magnitude of the financing possibly required to initially implement and maintain CTI Actions and activities over the next five years (assuming spending rates of the 2009-2014 period were maintained), it remains a “top-down” approach, reflecting more donors chose to allocate or attribute to CTI, rather than a self-defined ‘bottom-up’ measure of what CTI collectively estimates its needs to be – the proper basis for sustainable financing.

25. To build into the CTI financial architecture a means by which the lack of costing data for NPOA Actions and Activities could be remedied (a) for overall budgeting on an ongoing basis, this consultancy studied and recommends the approach to estimating CTI funding requirements used successfully for the Philippines’ NPOA.

26. In 2013, ADB funded¹⁶ a costing exercise in the Philippines¹⁷ to establish, for the first time in CTI, relatively detailed budgets for a country’s NPOA Actions and Activities. An “NPOA Costing Workshop” was held¹⁸ for participants from the NCC, other national government agencies and partner institutions involved in the implementation of the NPOA as well as those involved in national planning and budgeting processes. The workshop sought three major outputs:

- An agreement on the then-current status of NPOA implementation,
- Examination of NPOA Actions and Activities awaiting funding and to which specific budgets could be ascribed¹⁹, and, most importantly, an
- Estimation of the costs of specific NPOA Actions, using a generic template developed for this purpose (see below).

27. Participants also examined previous NPOA budgeting efforts, including a list of priority NPOA actions that were submitted to the CTI High Level Financial Roundtable. As one of the objectives of the exercise was to estimate aggregate costs at CTI Goal level, cost data was

¹⁴ This includes projects implemented by organizations external to the core CTI-CFF (i.e. other than CTI-CFF Development Partners), and also includes some in-kind contributions.

¹⁵ Until accurate figures for 2014 are not known at the time of writing, all estimates herein are based upon spending and committed funding through FY 2013; projections through 2020 are based on the 7-year period beginning 1 January 2014 and ending on 31 December 2020.

¹⁶ Through another activity under the technical assistance supporting this consultancy, TA-7813 REG: Coastal and Marine Resources Management in the Coral Triangle - Southeast Asia (CTI-SEA).

¹⁷ Costing the Philippines National Plan of Action (NPOA) for the Coral Triangle Initiative – Coral Reefs, Fisheries, and Food Security, Manila 2014. (the “Philippines NPOA Costing Report”)

¹⁸ This Philippines NPOA Costing Workshop was held in Tagaytay, June 4-5 2012.

¹⁹ This step was necessary as some of the original NPOA Actions required interpretation and restatement into activities for which cost estimates could be estimated.

‘rolled up’ by Goal (see below). Estimates for the Comprehensive Action Plans of the SSME were then fully embedded in the costing for Goal 2, while the proposal on the implementation of the National Integrated Coastal Management Policy is now integrated in Goal 1.

C. Results of the Philippines NPOA Costing Exercise

28. The Philippines NPOA Costing Report estimates that approximately USD 300 million is required to fully implement the Philippine NPOA from 2014–2020, or an average of USD 43.35 million per year. A breakdown of this total by CTI Goal is shown below.

Table 2: Breakdown of Philippines NPOA Costings by Goal (2014-2020, all in USD)²⁰

Goals	2014	2015	2016	2017	2018	2019	2020	Total requirement from 2014–2020
Goal 1: Priority seascapes	11.67	11.52	11.27	11.03	11.03	11.02	11.08	78.63
Goal 2: EAFM	15.82	18.94	19.60	20.09	20.80	21.35	22.13	138.72
Goal 3: MPAs	8.64	10.59	9.09	2.51	1.02	2.42	1.00	35.29
Goal 4: CCA	1.31	7.08	7.59	6.57	6.59	5.86	2.41	37.41
Goal 5: Threatened species	2.03	1.72	1.45	1.62	1.39	0.99	1.87	11.07
Total	39.47	49.85	49	41.82	40.83	41.64	38.49	301.1

29. The Philippines NPOA Costing Report estimates that donor and government funding already committed to the Philippines’ NPOA Actions averages some USD 6 million per year up to 2020. The average is larger for the period 2014–2016 due to the simultaneous implementation of ADB CTI-SEA and ECOFISH. Committed funding from government and partners contributes at least 18% to the total cost of NPOA implementation in 2014, tapering off to about 7% by 2020. Over the seven-year period, committed funding averages 14%, while the balance is largely unfunded (or funding gap).

30. The annual average funding gap for all five goals in the Philippines is USD 37 million, with Goal 2 having the largest gap at USD 16 million, and Goal 1 following at USD 11 million. For the three other goals, the average funding gap is less than USD 5 million per year. A breakdown of the estimated funding gap by CTI Goal appears below.

²⁰ From Costing the Philippines National Plan of Action (NPOA) for the Coral Triangle Initiative – Coral Reefs, Fisheries, and Food Security, Manila 2014

Table 3: CTI Philippines Funding Gap by Goal (all in USD)²¹

Amount / Year:	2014	2015	2016	2017	2018	2019	2020	Total
Goal 1: Priority Seascapes								
Required	11,674.640	11,521.990	11,265.870	11,031.190	11,034.190	11,016.190	11,081.190	78,625.260
Current Funding	704.440	519.580	279.350	-	-	-	-	1,503.370
Funding Gap	10,970.200	11,002.410	10,986.530	11,031.190	11,034.190	11,016.190	11,081.190	77,121.900
Goal 2: EAFM								
Required	15,816.310	18,942.200	19,595.990	20,088.750	20,799.870	21,352.820	22,127.140	138,723.070
Current Funding	3,123.130	7,019.710	5,145.730	4,797.230	2,170.940	1,439.380	1,444.940	25,141.060
Funding Gap	12,693.180	11,922.490	14,450.260	15,291.520	18,628.930	19,913.430	20,682.200	113,582.010
Goal 3: MPAs								
Required	8,644.900	10,594.500	9,091.500	2,511.500	1,021.500	2,423.500	1,003.500	35,290.900
Current Funding	3,191.580	2,880.920	2,833.550	2,742.620	2,742.620	1,142.620	1,142.620	16,676.550
Funding Gap	5,453.320	7,713.580	6,257.950	(231.120)	(1,721.120)	1,280.880	(139.120)	18,614.350
Goal 4: CCA								
Required	1,307.840	7,083.150	7,594.700	6,569.410	6,585.210	5,863.120	2,406.580	37,410.020
Current Funding	6.980	11.630	11.630	-	-	-	-	30.230
Funding Gap	1,300.860	7,071.520	7,583.070	6,569.410	6,585.210	5,863.120	2,406.580	37,379.780
Goal 5: Threatened Species								
Required	2,034.650	1,719.250	1,448.780	1,617.250	1,390.450	986.900	1,869.800	11,067.080
Current Funding	-	-	-	-	-	-	-	-
Funding Gap	2,034.650	1,719.250	1,448.780	1,617.250	1,390.450	986.900	1,869.800	11,067.080
Summary								
Total Requirement	39,478.340	49,861.090	48,996.840	41,818.100	40,831.220	41,642.530	38,488.210	301,116.320
Total Available Funds	7,026.140	10,431.840	8,270.260	7,539.850	4,913.560	2,582.010	2,587.560	43,351.210
Total Funding Gap	32,452.200	39,429.250	40,726.580	34,278.240	35,917.660	39,060.530	35,900.650	257,765.110

31. The Philippines NPOA Costing Report concludes that “around USD 300 million is required to fully implement the CTI NPOA of the Philippines from 2014–2020, or an average of USD 43 million per year. Years 2015 and 2016 will require the highest funding for the seven-year period at about USD 49.8 million and USD 49.0 million, respectively... total committed funding up to 2020 is only USD 42 million. At the aggregate, there is an apparent funding gap for NPOA implementation averaging almost 86% or USD 258 million for the next seven years.”

²¹ Ibid

D. Extrapolation of Overall CT6 Resource Requirements

32. Taking this estimate of \$43 million per annum for the Philippines as a benchmark and adjusting it proportionate to national populations yields a rough estimate of overall CTI funding requirements shown below in Table 4.

Table 4: Population-adjusted NPOA cost estimates at country and CT6 levels, based on Philippines NPOA Costing ((cost amounts in USD millions))

Country	Population	% of Philippines population	Estimates based on Philippines annual NPOA costing	Estimates based on Philippines total through 2020
Indonesia	252,812,245	252.57%	\$ 108.604	\$ 760.231
Malaysia	30,187,896	30.16%	\$ 12.968	\$ 90.778
Papua New Guinea	7,476,108	7.47%	\$ 3.212	\$ 22.481
Philippines	100,096,496	100.00%	\$ 43.000	\$ 301.000
Solomon Islands	572,865	0.57%	\$ 0.246	\$ 1.723
Timor Leste	1,152,439	1.15%	\$ 0.495	\$ 3.465
Estimated Total for CT6			\$ 168.526	\$ 1,179.679

33. An alternative approach of taking the estimate of \$43 million per annum for the Philippines as a benchmark and adjusting it proportionate to national coral reef areas yields a rough estimate of overall CTI funding requirements shown below in Table 5. Interestingly, although the relative shares of the countries differs significantly when reef area is used rather than population, the resulting aggregate estimates for annual and through-2020 costs, are less than 5% different from the estimate based upon population

Table 5: Reef-area-adjusted NPOA cost estimates at country and CT6 levels, based on Philippines NPOA Costing (cost amounts in USD millions)

Country	Reef Area (km ²)	% of Philippines Reef Area	Estimates based on Philippines annual	Estimates based on Philippines total through 2020
Indonesia	51,000	196.15%	\$ 84.346	\$ 590.423
Malaysia	3,600	13.85%	\$ 5.954	\$ 41.677
Papua New Guinea	13,840	53.23%	\$ 22.889	\$ 160.225
Philippines	26,000	100.00%	\$ 43.000	\$ 301.000
Solomon Islands	3,581	13.77%	\$ 5.922	\$ 41.457
Timor Leste	142	0.55%	\$ 0.235	\$ 1.644
Estimated Total for CT6			\$ 162.347	\$ 1,136.426

34. Based on these three estimation methodologies (project expenditure figures, population, and reef area), then, this report uses the estimates of USD 1.3 billion (2014-2020) and USD 260 million per annum, as a basis for discussion of overall CTI financial architecture dedicated to funding of all NPOA Actions (not including RPOA Actions – see section II.E below)..

E. RPOA Actions and CTI Overall Cost Estimate to 2020.

35. The RPOA list circulated following the FRWG meeting in Manila in October 2014 as part of the consultancy's Situational Assessment report contained 47 regional Actions (see Appendix 4). Only 31 of the 51 Actions listed have cost estimates. These which do have cost estimates which range from USD 50 thousand to USD 55 million, for a total of USD 72 million or an average of USD 2.3 million per Action. As these are donor-funded or at least co-financed, and, in many cases, multi-donor-funded (or co-financed) projects, that average seems not unreasonable provided the Activities can be properly prepared, structured, documented, budgeted and presented to donors within the CTI financial architecture.

36. Applying the average of 2.3 million to the total of 51 RPOA Activities yields a total cost estimate for the CTI RPOAs of USD 118.5 million. Adding this RPOA estimate to that for NPOAs, derived above, yields a total NPOA + RPOA 2015-2020 cost estimate at CT6 level of USD 1.42 billion.

37. Averaging the estimates calculated using the above three methods yields the results shown in Table 6 below.

Table 6: Averages of Estimates (all in USD millions)

Estimating Method	Estimate through 2020	Add RPOA Actions	Total with RPOA Actions	Total Annual
Project 2009-2014 expenditures	\$ 1,960.000	n/a	\$ 1,960.000	\$ 280.000
Extrapolate from Philippines based on population	\$ 1,179.000	\$ 118.500	\$ 1,297.500	\$ 185.357
Extrapolate from Philippines based on reef area	\$ 1,136.000	\$ 118.500	\$ 1,254.500	\$ 179.214
Averages			\$ 1,504.000	\$ 214.857

F. Preliminary Results of Indonesia NPOA Costing Exercise

38. A meeting of the Seascapes TWG in Jakarta in late February 2015 with the national consulting team for this study has yielded some preliminary estimates of costs for Indonesia's NPOA Actions and Activities related to CTI Goal 1. The resulting initial estimate is that Indonesia's Actions and Activities in support of Goal 1 will cost a total USD 28,762,475 over the period 2015-2020 – an amount significantly lower than the USD 78m estimate from the Philippines for Goal 1 (see Table 3 above). These figures will be reconciled as the national costing processes go forward.

G. Conclusion

39. This study concludes that, until national costing exercises are completed, **USD 1.5 billion** (for the period through 2020) and **USD 215 million** (per annum) can be used as interim working

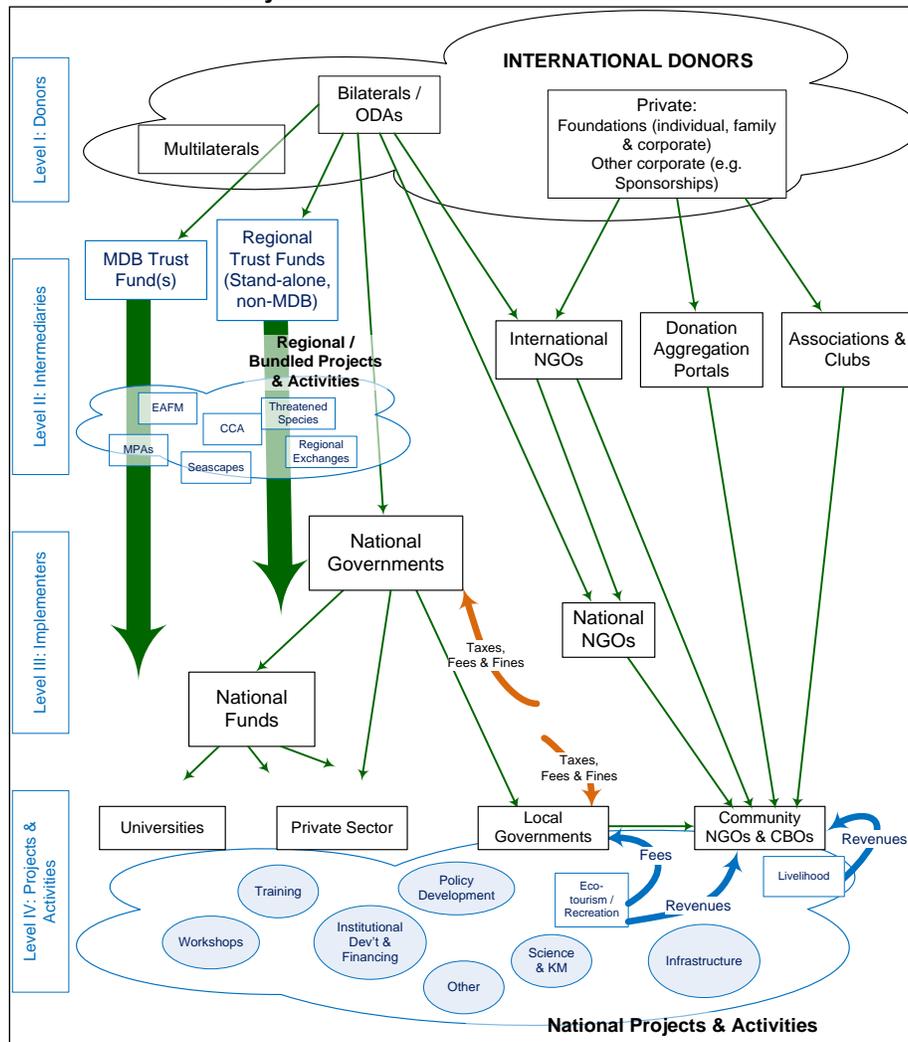
estimates for overall CTI funding requirements, but stresses that (a) accurate overall costing can only come from process of bottom up detailed budgeting of Actions and Activities and then the aggregation of those individual costs into overall program costs, and (b) CTI expenditures to date may have been on “front-loaded” investments and subsequent expenditures may be more for ongoing maintenance and operations (and therefore lower).

III. THE CTI FINANCIAL “ECOSYSTEM”

40. The global “ecosystem” or array of existing and potential funding sources for CTI was described in the Situational Assessment Report completed in October 2014. It has three main levels of participants: donors, intermediaries, and implementers, each of which is described in more detail below.

41. Using the nomenclature defined in paragraph 7 above, specific entity types within these three tiers are represented by boxes linked by funding flows through potential funding relationships. Figure 1, below, is an overview of the CTI financial ecosystem, showing international funders at the top, followed by intermediaries, then national and, finally, local entities and activities. “Top down” funding flows are shown in green, and more “bottom up” funding flows, e.g. of user fees, payments for ecosystem services, and government allocations from tax revenue) are shown in orange in the diagram. It should be noted that these are included only to show some type of revenues and where these may occur in the CTI financial ecosystem.

Figure 1 – CTI Global Financial “Ecosystem”



A. International Donors

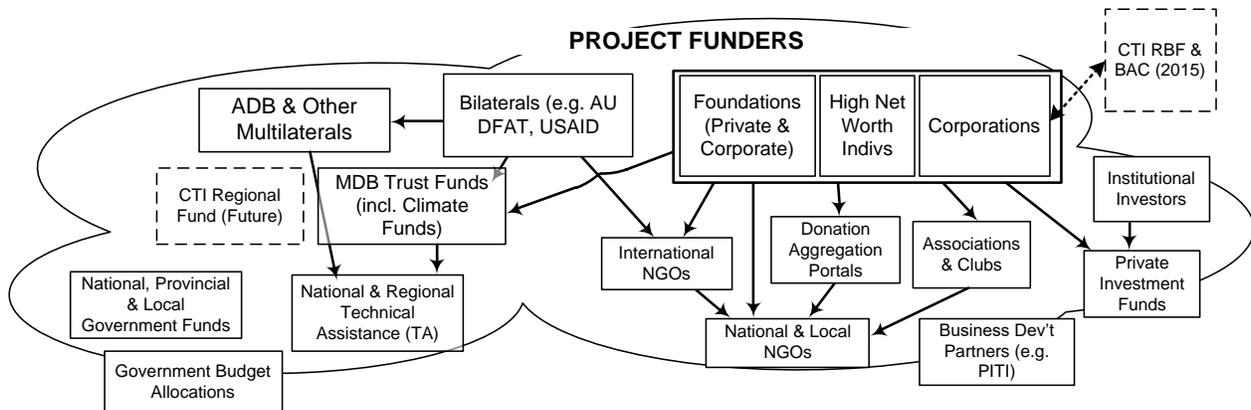
42. International donors have been the major source of finance for CTI since its inception, having provided all of the funding described in section II.A above, amounting to USD 1.365 billion to CTI and CTI-related programs in CTI’s first five years of operations (2008 through 2013). It is recommended that the CTI financial architecture remain firmly anchored by donor funding for the foreseeable future, at least through 2020.

43. This category comprises multilateral, bilateral and private donors that provide funding to conservation activities, including multilateral development organizations like the ADB and UNDP, bilateral agencies like the Australian Department for Foreign Aid and Trade (DFAT) and the United States Agency for International Development (USAID), and private foundations like the Packard and Walton foundations, individuals and businesses. The traditional model of donor support will continue in some places and on some issues for many years. Locations and themes

and levels of funding available and targets may change, impacting this flow of funds. Although donor support has been strong, the CTI financial architecture needs to recognise that this may not always be the case and shift CTI's orientation from reliance on donor grants to more sustainable sources such as recurring government budgets and project-level revenue streams.

44. CTI's existing and potential international funders includes those shown in Figure 2 below. These are discussed in detail below:

Figure 2: Detailed view of CTI international project funder types principal inter-entity funding flows



1. Multilateral Donors

45. Multilateral donors, such as the ADB, World Bank, United Nations agencies (e.g., UNDP and UNEP), have conservation funding priorities and programs with a wide geographic scope and range of issues. Development banks support governments through loans and grants, as well as special financing 'windows' that provide direct assistance to civil society organizations (CSO).

2. Bilateral Donors

46. Bilateral donors have several mechanisms for conservation funding, including official country-to-country or bilateral development assistance programs for recipient governments and grants for CSOs and NGOs. Examples of bilateral donors include the Australian Agency for International Development (AusAID), the Japan Bank for International Cooperation (JBIC), the German Federal Enterprise for International Cooperation (GIZ), and the US Agency for International Development (USAID).

3. Private Donors

47. Private donors include private and corporate foundations, business corporations, and individuals. Foundations are non-profit organizations endowed with funds by wealthy individuals, groups, or corporations to fund grants for activities consistent with the organization's mission. Foundations, such as the Packard and Walton foundations, provide direct funding to civil society organizations that implement conservation projects and activities.

48. Other private sources of funds include corporate sponsorships and “conscience-oriented” mechanisms. Corporate sponsorships may involve sponsorship of sporting or entertainment events, with the corporations’ brand prominently visible on marketing collaterals. These may also be categorized as public relations or corporate social responsibility, where companies gain public recognition for being part of conservation activities.

49. “Conscience-oriented” mechanisms, such as membership organizations or clubs, allow individuals to pay or contribute to join a cause. For example, the World Wildlife Fund (WWF) gets small, regular contributions from large numbers of individuals (including to its CTI programs via <http://www.mycoraltriangle.com/>), which add up to substantial resources for conservation activities.

B. Intermediaries (including Trust and Climate Funds)

50. Intermediaries are institutions or agencies that have programs and/or projects related to environmental conservation and have access to funds from the *funders* or generate funds themselves through contributions, donations and endowments. *Intermediaries* may include pooled, or commingled, trust funds (TFs) managed by multilateral development banks, regional TFs, international nongovernment organizations (NGOs), donation aggregation portals, associations and clubs.

1. Trust Funds and Other Pooled Donor Funds

a. Background & Overview of Fund Types

51. Funds of all types, including trust funds (TFs), are organized to pool financial resources, usually from more than one donor, for more efficient management, better access to investment opportunities, or to accommodate larger-scale projects and activities. By definition, TF assets (contributions and investment income) are held by fiduciaries - one or more individual, corporate or institutional trustees - and managed pursuant to the terms of a trust deed or similar agreement. These trustees may, if permitted by the trust deed, contract certain functions to other fiduciaries such as asset managers or custodians. Large TFs, such as the multi-billion dollar public sector retirement funds in the US, Canada, Europe, Australia and New Zealand are complex organizations with multiple sub-funds, custodians and sub-custodians at several levels, millions of contributor / beneficiaries, and complex asset management organizations. Development TFs are simpler structures.

52. MDBs, including ADB, are leading organizers and managers of donor trust funds – both for individual bilateral and institutional donors, and for pools of donors (through thematic ‘multidonor’ TFs). At ADB, examples of recent thematic TFs and their funders include vehicles for water (Netherlands and Norway), climate change resilience (Rockefeller Foundation & USAID), carbon finance for renewable energy (multiple European governments), for urban development (Sweden), and for e-Government (Korea). Global trust funds include, for example, the World Bank’s several carbon funds, the Climate Investment Funds (CIF), Global Environment Facility (GEF), and the new Green Climate Fund (GCF). A detailed discussion of trust funds focused on climate change adaptation and mitigation (“Climate Funds”) and their potential importance to CTI, appears below.

53. Principal types of TFs include:

- Endowment Funds, which generally require the corpus (initial contributed capital and subsequent contributions) to be maintained for the life of the trust, and not spent or distributed. This corpus is invested by the trustee(s), and amounts spent to fund projects come from investment income. Endowment funds are seen as the most sustainable as corpus is never depleted. Their ability to fund projects and activities, however, is a function of their ability to generate investment income. In the current capital markets, with interest rates on government and other lowest-risk debt securities at historic lows (even, in some cases, negative), a substantial amount of principal is required to generate even modest grantable income. Sudden changes in market conditions, as was seen in the Global Financial Crisis of 2008, can mean that even the most sustainable-seeming investment policy can quickly fail to cover budgeted investment or operating costs.
- Revolving Funds, where both the corpus and any income may be spent to fund on activities, but for which there exists one or more replenishment sources (e.g. tax, guarantor, donors, or other source). Most revolving funds have limited or conditional terms and are not held in perpetuity. Provided the replenishment sources can be institutionalized and regularized, a revolving fund may be almost as sustainable as an endowment fund, with greater grantable funds compared to its corpus.
- Sinking Funds, which are structured to be paid out in entirety over a finite life, e.g. making payments such as funding a series of scheduled investments.
- Umbrella Funds, which are established to centralize management and administration of multiple small funds.
- National Funds, which are established by national legislation or under existing laws to set aside money either from domestic or foreign sources, for specific CTI purposes or programs, outside the normal public budgeting process.

54. Environmental or conservation funds can be of any of the above structural types, but often consist of an endowment that is invested and managed to produce a long-term income stream to fund conservation or environmental protection activities. Climate Funds can also be of any of the above types, but are focused on climate change adaptation and remediation activities. A detailed discussion of Climate Funds and their potential significance to CTI appears immediately below.

55. It is recommended that the CTI financial architecture should seek to include funding channels from appropriate existing multidonor and single-donor TFs and also consider the establishment of one or more new funds specifically to aggregate donor funds to finance CTI activities at regional, subregional or national levels. Where possible and appropriate, it is recommended that these be sustainable, in the sense that their corpus be as permanent as possible, and funds distributed to projects be limited to investment income.

56. CT6 countries may also want to establish respective national TFs funds, or national sub-accounts in which to receive and redistribute money sourced from a regional TF for specific Actions and Activities. Some countries already have national funds, and it would need a case by case/country by country review to define the best options for each. It is likely that some should be developed quickly because of urgent need (Timor-Leste) or ease (PNG Mama Gran Fund has already developed a proposal to expand to include CCA and other CTI topics). In one multidonor

regional fund, the Caribbean Biodiversity Fund, countries were required to establish national funds, in another example (Micronesia Conservation Trust) they did not. National funds can also be used to finance provincial/LGU needs as well. UNDP has been overseeing the establishment of national climate funds through a process which could be adapted to CTI requirements, and the World Bank has been active in the Pacific to assist countries to establish and manage various types of national fund.

b. Climate Financing and Climate Change Resilience & Adaptation Funds²²

57. Several International multi-donor climate funds have been established so that developed countries can deliver their “fast start” climate finance commitments promised as part of the 2009 Copenhagen Accord on climate change. While these funds have been financing a large number of mitigation and adaptation projects in developing countries in recent years, many funds have not yet committed substantial amounts of fast start-funded resources, and are in need of ‘bankable’ projects.

58. As climate change adaptation is central to CTI (Goal 4), this presents an opportunity for CTI to tap into these resources for investment in urgent adaptation actions. There is approximately USD 260-500 million of funding available from these multilateral trust funds which are open to project proposals from eligible developing countries globally. These funds are enumerated in Tables 2 and 3, below.

59. While the Pilot Program for Climate Resilience (PPCR) is the biggest multilateral fund for adaptation in terms of size, PPCR resources are not included in the above estimates because the fund is not openly available to developing countries globally. Bilateral funds also have substantial uncommitted resources though the exact total amount is unknown. Japan’s Fast Start Finance (FSF) and the UK’s International Climate Fund (ICF) are currently the two largest bilateral sources of climate finance with available funds, but this study has not determined the exact total amount.

60. Funds that have allocated all existing resources for the time being are the EU’s Global Climate Change Alliance (GCCA) and Australia’s International Climate Change Adaptation Initiative (ICCAI), but there is a possibility that the two donors will allocate new resources to fund the two initiatives or create new ones which include an adaptation objective.

61. Application and access mechanisms vary across the funds. For the multilateral funds, access through multilateral institutions remains the norm, with the exception of the AF which reserves 50% of its resources for direct access by national implementing entities (NIEs). On the other hand, the bilateral funds use government-to-government consultations as the principal means of programming fund resources, in addition to contributing part of their resources to the multilateral funds. While both the multilateral and bilateral climate funds principally provide support in the form of grants, developing country recipients are often required to leverage investments by MDBs to co-finance projects with the grants.

²² Although systematic fund identification has not been done on this category by this consultancy, as for climate funds, Disaster Risk Management (DRM) funds may also be a good area for CTI to explore. For example, the International Disaster Risk Management Fund (Canada) could be tapped (up to USD 1-2 million per funding) to obtain support for mainstreaming disaster risk mitigation and adaptation activities within all CTI projects or for establishing DRM protocols. The fund is, however, currently restricted to ASEAN member countries.

62. Agriculture, water resources, coastal management and disaster risk reduction figure prominently as priority sectors which have received most financing from the funds to date. Low income countries, least developed countries (LDCs) and small-island developing states (SIDS) are priority recipients for most funds.

63. These international climate funds complement other resources, including official development assistance (ODA) and government budgets, as important sources of adaptation financing in developing countries. However, gaining access to them can pose difficulties for developing country project proponents. Many developing countries, including the CT6, lack the expertise and trained personnel to design adaptation projects and prepare the sophisticated technical proposals required by these funds in order to consider projects for funding.

64. This assessment found that key technical gaps in adaptation project preparation and proposal development exist in the following areas: the application of adaptation measures to specific issues and risks; the design of concrete actions with clear adaptation benefits; the cost effectiveness of proposed interventions; the development of appropriate project implementation arrangements; the mechanism to ensure sustainability of project outcomes; and the avoidance of duplication of efforts with other ongoing initiatives.

65. To address these gaps, the proposed CTI financial architecture supports strengthening the capacity of CT6 agencies' and other project proponents' understanding of the characteristics of climate change adaptation actions. In addition, project preparation should emphasize analysis of the cost effectiveness of alternative actions regarding climate change adaptation and design appropriate implementation arrangements.

66. Selection criteria used to identify these specific funds as being pertinent to CTI were the following:

- The fund must have been established with the objective of financing climate change adaptation²³ activities, or includes a specific adaptation window;
- The fund is administered by a multilateral development institution, a regional institution, a donor government or a group of governments;
- The fund has been providing a continuous stream of resources for various adaptation programs and projects and is not a one-off grant to an individual project;
- CT6 countries are eligible to access fund resources;
- Government institutions are eligible project proponents; and
- The fund is still active i.e. fund resources have not been all committed or disbursed; country allocations have not been exceeded or fund resources have been committed or disbursed but there is a high possibility of additional future funding, which would provide potential opportunities for CT6 countries to access future resources.

²³ Although climate change mitigation is the focus of some climate funds, this study includes only adaptation – oriented funds as mitigation-related activities do not generally appear among CTI Actions.

Table 7: Examples of leading international climate Funds with available resources for CT6 Countries

Multi-Country Climate Funds	Single-country Climate Funds
<ul style="list-style-type: none"> • Adaptation Fund (AF) • Least Developed Countries Fund (LDCF) • Special Climate Change Fund (SCCF) • Pilot Program for Climate Resilience (PPCR) • Global Climate Change Alliance (GCCA) – European Union (EU) • Nordic Development Fund (NDF) - Scandinavian countries • Nordic Climate Facility (NCF) - Scandinavian countries • Green Climate Fund 	<ul style="list-style-type: none"> • International Climate Initiative (ICI) – Germany • Fast Start Finance (FSF)- Japan • International Climate Fund (ICF) - United Kingdom • International Climate Change Adaptation Initiative (ICCAI) – Australia (now closed)

67. The AF, LDCF, PPCR and the now-closed ICCAI are dedicated instruments for financing adaptation, while the other funds provide resources for both adaptation and mitigation. Four funds – the AF, LDCF, SCCF and PPCR—were set up and are being managed by the multilateral agency system. Four funds are initiatives of individual bilateral donors, including Japan, Germany, Australia and the UK, and the remaining three funds were set up by a group of donor governments i.e. the Scandinavian countries and the EU member states. Table 2 below summarizes and compares key information on the 11 funds.

68. It may be stated that the RS, NCCs and the BDU could draw considerable expertise, information and support on CCA and related financing modalities from the ADB, which has undertaken several such initiatives both as implementing and executing agency.

Table 8: Summary and Comparison of Specialized International Climate Funds with Available Resources for Projects in Asia and the Pacific

Fund Name	Fund Objectives	Fund Type	Resources pledged	Activities/sectors supported	Eligible countries	How can countries access fund resources?	Type of support provided	Website
Adaptation Fund (AF)	Adaptation	Multilateral	USD 312.98 million ²⁴	Concrete, stand-alone adaptation projects and programs. All projects supported must have a knowledge component	All developing countries that are Parties to the Kyoto Protocol	Through multilateral, regional, and national organizations which have been accredited by the Adaptation Fund	Grants. Project formulation grants (USD 30,000) are also available for National Implementing Entities	www.adaptation-fund.org
Least Developed Countries Fund (LDCF)	Adaptation	Multilateral	USD 535 million	Preparation and implementation of national adaptation programmes of action (NAPAs)	All LDCs	Through 14 implementing agencies of the Global Environmental Facility (GEF)	Grants	www.thegef.org/gef/LDCF
Special Climate Change Fund (SCCF)	Adaptation, Tech Transfer for Adaptation and Mitigation	Multilateral	USD 240 million	Long-term and short-term adaptation activities and technology transfer which are country-driven, cost-effective, and integrated into national sustainable development and poverty reduction strategies; and taken into account	All developing country parties to the UNFCCC	Through 14 implementing agencies of the GEF	Grants	www.thegef.org/gef/SCCF

²⁴ This figure is for projected resources by end-2012, as it includes revenue from monetized Certified Emission Reductions (CERs), from an international levy on CDM projects) and contributions from donors. Resources in the Adaptation Fund are increasing steadily through continuing CER monetization.

Fund Name	Fund Objectives	Fund Type	Resources pledged	Activities/sectors supported	Eligible countries	How can countries access fund resources?	Type of support provided	Website
				national communications or NAPAs and other relevant studies and information				
Pilot Program for Climate Resilience (PPCR)	Adaptation	Multilateral	USD 1.2 billion	Scaled-up action and transformational change in integrating consideration of climate resilience in national development planning	Countries which are (a) eligible for Official Development Aid (ODA) and (b) have an active country program with one of the multilateral development institutions	A priori selection of pilot countries by an independent expert group based on different vulnerability criteria	Grants, concessional loans, co-financing	www.climateinvestments.org/cif/ppcr
Global Climate Change Alliance (GCCA) ²⁵	Mainstreaming Adaptation (including DRR), and Mitigation (REDD and CDM) The two pillars of the GCCA are:	Multilateral	EUR 262.15 million between 2008 -2013	The GCCA focuses its technical support along five priority areas: 1. Mainstreaming climate change into poverty reduction development strategies 2. Adaptation, building on the NAPAs and other	73 LDCs and Small Island Developing States (SIDs) recipients of aid	Through assessment of country's vulnerability to climate change, adaptive capacity, and engagement in dialogue on climate change, the EC selects project countries to support. However, a	Grants, budget support	www.gcca.eu

²⁵ The GCCA is not a Multi-donor Trust Fund. GCCA Funds are European Commission Programming Funds, to which EU Member States can contribute.

Fund Name	Fund Objectives	Fund Type	Resources pledged	Activities/sectors supported	Eligible countries	How can countries access fund resources?	Type of support provided	Website
	1. Policy dialogue and exchange of experiences 2. Technical and financial support			national plans 3.Reducing Emissions from Deforestation and Forest Degradation (REDD) 4.Enhancing participation in the Clean Development Mechanism (CDM) 5.Disaster Risk Reduction (DRR)		developing country government can also initiate dialogue with an EU mission about receiving potential support from the GCCA.		
Nordic Development Fund (NDF)	Adaptation, Mitigation	Multilateral	NDF's Climate Portfolio as of Dec 2011 39 projects with a total value of EUR 106.6 million ²⁶	The following three focus areas are relevant for NDF grants: infrastructure and energy, natural resources, and climate change related capacity building	27 low-income countries in Africa, Asia and Latin America. Eligible countries in Asia are Bangladesh, Cambodia, Kyrgyz Republic, Lao PDR, Maldives, Mongolia, Nepal, Pakistan, Sri Lanka, Vietnam	Identification by governments in partner countries and through partnership between NDF and multilateral development banks.	Grants (Large size - EUR 500,000 to EUR 4 million)	www.ndf.fi/index.php?id=35

²⁶ This amount includes disbursement under the Nordic Climate Facility –see below

Fund Name	Fund Objectives	Fund Type	Resources pledged	Activities/sectors supported	Eligible countries	How can countries access fund resources?	Type of support provided	Website
Nordic Climate Facility (NCF)	Adaptation, Mitigation	Multilateral	18 million EUR (6 million EUR per year since 2009)	Projects that have the potential to combat climate change and reduce poverty in low-income countries and promote the transfer of technology, know-how and innovative ideas between the Nordic countries and low-income countries facing climate change; sectors supported include energy, transport, water and sanitation, other areas related to natural resource management	27 low-income countries in Africa, Asia and Latin America. Eligible countries in Asia are Bangladesh, Cambodia, Kyrgyz Republic, Lao PDR, Maldives, Mongolia, Nepal, Pakistan, Sri Lanka, Vietnam	NCF is based on annual calls for proposals; financing is granted to Nordic institutions which have established cooperation with partner(s) in eligible low income countries.	Grants (EUR 250,000-500,000)	www.nefco.org/en/financing/nordic_climate_facility
The International Climate Initiative-ICI (Germany)	Adaptation Mitigation, REDD (Conservation of climate-relevant biodiversity)	Bilateral	120 million euro per year (50% for adaptation, 50% for mitigation)	Adaptation, Mitigation, Agriculture, Disaster Risk Reduction, Energy Efficiency, Forestry, Populations & Human Settlements, Renewable Energy, Sustainable Land Management, Transport, Water	Global (Developing, newly industrializing and transition countries, Africa, Asia, Europe, Caucus, C. Asia, Middle East and North Africa , C. and S. America)	ICI is based on annual calls for proposals; projects are selected in a two stage procedure: 1) appraisal of project outlines and 2) review of full proposals. The funding decision is taken by BMU.	Grants, (interest-subsidized) loans, project-based contributions to international funds (ODA).	www.bmu-klimaschutzinitiative.de/en/about_the_ici

Fund Name	Fund Objectives	Fund Type	Resources pledged	Activities/sectors supported	Eligible countries	How can countries access fund resources?	Type of support provided	Website
Japan's Fast Start Finance (Japan FSF)	Adaptation Mitigation, REDD	Bilateral	USD 15 billion (11 billion of public funding and USD 4 billion of private funding)	Adaptation, Mitigation, Agriculture, Disaster Risk Reduction, Energy Efficiency, Renewable Energy; over 50% of Japan's grant aid to be delivered for Africa and LDCs is devoted to adaptation	Asia, Africa, Latin America, with a focus on Africa, LDCs, SIDs.	Through the Japanese Embassies and JICA's local offices, the Japanese Government develops projects in close consultation with the government of developing countries and international organizations in response to the needs of recipient countries; country involvement will be via bilateral channels	1) Official Development Assistance (ODA) ²⁷ 2) Other Official Flow (OOF) ²⁸	www.mofa.go.jp/policy/environment/warmpdfs/assistance-to-2012_en.pdf

²⁷ Grant aid, technical assistance, concessional loan and contribution to multilateral funds

²⁸ Co-financing of the Japan Bank of International Cooperation (JBIC), and private financing catalyzed by public financing.

Fund Name	Fund Objectives	Fund Type	Resources pledged	Activities/sectors supported	Eligible countries	How can countries access fund resources?	Type of support provided	Website
International Climate Fund- ICF (United Kingdom)	Adaptation, Mitigation - general, Mitigation - REDD	Bilateral	GBP 2.9 billion (DFID - GBP 1.8 billion, DECC -GBP 1billion and DEFRA- GBP 100 million).	Adaptation (50%), low carbon development (30%) and forestry (20%);for adaptation, sectors supported include agriculture (food and farming systems), better preparation for disasters, water resources management, infrastructure and urban development, coastal areas, ecosystems, social protection, health	Developing countries most threatened by the risks of climate change	Proposals for ICF expenditure will be prepared for Ministers by an ICF Board comprising of Directors General from DECC, DFID, Foreign and Commonwealth Office (FCO), DEFRA, Her Majesty's Treasury (HMT), and chaired by DFID	Capital contributions (to multilateral funds) and grants (bilateral contributions)	www.decc.gov.uk/en/content/cms/tackling/international/icf/icf.aspx

c. CTI Regional Fund Concept

69. A dedicated regional umbrella funding mechanism to support the CTI could become a key part of the CTI financial architecture in time; CTI could begin to test the waters now with potential trustees, donors and partners. CTI certainly has the attention of the international donor community, as demonstrated by the USD 1.37 billion in donor funds which have been spent in the period 2009-2013 on CTI and CTI-related projects. However, CTI currently lacks fiduciary capacity to administer²⁹ a stand-alone fund and, despite having a very large number of projects, it currently has a very limited pipeline of "funding ready" Actions and Activities which could be financed through a regional fund.

70. Initially CTI could discuss with existing donors the idea of pooling funds initially through a TF structure using a known and established trustee with well-regarded disbursement, financial control, accounting and donor reporting mechanisms. Initially, a multi-donor TF could be established using a development partner with experience in TFs as trustee. Such a TF could, as CTI evolves, be superseded or supplemented by a stand-alone independent TF with e.g. the CTI Secretariat as trustee.

2. Multilateral Development Banks (MDBs)

71. MDBs represent potentially the largest single window for funding for CTI NPOAs. In addition to their grant-funded technical assistance projects (which have been and are being currently used to support CTI), and some private-sector commercially-based lending, their principal business is in making large sovereign (and, in some structures, sub-sovereign) loans to governments³⁰. Use of loan proceeds currently typically involve complex integrated programs incorporating both sustainable economic development and strong climate and environmental overlays. Because it covers all of the CT6 countries, the ADB is the obvious MDB with which CTI can engage most intensively, both in terms of technical assistance and loan funding of Actions and Activities. The majority of ADB's business consists of making sovereign loans to its developing member countries (DMCs). Projects to be funded by these loans evolve slowly over several years from initial concept to detailed implementation through its respective Country Partnership Strategies (CPS) - rolling multi-year plans governing the Bank's lending commitments with each country - and subsequent Project Preparatory Technical Assistance. For this reason, NCCs might become involved as early as possible in the CPS planning process to identify emerging lending themes which are supportive of its Goals and Targets, and work closely with TWGs and with ADB to 'embed' CTI Actions and Activities into these loans.

72. Due to their long gestation periods and high processing costs, ADB prefers to process large loan transactions (of \$100 million or greater). For this reason, CTI might think creatively about how to bundle Actions and Activities into large programs (or components of such programs) which can utilize funding at that scale. The structuring process must also

²⁹ TF administration must satisfy stringent donor / contributor requirements as to governance, cash management, project management, accounting and financial reporting, procurement, and monitoring & evaluation of underlying projects. Currently, CTI has no institutional capacity for this.

³⁰ Terms and conditions vary according to the loan structure, borrow entity, and other variables.

ensure that the respective CT6 national government is willing and has the financial capacity to borrow for that purpose, and that social and environmental safeguard conditions will be met. CT6 governments, of course, will also need to see clear economic justification for taking the loans – a useful discipline in addressing the observation (section I.A. above) that CTI is seen as an environmental program with no economic impact, by designing projects which will ultimately justify themselves financially by generating significant economic returns to these governments.

73. Because CTI's environmental goals can only be achieved in the context of CT6 countries' domestic plans for economic development, it might be noted that two specific CTI-related areas in which ADB or other MDBs may be interested to lend, if loans can be structured to simultaneously achieve CTI goals, are:

- Integrated coastal and marine products supply-chain logistics infrastructure (ports, catch-processing and cold-storage facilities, markets, etc.) as well as connective infrastructure (e.g. roads to the port), which can improve the sustainability of marine resources use and, at the same time, generate economic development and employment;
- Improved inland and coastal economic connectivity and integration by investing in infrastructure and coordination of economic activity; and
- Integrated aquaculture in designated coastal or offshore areas (e.g. adjoining MPAs) which can bolster national food security at the same time as relieving pressure on wild fish stocks and providing employment and livelihood opportunities.

74. It should be noted that RPOA projects may lend themselves well to such an approach, however, multi-country or transboundary loan obligations and structuring may prove to be a complicated process.

3. International NGOs

75. Nongovernment organizations (NGO) are not-for-profit entities independent from government, and operating on a local, national or international level to address issues such as conservation. International conservation-oriented NGOs, such as WWF, Conservation International (CI) and The Nature Conservancy (TNC) are among the long-time CTI partners and are involved globally in financing and implementing projects.

76. International NGOs may be trustees of, or intermediaries for, conservation funds and/or project implementers themselves, either directly or through their national/local counterparts and other community-based organizations. It should be noted that existing networks of local NGOs which are affiliated with, or experienced in working with, major international NGOs are an efficient way to regionally scale up successful pilot projects. They can also propagate successful approaches to capacity-building and strengthening of local and community institutions

77. It is recommended that CTI, through the BDU, improve information flow and coordination with the major international conservation NGOs in order to facilitate the uptake of bundled NPOA actions into larger NGO-funded programs.

4. Donation Aggregation Portals (DAPs)

78. Donation Aggregation Portals (DAPs) are online “crowd-funding” platforms for charitable projects where potential donors can browse and select from a wide range of projects, organized by geographic location, sector, theme, project size, benefits, or other characteristics. Their model is using the internet to present projects globally at tiny incremental cost and aggregate small ‘retail’ donations - donors can generally give as little as USD 25 to 100 to directly support a project of their choice. GlobalGiving.org is an example. DAPs revenue comprises fees (5-10%) paid by the project (deducted from the donation as it flows through the platform).

79. Aggregation portals are seemingly playing an increasingly central role in corporate charity (at least for medium-sized corporations) by taking on responsibility for administering Corporate Social Responsibility (CSR) and other forms of corporate charity, identifying eligible projects for funding, matching donor with project proponents, and managing M&E functions. An example of Donor Aggregation Portal involvement with a CTI entity is the Coral Triangle Center in Bali, which has reportedly received USD 500,000 in aggregated small donations by listing its funding requests on Asia-focused DAP www.give2asia.org³¹.

80. It is recommended that the BDU systematically explore Donor Aggregation Portals as a marketplace for funding of smaller CTI projects such as NPOA Actions. Although there are strong arguments to be made for utilising existing Donor Aggregation Platforms which already enjoy high levels of traffic and completed fundings, CTI may also want to examine the option of (also) setting up a “CTI-branded” DAP either alone or in a “co-branding” association with one of the existing platforms.

5. Associations and Clubs

81. Association or clubs bring together individuals and groups who share a common interest, including in environmental conservation or even, for instance, blue-water yachting or reef-diving. Members pay regular fees that support activities and, in return, receive regular reports or updates on such activities in general and the member-supported projects in particular. Some associations or clubs also participate in conservation activities themselves by contributing time, expertise or materials. Examples of membership-based groups are WWF and the Rotary Clubs. It is recommended that CTI systematically identify and establish contact with associations and clubs involved somehow with marine conservation or recreation (e.g. sailing or diving organizations) to explore licensing, co-branding, or other forms of partnerships beneficial to both which could generate revenue for CTI as an organization and financial or in-kind support for individual NPOA Actions or Activities.

³¹ It is understood that the fees charged by the DAP were approximately 7% on this fund-raising.

C. Implementers

82. Implementers are institutions and agencies at the regional, national and local levels that either receive funding from funders and intermediaries or generate funds themselves, and may implement conservation programs directly or provide funding and programmatic direction to community-based organizations (CBO). *Implementers* may include national governments, NGOs and foundations, national funds, local governments, CBOs, private companies, and academic institutions.

1. National-level entities

83. Clearly the CT6 governments are expecting to finance much of the national level work with traditional or matching funds. Now that local governments are seen as a viable stakeholder in government financing, these modalities need to be shared and adapted to the needs of the CTI national portfolios and resources. Local Government representatives are eager to learn and expand this now throughout the CT6 based on the success of the LGN meetings, but need to develop/share/implement models to adapt them to the country context and institutionalize them.

84. National governments can be conservation fund generators and/or conservation project implementers. As fund generators, sources of funds include grants and official development assistance from bilateral sources, loans and technical assistance from multilateral development organizations, national revenue from taxes and fees.

85. Examples of existing revenue streams for conservation activities include:

- Taxes: sales, property, income, and fuel;
- Payments for environmental services such as slowing rainfall runoff, enabling groundwater recharge and reducing erosion through biodiversity or watershed protection; and
- Other fees: entry or exit visas for tourists, sale of commemorative items such as wildlife stamps and special license plates.

86. An as-yet unexplored but potential large source of national government revenues which could be generated by marine resources is “bio-prospecting” – the systematic and scientific evaluation of certain fish, coral, and other species for unique biochemical compounds of possible use in the medical and pharmaceutical industries. Companies interested to do so can be licensed under concession or royalty agreements, as currently used in mining.

87. As project implementers, national government funds are allocated, fully or partially, towards environmental conservation and protection activities through line agencies, such as Environment Ministries/Departments, local government units, civil society groups, or community-based organizations.

88. National NGOs can be independent in-country organizations or “local” counterparts of international NGOs. They generate their own funds through donations, grants or technical assistance, or receive funds from their parent NGO (usually at the international level) for specific conservation activities on the ground. NGOs can implement conservation projects directly or through CBOs. Conservation International is an example of an international NGO that has a national presence and programs in most of the CTI countries, while the Foundation for the Philippine Environment (FPE) is a local NGO in the Philippines that provides grants to CBOs.

2. Local entities

89. Local government funding can come from international and intermediary funds, and locally generated taxes and fees (recreational user fees such as entrance and activity fees), as well as transfers from national government.

90. Local governments, like national governments, can be both conservation fund generators or project implementers. Local government structures almost mirror that of the national government in terms of resource generation and project implementation through committees (compared with the national government’s Departments or Ministries). In some countries where environmental protection responsibilities are devolved to the local government level, local governments can generate their own conservation funds through resource extraction or user fees for the exploitation of depletable resources and directly allocate them towards conservation activities.

91. Examples of possible revenue streams for local governments (depending on applicable legislation) include:

- Taxes: sales, property, income, lease, and fuel,
- Fees: fishing licenses, tourism and recreational fees, resource use fees, and
- Fines: illegal fishing, resource harvesting, discharge of waste from boats, etc.

92. It is recommended that the BDU, once up and running, evaluate the entire NPOA catalogue, with the assistance of the respective NCCs, to try to identify all Actions and Activities which could potentially be funded (or co-financed, together with donor funds) through one of these revenue streams.

3. Private Sector

93. Large and small companies globally contribute to conservation work in many ways: through their corporate social responsibility programs; through corporate sponsorships of special events through branding, corporate-sponsored activities for their employees (e.g. Coastal Clean-up campaigns as a form of a team-building); through individual contributions and/or participation of employees or employees associations’ outreach activities. Specific areas of possible private sector funding for CTI projects include the following:

94. **User Fees and other “market mechanisms”** (e.g. Payments for Environmental Services, Payments for Watershed Services, etc.): The basic principle of these mechanisms is that people in a position to care for resources are paid to take actions which sustain them. An example is payment to upland (ridge area) farmers to plant trees to prevent soil erosion which washes down to the reef area damaging coastal and near-offshore resources. This category has been established in many countries, and can be expanded in the CT6.

95. **Public Relations and Sponsorships.** Examples include: Corporate sponsorship of boats, equipment, scientific research in an MPA, and support for underwater surveys in uncharted coastal areas. This is an untapped source in the CTI and could benefit from strategic regional and national and local approaches.

96. **Business-oriented, Government Sanctioned** (e.g. Mitigation Fees): These approaches appeal to business interests and transactions, but they need government action to set the rules of the game. Funds come from businesses trying to make money or cut costs. Example: Debt for Nature Swaps or Carbon Market Trades/Off-sets or Payments for Environmental Services. These approaches have been introduced to the CTI through earlier work with the FRWG and should be applied as appropriate to project funding.

97. **Other revenue sources** (e.g. Revenue from resources, leases, private sector partnerships): These approaches can be done directly with business interests, without much action by government. The funds come from business activities generating returns. Example: Ecotourism facilities such as hotels and dive operations or sale of handicrafts from sustainably harvested resources.

98. It is recommended that BDU / PMU functions include a strong private sector orientation and explore all of the above, as revenues from services to, and joint projects with, private sector partners, could ultimately be a highly sustainable source of support for CTI.

4. Universities, Colleges and Research Institutions

99. Academic institutions of many types also play an important role in conservation work through scientific research, technical expertise and direct project implementation in affiliated locales or communities. These institutions are funded either through their own core funding or by receiving special funds from donors, such as international civil society organizations, multilateral development organizations, and private donations. In certain cases, academic institutions may be able to tap internal or their own donor resources to fund research and other work on CTI Actions or otherwise support CTI.

5. Community-Based Organizations (CBOs):

Community-Based Organizations (CBOs) can be funded through international and intermediary funds, by local governments, national governments, national or local NGOs, as well as self-generated revenues through e.g. cooperative commercial activities. The principal role foreseen for CBOs in the CTI context is as implementers of local on-site projects. It should also be noted that, although CBOs are not a likely source of funding, (a)

there is a potential synergy between CBOs and corporate donors in that CBOs can be 'ideas' organizations to execute CSR projects for corporate donors; and (b) that CBOs can undertake awareness campaigns and volunteer projects such as community mangrove-planting.

IV. CTI FINANCIAL ARCHITECTURE & PROJECT SUPPORT FUNCTIONS

100. This consultancy has reviewed CTI's financial ecosystem and *de facto* financial architecture which has evolved 2009-2014, as well as a range of funding sources which could be tapped by CTI and existing CTI plans for operationalization of the RS. The conclusion is that, to be sustainable, CTI as an organization must systematically:

- Prepare RPOA (and NPOA, if requested by the host country) projects, including detailed well thought-out budgets;
- Place them with funders or otherwise arrange for their financing,
- Monitor project governance, procurement and implementation, and
- Provide for comprehensive ongoing M&E and other reporting, at both individual project level and that of the overall portfolio of CTI Actions and Activities.

101. At all times, projects should be evaluated in terms of their return on investment, and designed to maximise their financial sustainability, whether in the form of private sector participation, earmarked revenues, or other means. This will reduce, over time, CTI's dependence upon international and national funding support.

A. Project Support Functions Needed

102. Because of the complexity of its overall portfolio of Actions and Activities, a range of generally accepted standard project support functions for development projects should be performed. As discussed above in the context of sustainable financing (whether recurring donor funds or sustainable income from user fees or private sector partners), the most critical functions to ensure CTI's sustainability are (a) detailed preparation of project proposals to donor standards³², and (b) successful and dependable placement of those projects with donors. This will require building funder-standard capacity in financial structuring, project documentation, the ability to prepare convincing project proposals, and integration into CTI procedures of international project management, accounting, procurement, accounting, risk management, auditing, donor / stakeholder reporting.

103. These are outlined below, in the sequence in which they occur in the life of any project. The same functions apply to both NPOA and RPOA projects. It is assumed that NCCs will perform most of these functions for their respective NPOA Actions and Activities, and that project support functions at the CTI level will be performed primarily in respect to RPOA Actions and Activities. Notwithstanding, CT6 governments may require project support from

³² See Appendix 2 for an illustration of a relatively simple project budget (in ADB format) and Appendix 4 for an illustration of a relatively complex and detailed project proposal for GEF / UNDP, containing a detailed annual expense budget together with detailed exposition of project management and governance arrangements. The BDU must be able to produce CTI funding proposals at these levels of detail quickly and efficiently based on thoroughly thought-out projections, and do so in a variety of structures and formats, as per the requirements of the specific agency being targeted.

time to time with specific NPOA Actions and Activities needing specialized preparation for international funding / co-financing.

104. The functions described below are those generally used to manage large projects such as CTI's RPOAs – they are well-suited to sustain CTI's portfolio of:

- Internationally-funded RPOA Actions and Activities (not funded by CT6 governments), and
- Internationally funded / co-financed NPOA Actions and Activities (where co-financing support is requested by host CT6 government).

105. Key functions related to project screening, preparation and arrangement of funding include the following:

1. Business Development, Project Conceptualization & Incubation, including support with project definition and costing work, possibilities of bundling projects into larger regional projects for more efficient funding, etc.
2. Project proposal intake & registration for processing. This function should cover both already-registered projects (e.g. NPOA and RPOA projects) and also new project concepts put forward by e.g. prospective private sector CTI partners.
3. Project Screening & Analysis, in an iterative process with project proponents, until the project is either discarded or has accreted sufficient detail to enter the full structuring and funding and implementation process:
 - Validation of project design
 - CTI alignment, eligibility & redundancy check
 - Project assumptions & financial projections validation
 - Due diligence
 - Review of proposed budgeting & scheduling
4. 'Embedding' of projects in CTI 'official' project listings and workplans for further preparation / funding³³.
5. Detailed Project Preparation:
 - Detailed costing / budgeting, based on quarterly projections of both project costs and any income-generating potential (from user fees, corporate partnerships, etc.) together with tax and other incentives for donors, in order to calculate future net funding needs,

³³ It is recommended that CTI maintain a register or database (RS should maintain this listing), perhaps initially based on the October 2014 list of NCC-approved NPOA and RPOA Actions and Activities, to serve as an official listing of CTI projects. These can then be CTI 'branded', which will assist with creation of public-private partnerships with corporate partners, dealings with DAPs, and guide CTI as a whole in the correct allocation of its time and resources for further project preparation, funding, and implementation.

- Financial structuring – determination of timing, optimal types and possible sources of funding required to fill identified gaps
- Outputs & outcomes specifications – to support M&E
- Project timelines / scheduling - detailed scheduling at least quarter-by-quarter for entire life of project, including maintenance, up to closeout / turnover.
- Project governance and management structuring³⁴
- Thematic alignment with targeted funder(s)
- Integration into CTI portfolio
- Preliminary arrangements for procurement of project team, materiel etc.
- Confirmation of implementation arrangements with IA, partners, team

6. Packaging & Placement:

- Merging project info into targeted funders' formats (i.e. preparing written proposals in UN format or ADB format or World Bank format or any other specific donor formats, and using their budget codes³⁵)
- Proposal writing and presentation(s) to prospective funder(s)
- Negotiation with funder(s)
- Arrangement of co-financing (if any)
- Legal agreement(s) – MOUs, LOAs, TA Agreements, etc.

7. Final setup & launch, after a project has received a financial commitment from one or more funders / partners:

- Align with funder & partner schedules
- Finalize procurement modality – depending on the funder and implementation method, projects may need to disburse through established procurement mechanisms and procedures.
- Creation of conduit entities (if needed)³⁶
- Establishing and convening entities in the project governance structure
- Finalize scheduling
- Accounting, billing & payments setup

³⁴ CTI must develop the capacity to design and monitor such governance structures at international, national and local levels, up to international standards, and to mesh smoothly with global donors' governance requirements and systems, such as the UN-compatible structure illustrated in the example of Appendix 4.

³⁵ As illustrated in Appendices 2-4. To operate most efficiently, a priority for the BDU is to develop a CTI chart of accounts for all expense, capital investment, and revenue types and sub-types with cross-reference to account codes for principal funders, partners and counterparties, including those of CT6 national accounting systems.

³⁶ Depending on specifics of project structure, one or more *de novo* conduit entities may be required e.g. locally-registered companies or non-profit organizations

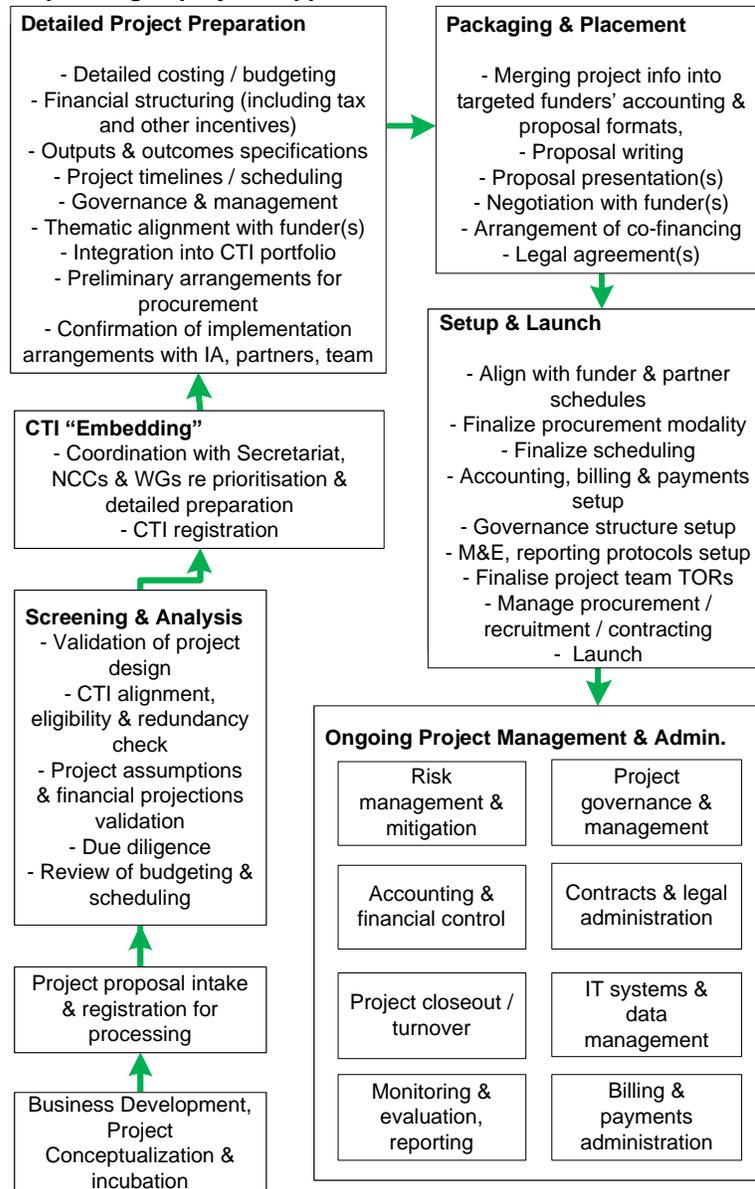
- M&E, reporting protocols setup
- Finalise project team TORs
- Manage procurement / recruitment / contracting
- Project launch

106. The functions necessary to provide for management and administration of on-going projects, and stakeholder reporting and formal M&E systems generally include:

1. Project governance & team management,
2. Contracts & legal administration,
3. Management systems & data,
4. Billing & payments administration,
5. Risk management & mitigation,
6. Accounting & financial control,
7. Monitoring, evaluation & reporting, and
8. Project closeout / transfer.

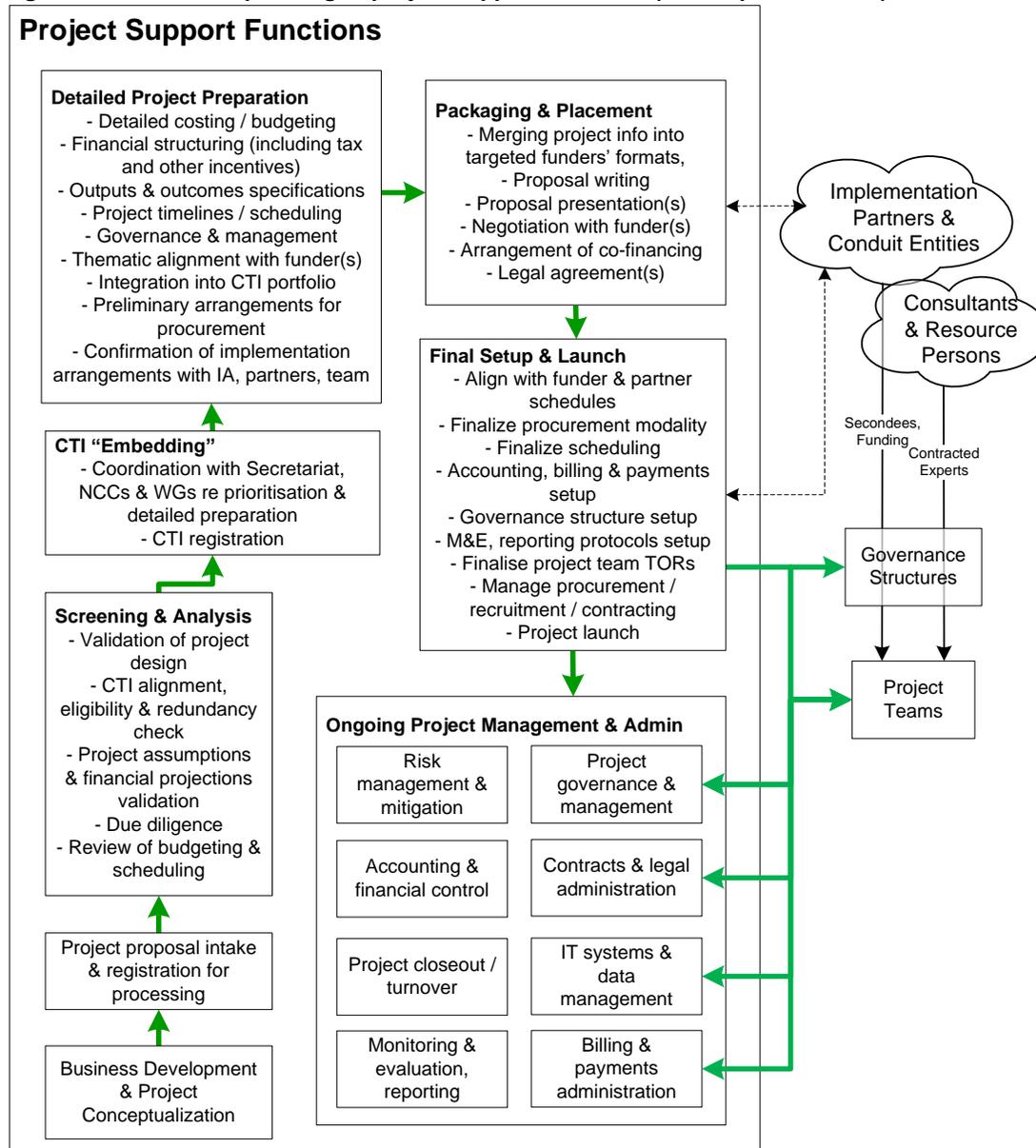
107. These functions are set out in Figure 3 below, with the project life-cycle or processing flow commencing at bottom left, and continuing clockwise around the diagram, following the green line.

Figure 3: Standard sequencing of project support functions



108. As shown in Figure 4, below, these functions will need to be performed in liaison with implementing entities at regional and national level.

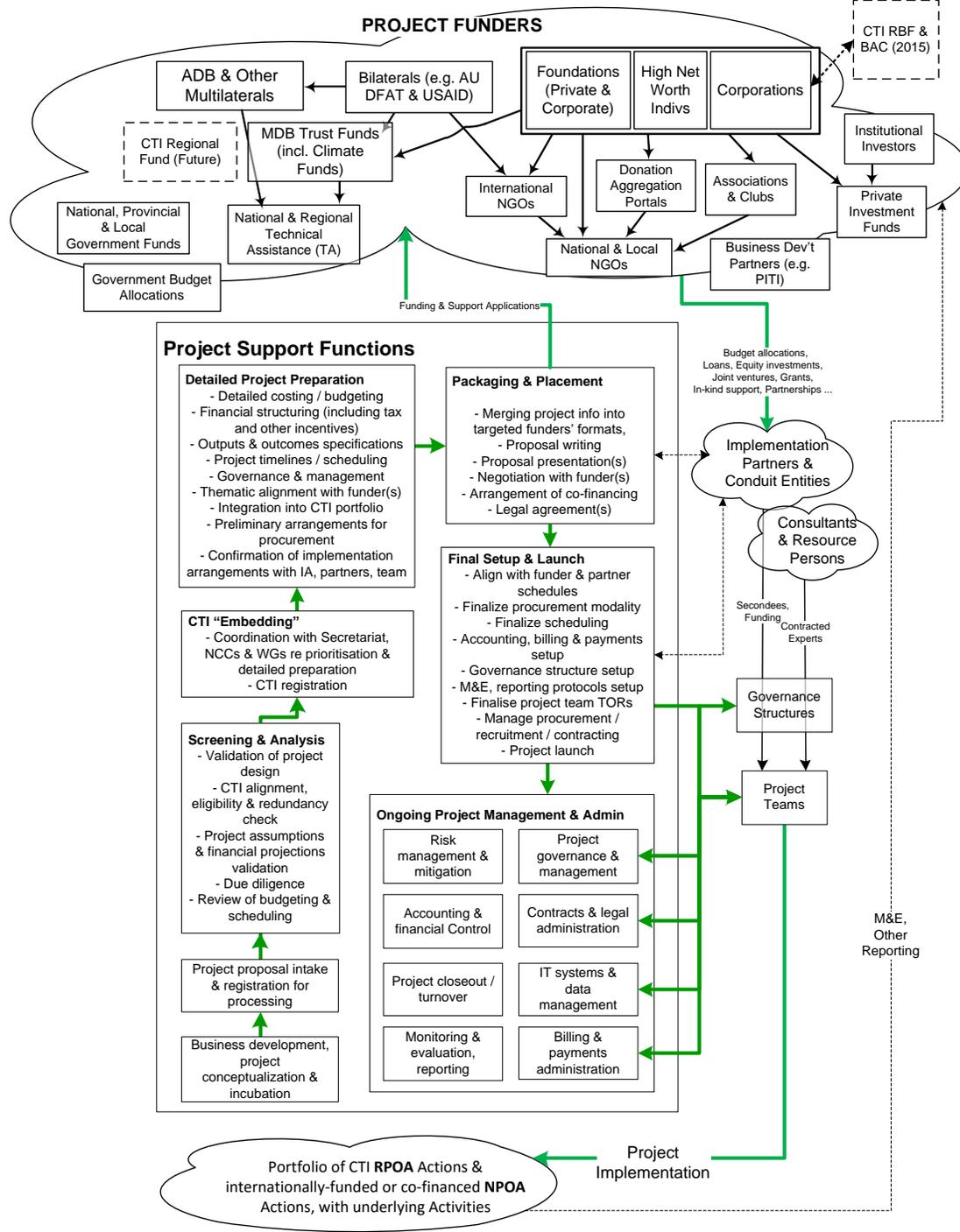
Figure 4: Standard sequencing of project support functions (with implementation)



109. When these project support and business development functions are put in the context of the CTI financial ecosystem as described in Section III above, a complete functioning CTI Financial Architecture can be finally seen. These functions, when performed in the context of the funding financial ecosystem, will address the current gaps in CTI's capacity to structure, fund, and execute projects to attain its Goals and Targets (particularly those

identified at the second meeting of the FRWG and enumerated in section I. above). This is illustrated by Figure 5, below.

Figure 5: Overall CTI Financial Architecture, with Project Support Functions



B. Operationalizing Project Support Functions in CTI

110. In determining how best to operationalize the project support functions needed for CTI to implement its financial architecture, a review was undertaken of the existing plans for the RS. The functions envisaged for the RS in Article 5: Functions³⁷ of the RS (Appendix 4 of the 2015-2017 Operational and Business Plan) provide *inter alia* that it should: “(b) coordinate the implementation of the CTI-CFF RPOA and provide support to, and coordination with, NCCs, including advising the CTICSO on emerging opportunities and priorities related to reaching goals and targets of the RPOA” and (f) “assist the Parties in financing agreed projects and activities through support from CTI Partners and financial institutions”.

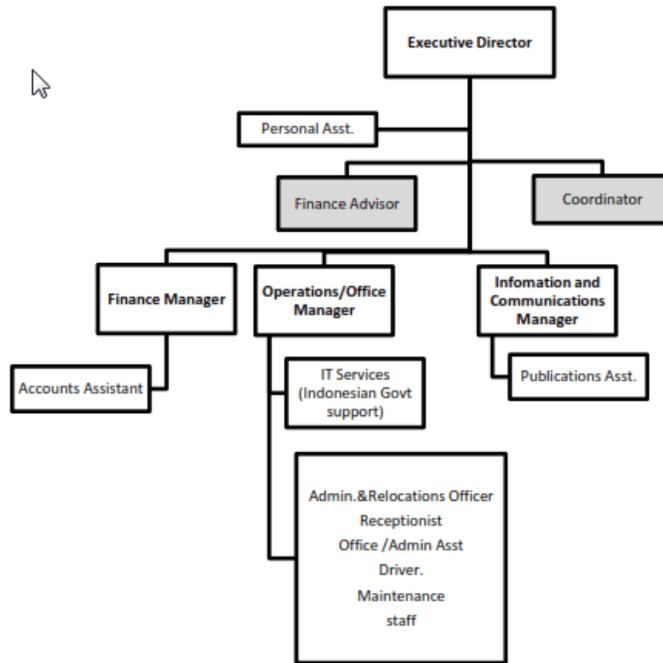
111. An operational plan and budget for the RS were endorsed by CTI CSO and approved by at the COM in the Joint Ministerial Statement of the 5th Meeting of the CTI-CFF Council of Ministers in Manado, Indonesia on 15 May 2014. This plan, set forth in Attachment A of the Chairman’s Summary of the Special Senior Officials Meeting (S-SOM) held in Manado, Indonesia, 14-15 May 2014, lays out a 4-year process of building up the RS as an functional entity, with staffing funded by CT6 members’ national contributions. During this build-up period, all of the RS’ functions are dedicated to the internal operations of the RS itself, rather than performing functions dedicated to structuring and funding CTI programs and projects.

112. A position for Deputy Executive Director for Program Services appears In the 2016 plan, and the envisaged functions of this position include “working more actively [to] engage with the CT6 and CTI Partners to develop strategies and programmes in support of the implementation of the RPOA, including new funding and new partnerships”³⁸. However, the project preparation and funding functions essential to CTI sustainably managing a portfolio of regional (RPOA type) programs are not envisaged. A series of organograms (reproduced as Figures 2 through 5 below) depict the agreed RS structure and staffing, based upon its budget, as projected for each year 2014 through 2017.

³⁷ 2015-2017 Operational Plan and Budget, Appendix 4

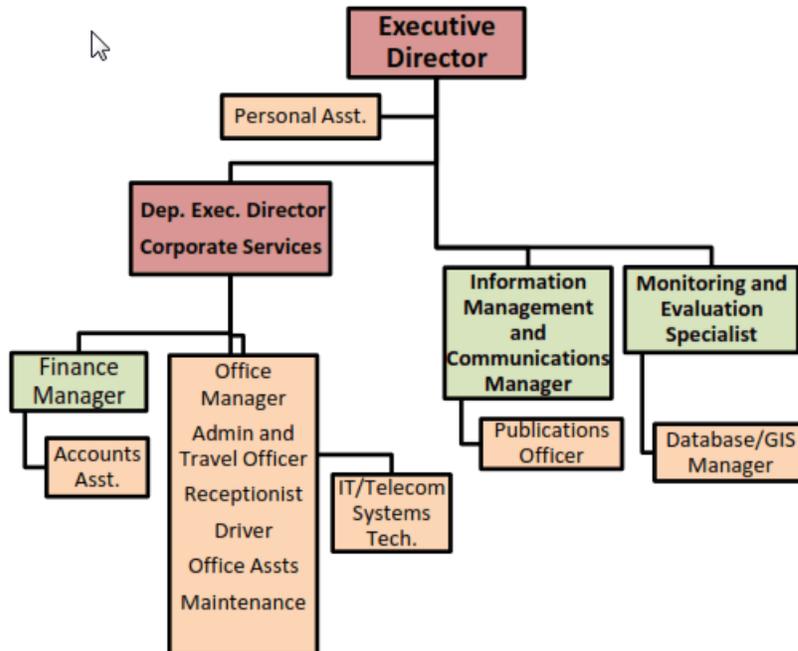
³⁸ 2015-2017 Operations Plan and Budget, p.11

Figure 6: RS Structure as of 2014



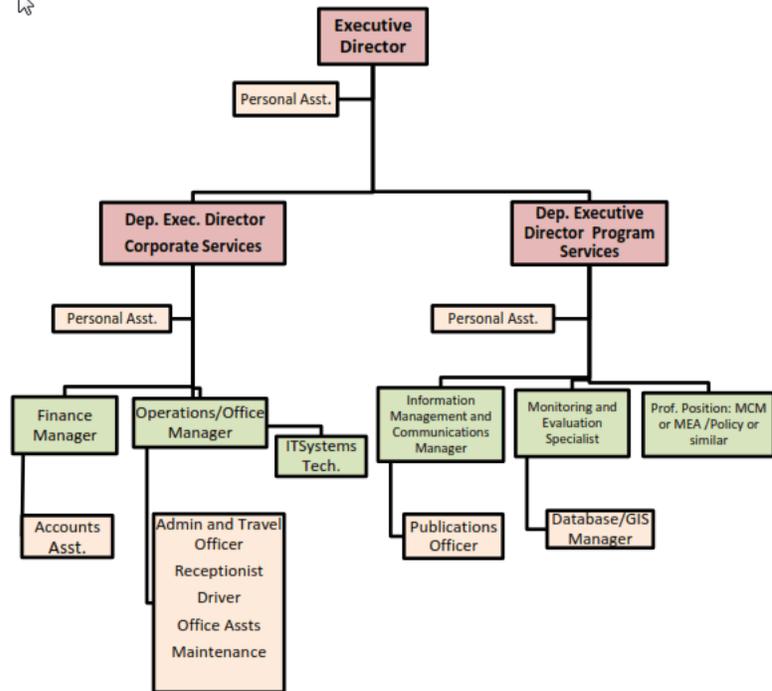
Source: 2014 Operations Plan and Budget for the Regional Secretariat of the CTI-CFF

Figure 7: RS Structure as of 2015



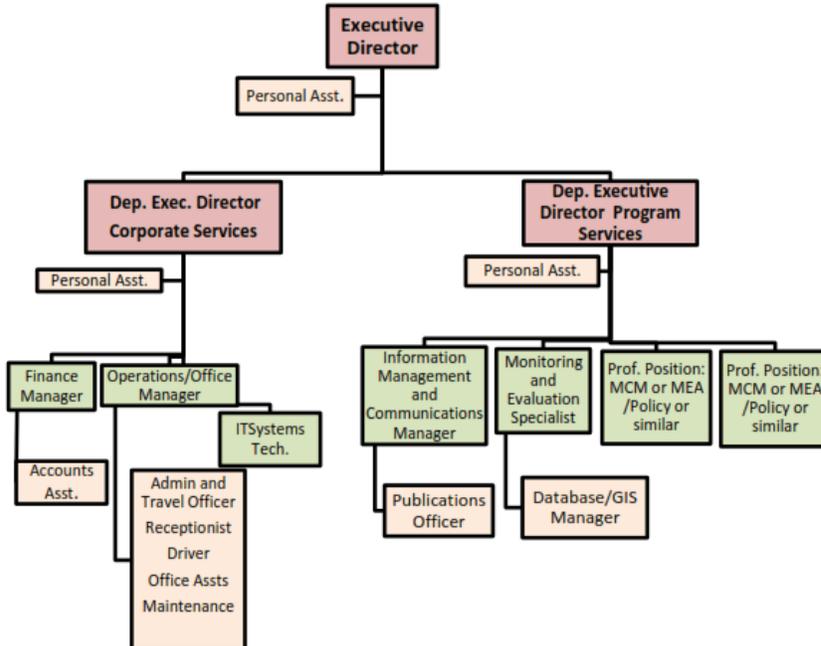
Source: 2015 Operations Plan and Budget and Indicative 2016 and 2017 Operations Plan and Budget for the Regional Secretariat of the CTI-CFF

Figure 8: RS Structure as of 2016



Source: 2015 Operations Plan and Budget and Indicative 2016 and 2017 Operations Plan and Budget for the Regional Secretariat of the CTI-CFF

Figure 9: RS Structure as of 2017



Source: 2015 Operations Plan and Budget and Indicative 2016 and 2017 Operations Plan and Budget for the Regional Secretariat of the CTI-CFF

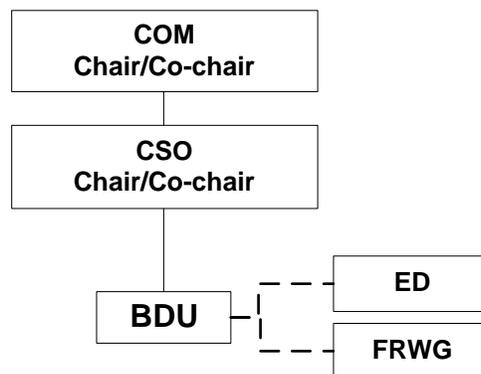
113. According to the plans as approved by CSO at the S-SOM, there will be at least 2 years from the time of this report (2Q2015) before the RS has evolved to the point shown in Figures 8 and 9 above. However, there remains the “urgent need to mobilize and channelize resources to achieve the objectives set out in the Regional Plan of Action (RPOA) and action projects incorporated in the National Plans of Action (NPOAs)”. Therefore, an interim solution needs to be implemented so that RPOA and other Actions and Activities such as the Showcase Projects identified and approved by SOM10 can be prepared and funded with no loss of momentum.

C. Business Development Unit (BDU)

114. The BDU can fill this gap. SOM10 recommended its immediate implementation, and ADB has agreed to provide initial funding for its setup and initial activities through 2015³⁹. In this way, work on the costing and project development processes described herein and in the Situational Assessment Report can proceed smoothly without loss of momentum or having to wait for RS program-oriented functions to be staffed in 2016-7.

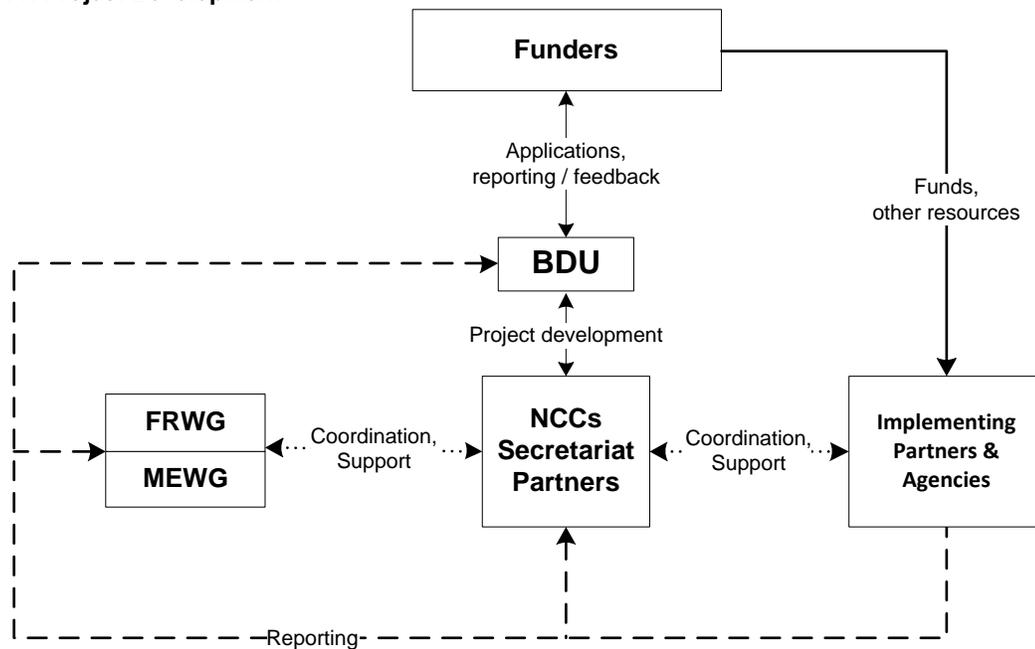
115. BDU can work with the CT6 countries (NCCs) through FRWG, with partners through ADB, and liaise with the other TWGs as needed (e.g. in the context of detailed project definition, costing, and structuring). When the position is ultimately filled in 2016-17, the BDU can initially report to the CSO Chair, working closely with the RS Executive Director. This will provide the mechanism for a continuous transfer of key project support functions to RS as they are developed and piloted in BDU.

Figure 10: BDU reporting lines



39 ADB and CTI will prepare TORs for the BDU (v. draft at Appendix 9).

Figure 11: Project Development



D. BDU Initial Activities

116. The BDU should concentrate on RPOA projects, and not on nationally-funded NPOA Actions and Activities. However, it should make support available to any CT6 government which requests help with NPOA projects which (a) require supplementary international financing or (b) have been aggregated into regionally-fundable larger projects.

117. The BDU should undertake the initial activities listed below to address issues identified in the Situational Assessment and Financial Architecture studies, so that the new Secretariat can show quick results in 'critical path' areas such as completed NPOA costing, structuring of showcase projects, and improved and new funding mechanisms, including further development work on the proposed CTI Fund.

118. Initial BDU activities, commencing 2Q 2015, can prioritise the following:

- Assist with the on-going task of Action and Activity costing of both RPOAs and NPOAs⁴⁰. This process, which the Philippines has completed and Indonesia has recently begun, is the foundation for all future budgeting and funding work, and should be completed within 2015 in all CT6 countries in order to generate the financial data and projections needed alike by national governments, by public and non-profit development partners, and by corporate partners.

⁴⁰ ADB has agreed to support this activity under its existing CTI-related regional technical assistance projects.

- Aggregate detailed costing data into CTI project documentation to international standards, so that credible project budgets can be produced for both public and private sector funders, focusing on the national Showcase Projects confirmed at SOM10 as their cost data becomes available.
- Assist with organization of Regional Business Forums to bring CTI assets and projects to the attention of potential corporate partners in industries such as tourism on both CSR and commercial venture bases.
- Work to develop new partnerships with potential funders, especially international development funds mandated to support climate resilience and adaptation, and large foundations, and examine the viability of developing a CTI-branded or co-branded donor aggregation portal (DAP), and of working with existing DAPs to establish new funding channels for structured CTI Actions and Activities.

119. BDU will work closely with ADB and deliver its progress report to the next SOM later in 2015.

V. APPENDICES

120. The appendices to this report have been included to provide detail on the funding history of CTI and the approved RPOA Actions (Appendices 1 and 5, respectively), and also to illustrate varying degrees of complexity and detail in what donors and funding agencies require in project proposals with regard to project budgeting, documentation (e.g. rationale, benefits, outcomes, etc.) and project management and governance.

Appendix 1 – Funding of CTI-CFF Associated Programs & Projects 2009-2014. This lists the programs and projects for and related to CTI which have been funded during the 5 years from 2009 through 2013 by USAID, AusAID (now DFAT), GIZ, FAO and other donor agencies, as described above in Section II.A.

Appendix 2 – Project Budgeting Case Study: ADB TA Project. This illustrates a simple project expenses budget in ADB format (line items have account names but not ADB expense account numbers)

Appendix 3 – Project Structuring Case Study: Adaptation Fund. This appendix describes the process and background rationale of applying for financing from the Adaptation Fund (see Section III.B.1.b above).

Appendix 4 – Project Structuring Case Study: GEF / UNDP. This is a detailed project proposal for funding from the Least Developed Countries Fund (LDCF) mentioned in Table 2 above) through GEF and UNDP, using the UN's "Atlas" project accounting system for its budget (with details on internal UN system sources of funds and notes to the budget, which NB uses account names and codes drawn from the Atlas Chart of Accounts – v. Appendices

6, 7 & 8 below). Also included is a description of this project's UN-compliant governance structure⁴¹, which includes the following elements:

- Project Board
 - “Senior Supplier”
 - “Senior Beneficiaries”
- Project Advisory Group
- Project Director
- Project Management Unit
 - Project Manager
 - Technical Advisors
 - Project Assistants
- Project Assurance team
- Project Audit function

Appendix 5 – CTI RPOA Actions & Cost Estimates. This is a list as of October 2014 of approved RPOAs, only some of which have only single-number cost estimate (as described in section II.E above) and many have no cost estimate at all. Depending on the donor(s) with which these are ultimately placed, as large projects, they will need to be structured with comprehensive governance, assurance, and audit mechanisms as illustrated in the GEF-UNDP example (Appendix 4).

Appendices 6, 7 & 8 – Indicative Account Categories for CTI Project Budgeting. In order to develop accurate and complete budgets and financial projections for Actions and Activities in order to structure them financially and submit complete funding proposals to funder specifications, as well as to maintain accurate project accounts for M&E and other stakeholder reporting, CTI needs to develop a generic chart of accounts including, at a minimum, categories for project income (revenue), project expenses, and project capital expenditures. These CTI generic accounts can be translated, when submitting funding proposals and financial reports to funders, into those funders' own native accounting formats (e.g. using UN Atlas or ADB account codes and descriptions). These Appendices are based on the Solomon Islands Government's Chart of Accounts and serve as an illustration only for discussion of the types of revenue, expense and capital expenditure items which could be used in the CTI chart of accounts.

⁴¹ This structure is necessarily somewhat complex because of the number of stakeholders involved in a project of this scale, and their need for representation in the governance structures of the project (e.g. the inclusion of Senior Supplier and Senior Beneficiaries positions). The extent to which this structure reflects fixed GEF / UNDP / LDCF requirements is not known at the time of writing, but the structure does contain some unclear allocations of responsibility which could possibly be rationalized and streamlined in future CTI governance structures. The BDU must include the capacity to design and monitor such project governance structures at international, national and local levels, up to international standards, and able to mesh smoothly with global donors' governance requirements and systems, such as this.

Appendix 9 – Indicative terms of reference for CTI Business Development Unit (BDU).
As discussed at FRWG meeting in Manila, March 19th 2015.

Appendix 10 – Summary terms and draft decision document re CTI regional fund. As discussed at FRWG meeting in Manila, March 19th 2015.

APPENDIX 1 – FUNDING OF CTI-CFF AND RELATED PROGRAMS CTI 2009-2013⁴²

Project	Donor or Supporting Agency	Primary Outcomes	Participating Countries	Donor Financing (in Local Currency) (in USD)	Status
United States Support to the Coral Triangle Initiative (USCTI)	USAID	Through support for the a) Coral Triangle Support Partnership (CTSP) b) NOAA, and c) a Program Integrator, the program has led to the following: Strengthened regional and national platforms Improved management of marine protected areas (MPAs) Improved ecosystem approach to fisheries management Strengthened capacity to adapt to climate change	Indonesia, Malaysia, Papua New Guinea, Philippines, Solomon Islands, Timor-Leste	40,000,000	CTSP and PI Completed; NOAA Ongoing
Ecosystems Improved for Sustainable Fisheries Project (EcoFISH) – Philippines	USAID	Established and implemented national training program on EAFM for local government units (LGUs) within 8 Marine Key Biodiversity Areas (MKBAs) Improved governance capacity of National Government and LGUs Improved management of municipal marine waters within the 8 MKBAs Public Private Partnerships (PPP) Baselines and applied metrics to monitor EAFM in the 8 MKBAs Improved collaboration among stakeholders	Philippines	14,892,626	Under Implementation
Mangrove Rehabilitation for Sustainably-Managed Healthy Forests (MARSH)	USAID	Empower communities and increase capacities of local institutions in the rehabilitation and sustainable management of mangrove forests	Papua New Guinea but will begin expansion into Solomon Islands and Vanuatu		Under Implementation

⁴² From Abraham, A., Stock-Take of CTI-CFF Programs and Projects: Strategic Review of Progress and Future Directions report for FRWG, 31 October, 2014

Project	Donor or Supporting Agency	Primary Outcomes	Participating Countries	Donor Financing (in Local Currency) (in USD)	Status
The Coastal Community Adaptation Project (C-CAP)	USAID	Strengthen community resilience to climate change impacts by rehabilitating and constructing new, small-scale community infrastructure, building capacity for community engagement for disaster prevention and preparedness, and Integrating climate-resilient policies and practices into long-term land use plans and building standards.	Federated States of Micronesia, Fiji, Kiribati, Nauru, Palau, Papua New Guinea, Republic of Marshall Islands, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu		Under Implementation
Indonesia Marine and Climate Support Project (IMACS)	USAID	Achieve sustainability in the marine and fisheries sector and to improve the response of coastal communities to near-term disasters and long-term impacts related to climate change.	Indonesia	20,000,000	Under Implementation
Indonesia Marine Protected Area Governance (MPAG)	USAID	National MPA system established, using EAFM principles, capacity developed within MMAF and at local levels, sustainable financing mechanisms in place and management decision support system operational Improved MPA management effectiveness at 9 selected seascapes / sites Strengthened MMAF capacity to adopt fiduciary standards for handling of Official Development Assistance (ODA)	Indonesia	8,000,000	Under Implementation
Accessing Climate Change Adaptation Funds for the Asia-Pacific (ADAPT Asia-Pacific)	USAID	Stakeholders/institutions with increased capacity to adapt to the impacts of climate variability and change; Climate change adaptation projects with facilitated access to financing People benefitting from program-supported projects Projects with a specific gender component; and Individuals and institutions that received capacity building support	Bangladesh, Cambodia, India, Indonesia, Lao PDR, Maldives, Mongolia, Nepal, Philippines, Sri Lanka, Thailand, Timor-Leste, Vietnam. Cook Islands, Federated States of Micronesia, Fiji,		Under Implementation

Project	Donor or Supporting Agency	Primary Outcomes	Participating Countries	Donor Financing (in Local Currency) (in USD)	Status
			Kiribati, Marshall Islands, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu.		
Australian Government Support Programme for the Coral Triangle Initiative	Australian Government		Indonesia, Malaysia, Philippines, Solomon Islands, Papua New Guinea and Timor Leste	7,378,390	Ongoing
Regional Fisheries Livelihood Programme (RLFP)	ACID43 / FAO	Co-management mechanisms for sustainable utilization of fishery resources Measures to improve safety at sea and reduce vulnerability for fisher communities Post-harvest measures for improved quality of fishery products and market chains Strengthened and diversified income opportunities for fisher families Better access to microfinance services for fishers, processors and vendors Increased regional sharing of knowledge in support of livelihood development, reduced vulnerability for fisher communities and sustainable fisheries resource management	Indonesia, Philippines, Timor-Leste, Viet Nam	19,550,000	Completed
Building the resilience of communities and their ecosystems to the impacts of climate change in the Pacific	AusAID (now DFAT) (now DFAT) - TNC	Strengthen the capacity of our local partners to manage projects, undertake research and raise awareness about resilience; Integrate climate resilience into protected area planning and management of important natural resources such as forests and fisheries; and Communicate the information at the local and	Solomon Islands, Papua New Guinea and Republic of Marshall Islands	1,759,700	Under Implementation

⁴³ Spanish International Development Agency

Project	Donor or Supporting Agency	Primary Outcomes	Participating Countries	Donor Financing (in Local Currency) (in USD)	Status
		policy level			
Strengthening in-country tropical marine resources management training capacity in Papua New Guinea (PNG) and the Solomon Islands (SI)	AusAID (now DFAT) - TNC	Develop local capacity in tropical marine resource management in support of the Coral Triangle Initiative (CTI)	Solomon Islands, Papua New Guinea	460,162	Under Implementation
Biodiversity and Climate Change - ASEAN Centre for Biodiversity	GIZ - BMZ and EU	Harmonized and developed varying political approaches taken by ASEAN nations at a regional level and gather and manage information and knowledge about the conservation and sustainable use of biodiversity	ASEAN Member Countries (includes Indonesia; Malaysia and Philippines)	8,295,460	Under Implementation
Support to the Implementation of the Tri-national Sulu-Sulawesi Marine Ecoregion Comprehensive Action Plan	GIZ - BMUB	Support capacity development in the relevant government institutions, especially for climate-relevant planning in coastal and marine areas. Promote coordination mechanisms between the three SSME countries in order to consolidate cooperation within the SSME action plan. Establish a joint project secretariat and the setting up of project centers in each of the three project countries. The project assists with the joint planning, financing and implementation of binational or trinational projects as a complementary instrument to enhance cooperation. In order to disseminate best practice in the SSME and CTI member states, the project provides intensive assistance in the organization of workshops and the evaluation of experience with a goal to integrating this into local and national planning guidelines.	Indonesia; Malaysia and Philippines	8,885,730	Under Implementation
Coping with Climate Change in the Pacific Region	GIZ - BMZ	Strengthen regional advisory and management capacity Mainstream climate considerations and adaptations strategies Implement adaptation and mitigation measures Sustainable tourism and climate change Sustainable energy management Climate change education	Pacific Island region (includes Papua New Guinea and Solomon Islands)	21,833,500	Under Implementation

Project	Donor or Supporting Agency	Primary Outcomes	Participating Countries	Donor Financing (in Local Currency) (in USD)	Status
Protection and Rehabilitation of Coastal Ecosystems for an Improved Climate Change Adaptation in the Philippines as a Contribution to the Coral Triangle Initiative (ACCoast)	GIZ	<p>To improve governance of Marine Protected Areas for increased climate change adaptation and conservation of biodiversity in the Philippines. This is accomplished by supporting the development of national climate change adaptation strategies and the implementation of selected measures to increase the resiliency of the coastal environment and communities such as:</p> <ul style="list-style-type: none"> strengthening of the Secretariat of the Coral Triangle Initiative (CTI) and the capacity of the Department of the Environment and Natural Resources (DENR) Coastal and Marine Management Office (CMMO) in MPA governance implementation of research grant projects to manage marine protected areas and protect biodiversity “hotspots” like grass beds, coral reefs and mangroves, and awareness raising of local communities on environmental issues through innovative information, education and communication campaigns. 	Philippines	5,639,890	Under Implementation
TOTAL Programs				156,695,458	

CTI-CFF PRIMARY GEF-SUPPORTED PROGRAM / SUB-PROJECTS

Sub-Project	GEF Agency	Primary Outcomes / Objectives	Participating Countries	GEF Financing* amount in USD	Co-financing Confirmed/ Indicative amount in USD	Total Amount in USD	Status
Coastal and Marine Resources Management in the Coral Triangle of the Pacific	ADB	Sustainable and resilient coral reef ecosystems established and other marine and coastal biological resources conserved to ensure both global and local benefits for current and future generations.	FSM, Fiji, Palau, PNG, Solomon Islands, Timor Leste Vanuatu	13,118,183	23,849,123	36,967,306	Under Implementation
Coastal and Marine Resources Management in the Coral Triangle: Southeast Asia	ADB	Sustainable and resilient coral reef ecosystems established and other marine and coastal biological resources conserved to ensure both global and local benefits for current and future generations.	Indonesia, Malaysia Philippines	11,218,182	28,950,000	40,168,182	Under Implementation
Sulu-Celebes Seas Large Marine Ecosystem and Adjacent Area Sustainable Fisheries Management (SCS) Project	UNDP	Improved condition of fisheries and their habitats in the Sulu-Celebes Sea Large marine ecosystem and adjacent area brought to a sustainable level of management through an integrated, collaborative and sustainable tri-national mechanism and approach.	Indonesia, Malaysia, Philippines	2,890,000	3,230,000	6,120,000	Under Implementation
Arafura and Timor Seas Ecosystem Action (ATSEA) Program	UNDP	Integrated, cooperative and sustainable ecosystem-based management and use of the living coastal and marine resources, including fisheries and biodiversity, of the Arafura and Timor Seas, through the formulation, adoption (at inter-governmental level) and initial implementation of a Regional Strategic Action Programme (SAP).	Indonesia, Timor Leste	2,500,000	6,248,047 ⁴⁴	8,748,047	Under Implementation

⁴⁴ Includes USD 1 million from Australian Government

Sub-Project	GEF Agency	Primary Outcomes / Objectives	Participating Countries	GEF Financing* amount in USD	Co-financing Confirmed/ Indicative amount in USD	Total Amount in USD	Status
West Pacific-East Asia Oceanic Fisheries Management Project	UNDP	Strengthened national capacities and international cooperation on priority trans boundary concerns relating to the sustainable use, conservation and management of highly migratory fish stocks in the west Pacific Ocean and East Asia.	Indonesia, Philippines, Vietnam	925,000	3,667,431	4,592,431	Under Implementation
IW: LEARN: Regional Cooperation and Knowledge Sharing to Support the Coral Triangle Initiative (Component 3 of the global Portfolio Learning in International Waters with a Focus on Oceans, Coasts, and Islands and Regional Asia/Pacific and Coral Triangle Learning Processes)	ADB (in cooperation with UNDP)	Advance integrated ecosystem-based management of ocean and coastal areas at global, regional and national levels through coordination of global and regional strategic planning processes, especially in advancing implementation of global commitments for oceans, coasts, and small island developing states (SIDS), and through regional, thematic and portfolio learning and experience-sharing. The project integrates GEF-supported trans boundary experiences into global efforts to improve freshwater, coastal and marine resources management in the context of achieving JPOI and MDG targets and adapting to climate variability and change, with a focus on the Asia/Pacific region	Global, including CTI countries	2,700,000	3,034,000	5,734,000	Project Completed
Strategies for Fisheries Bycatch Management	FAO	Aquatic resources and stocks protected, and biodiversity maintained and enhanced in the Coral Triangle/South China Sea (SCS) region through application of strategies and technologies for fisheries bycatch management.	Indonesia Papua New Guinea (PNG) Philippines Thailand Vietnam	3,000,000	8,218,600	11,218,600	Under Implementation

Sub-Project	GEF Agency	Primary Outcomes / Objectives	Participating Countries	GEF Financing* amount in USD	Co-financing Confirmed/ Indicative amount in USD	Total Amount in USD	Status
Coral Reef Rehabilitation and Management (COREMAP II) Program	World Bank	Establishment of a viable, Operational, and institutionalized coral reef management system in priority coral reef sites in Indonesia.	Indonesia	7,500,000	67,100,000	74,600,000	Project Completed
CTI: Coral Reef Rehabilitation and Management Program-Coral Triangle Initiative, Phase III (COREMAP-CTI III)	Asian Development Bank	Completion of 15-year program to strengthen legal measures, reef monitoring and information systems, and sustainable and decentralized community-based reef, coastal and marine resources management systems.	Indonesia (with possible regional extension)	8,000,000	56,000,000	64,000,000	Under Implementation
LME-EA Coral Triangle Initiative Project (COREMAPIII-CTI)	World Bank	Managed coral reef resources, associated ecosystems and biodiversity in a sustainable manner for the welfare of coastal communities.	Indonesia	10,000,000	46,180,000	56,180,000	Under Implementation
Partnerships for Biodiversity Conservation: Mainstreaming in Local Agricultural Landscapes	UNDP	Key stakeholders are better able to manage environment and natural resources, develop and use sustainable energy sources, cope with the impacts of environmental emergencies and maintain sustainable development	Philippines	4,500,000	12,522,061	17,022,061	Under Implementation

Sub-Project	GEF Agency	Primary Outcomes / Objectives	Participating Countries	GEF Financing* amount in USD	Co-financing Confirmed/ Indicative amount in USD	Total Amount in USD	Status
Integrated Natural Resources Management Project (INREMP)	ADB	Employing the ridge-to-reef approach, the key project elements would result to: a) improved preparation and development of watershed management plans; b) community mobilization and empowerment; c) watershed rehabilitation and conservation; d) promotion of sustainable livelihood systems through agro-forestry, agribusiness enterprise development and community-based livelihoods; e) improvement of social and physical infrastructure; f) policy and institutional strengthening and capacity building; and g) exploration of sustainable financing schemes in watershed conservation and protection.	Philippines	2,500,000	151,630,000	154,130,000	Under Implementation
Implementation of the Arafura and Timor Seas Regional and National Strategic Action Programs	GEF-UNDP	Enhanced sustainable development of the Arafura-Timor Seas (ATS) region to protect biodiversity and improve the quality of life of its inhabitants through restoration, conservation and sustainable management of marine-coastal ecosystems (as indicated in the SAP)	Indonesia, Timor Leste	10,045,662	101,550,000 ⁴⁵	111,595,662	PIF Approved ⁴⁶
Sub total				78,897,027	449,902,092	591,076,289	

⁴⁵ Includes USD 4 million from Australian Government

⁴⁶ PIF = GEF Project Identification Form or concept note.

OTHER SUB- PROJECTS

Sub-Project	GEF Agency	Primary Outcomes/Objectives	7. 8. Participating 9. Countries	10. 11. GEF Financing* amount in USD	Co-financing Confirmed/ Indicative amount in USD	Total amount in USD	Status
Sustainable Management of Highly Migratory Fish Stocks in the East Asian Seas (EAS) Region	UNDP	<ul style="list-style-type: none"> • Improved regional mechanism • Climate change practices integrated into fisheries policy and management interventions • Enhanced compliance of existing legal instruments • Adoption of market-based approaches to sustainable harvest of tunas • Reduced uncertainty in stock assessments • Ecosystem Approach to Fisheries Management (EAFM) boosts sustainable harvest of the world's oceanic tuna stock and reduced by-catch of sea turtles, sharks and seabirds 	Indonesia, Philippines, Viet Nam	2,233,578	19,859,525	22,093,103	Under Implementation
Scaling up Implementation of the Sustainable Development Strategy for the Seas of East Asia (SDS-SEA)	UNDP	<ul style="list-style-type: none"> • A self-sustaining, country-owned, regional mechanism (PEMSEA) • National and local governments adopting ocean policies and laws, mainstreaming SDS-SEA targets into their medium-term development and investment plans • Innovative financing mechanisms • Increased areal extent of healthy, resilient habitats • Improved management of over exploited and depleted fisheries. 	Cambodia, China, Indonesia, Lao PDR, Philippines, Thailand, Timor Leste, Viet Nam (with selected participation of Brunei, Japan, RO Korea, Malaysia and Singapore)	10,643,992	157,269,200	167,913,192	Under Implementation

OTHER SUB- PROJECTS

		<p>leading to recovery</p> <ul style="list-style-type: none"> • Reduced discharge of pollutants from land-based activities and improved water use efficiency / conservation • Increased preparedness and capability of coastal communities to respond to natural and manmade hazards • Innovative economic and investment instruments generate funds <p>Regional knowledge sharing platform for ecosystem management established</p>					
Capturing Coral Reef and Related Ecosystems Services (CCRRES) Project	World Bank	Ecosystems valuations studies on contribution of natural assets - seagrass beds, mangroves, coral reefs – supporting livelihoods, food security and climate resilience in coastal communities across the East Asia Pacific region. This will be supplemented by eco-friendly businesses, toolkits and spatial planning models which will harness the value of the coastal natural capital and assist communities to develop new, sustainable revenue streams.	Indonesia, Philippines	4,500,000	2,000,000	6,500,000	Under Implementation

OTHER SUB- PROJECTS

Implementation of Global and Regional Oceanic Fisheries Conventions and Related Instruments in the Pacific Small Island Developing States (SIDS)	UNDP/FAO	Support Pacific SIDS in meeting their obligations to implement and effectively enforce global, regional and sub-regional arrangements for the conservation and management of transboundary oceanic fisheries thereby increasing sustainable benefits derived from these fisheries	Cook Islands, Fiji, Micronesia, Kiribati, Marshall Islands, Nauru, Niue, Papua New Guinea, Palau, Solomon Islands, Tonga, Tuvalu, Vanuatu, Samoa	10,000,000	84,934,375	94,934,375	Under Implementation
Ridge to Reef: Testing the Integration of Water, Land, Forest & Coastal Management to Preserve Ecosystem Services, Store Carbon, Improve Climate Resilience and Sustain Livelihoods in Pacific Island Countries	UNDP	Mainstreaming of ridge-to-reef(R2R), climate resilient approaches to integrated land, water, forest and coastal management in the PICs through strategic planning, capacity building and piloted local actions to sustain livelihoods and preserve ecosystem services	Cook Islands, Fiji, Micronesia, Kiribati, Marshall Islands, Nauru, Niue, Papua New Guinea, Palau, Solomon Islands, Tonga, Tuvalu, Vanuatu, Samoa	9,826,147	93,459,721	103,285,868	Under Implementation
Ridge to Reef Strengthening the Management Effectiveness of the National System of Protected Areas	UNDP	Strengthen national and local capacities to effectively manage the national system of protected areas, and address threats to biodiversity and ecosystem functions in these areas.	Papua New Guinea	10,929,358	42,600,000	53,529,358	Under Implementation

OTHER SUB- PROJECTS

Capacity Development for Implementing Rio Conventions through Enhancing Incentive Mechanism for Sustainable Watershed/Land Management	UNDP	Cross-cutting capacities to comply with the Rio Conventions enhanced through strengthening of legal/regulatory frameworks and economic incentives	Indonesia	1,880,000	6,000,000	7,880,000	PIF Approved
Enhancing the Protected Area System in Sulawesi (E-PASS) for Biodiversity Conservation	UNDP	Improved management effectiveness of existing and new protected areas. Increased revenue for protected area systems to meet total expenditures required for management	Indonesia	6,265,000	43,700,000	49,965,000	Under Implementation
Strengthening the Marine Protected Area System to Conserve MKBAs	UNDP	Improved management effectiveness of existing and new protected areas. Increased revenue for protected area systems to meet total expenditures required for management	Philippines	8,000,000	25,833,490	33,833,490	Under Implementation
PAS: Community-Based Forest and Coastal Conservation and Resource Management in PNG	UNDP	Develop effective natural resource management and financing systems for community conservation areas	Papua New Guinea	6,900,000	23,000,000	29,900,000	Under Implementation
Building Shoreline Resilience of Timor Leste to Protect Local Communities and their	UNDP	Strengthen resilience of coastal communities by the introduction of nature-based approaches to coastal protection	Timor Leste	7,000,000	27,526,090	34,526,090	PIF Approved

OTHER SUB- PROJECTS

Livelihoods							
Pacific Islands Regional Oceanscape Program (PROP)	World Bank	Strengthen coastal ecosystem management in Pacific Islands region and sustainably finance conservation of at least 3 large Pacific MPAs	Solomon Islands, Tuvalu, Marshall Islands	6,301,370	22,170,000	28,471,370	PIF Approved
Sub total				84,479,445	548,352,401	632,831,846	
Total GEF Support to CTI Direct/ Indirect				163,376,472	998,254,493	1,223,908,135	

APPENDIX 2 – PROJECT BUDGETING CASE STUDY: ADB TA PROJECT

Asian Development Bank			
Details of Cost Estimate for Activities			
TA No./Title:	COASTAL AND MARINE RESOURCES MANAGEMENT IN THE CORAL TRIANGLE: SOUTHEAST ASIA (RETA 7813)		
Title of Activity:	Capacity-building for MPA		
Venue:	Malaysia		
Period Covered:	November 2013 - December 2016		
Estimated No. of Participants:	30 - 40 participants		
CATEGORIES	Amount ^{1/} (In US\$)		
I. Gap analysis: stock-taking and stakeholder consultations	In MYR	In USD	
A. Participants			
1. Airfare and Land Transportation			
- Airfare and land transportation of pax from Semporna to Kota Kinabalu @ USD 257 per x 1 pax per RT	770	257	
- Airfare of pax from Kuala Lumpur to Kota Kinabalu @ USD 300/pax per RT x 2 pax	1,800	600	
- Airfare of pax from Sandakan to Kota Kinabalu @ USD 133/pax per RT x 1 pax	400	133	
- Transportation of pax from Kudat, Pitas, Marudu to Kota Kinabalu @ USD 100/pax per RT x 2 pax	600	200	
2. Accommodation of pax @ USD 73 per pax per night x 10 pax x 1 night	2,200	733	
3. Meeting packages @ USD 40 per pax x 10 pax x 1 day	1,800	600	
4. Meeting kits (bag, notebook, pen, tag) @ USD 5 per pax x 20 pax	300	100	2,623
II. Review of Training Materials for MPA Management			
B. MPA Training Material Review Workshop			
1. Honorarium			
- Inventorizing available MPA training material @ USD 167 per pax x 1 pax x 1 day	500	167	
2. Training Material Review Meeting Package @ USD 40 per pax x 5 pax x 3 days	1,800	600	
3. Airfare from Kota Kinabalu to Kuala Lumpur @ USD 300 per pax per RT x 1 pax	900	300	
4. Accommodation @ USD 100 per pax per night x 3 nights	900	300	
5. Airport transfer of Resource Person to workshop venue @ USD 100 per pax x 1 pax	300	100	
6. Travels of Resource Person (lump-sum) @ USD 133	1,000	333	
7. Meeting kits @ USD 5 per pax x 10 pax	150	50	1,850
Total for 2013			4,473
III. Preparation/development of Training Materials			
A. Preparation (including revision) of materials for target audiences : Planners; managers/ technical staff; MPA users (tourists, operators, fishermen)			
1. Professional fee for Writer @ USD 1667 per month x 2 person-months	10,000	3,333	
2. Professional fee for Translator @ USD 1667 per month x 2 person-months	10,000	3,333	
3. Professional fee for Illustrator @ USD 1000 per month x 2 person-months	6,000	2,000	
4. Professional fee for Copy Editor @ USD 1000 per month x 1 person-month	5,000	1,667	
5. Printing of Materials @ USD 33 per per docs per pax x 15 pax	1,500	500	10,833
B. Pilot-testing on the use of training materials by stakeholders in Pulau Manukan			
1. Airfare and land transportation of participants from Semporna to Kota Kinabalu @ USD 257 per pax x 3 pax	2,310	770	
2. Meeting packages @ USD 17 per pax x 15 pax	750	250	
3. Meeting kits (bag, notebook, pen, tag) @ USD 5 per pax x 15 pax	225	75	
4. Honorarium of Facilitator/Resource Person @ USD	5,000	1,667	
5. Travel of Resource Person from Kuala Lumpur to Kota Kinabalu @ USD 300 per pax per RT x 1	900	300	3,062
C. Production of training material			
1. Professional fee for Editor??? @ USD 1667 per month x 2 person-months	10,000	3,333	
2. Electronic files (pdf) - in external drives trainees @ USD 17 per pax x 150 pax	7,500	2,500	
3. Printed format @ USD 17 per manual per pax x 100 pax	25,000	8,333	14,167
D. Training sessions			
1. Two training sessions in Peninsular Malaysia fully funded by ADB			
- Airfare of participants from Kota Kinabalu to ??? @USD 500 per pax per RT x 3 pax	4,500	1,500	
- Accommodation of participants @ USD 33 per pax per night x 6 nights x 10 pax	6,000	2,000	
- Meeting packages @ USD 25 per pax x 15 pax x 5 days	5,625	1,875	
- Training kits @ USD 17 per pax x 15 pax	750	250	
- Honorarium of Facilitator/Resource Person @ USD	5,000	1,667	
- Travel for Facilitator (airfare?) @ USD 667 per pax per RT x 1 pax	2,000	667	
Budget for Two Training Sessions in Peninsular Malaysia fully funded by ADB			15,917
2. Two training sessions in Peninsular Malaysia partially funded by ADB			
- Airfare of participants from Kota Kinabalu to ??? @USD 500 per pax per RT x 3 pax	4,500	1,500	
- Honorarium of Facilitator/Resource Person @ USD	5,000	1,667	
- Travel for Facilitator (airfare?) @ USD 667 per pax per RT x 1 pax	2,000	667	
Budget for Two Training Sessions in Peninsular Malaysia partially funded by ADB			7,667
Total for 2014			51,645

IV. Two training sessions in Kota Kinabalu fully funded by ADB			
- Travel (airfare) for participants from ??? to Kota Kinabalu @USD 300 per pax per RT x 12	10,800	3,600	
- Accommodation of participants @ USD 40 per pax per night x 6 nights x 12 pax	8,640	2,880	
- Meeting packages @ USD 30 per pax x 15 pax x 5 days	6,750	2,250	
- Training kits @ USD 5 per pax x 15 pax	225	75	
- Honorarium of Facilitator/Resource Person @ USD	5,000	1,667	
- Travel for Facilitator (airfare?) @ USD 667 per pax per RT x 1 pax	2,000	667	
Budget for Two Training Sessions in Peninsular Malaysia partially funded by ADB			22,277
V. Two training sessions in Tunku Abdul Rahman Park partially funded by ADB			
- Travel of participants from Kuala Lumpur to venue @USD 300 per pax per RT x 2 pax	1,800	600	
- Honorarium of Resource Person @ USD	5,000	1,667	
- Travel for Facilitator (airfare?) @ USD 667 per pax per RT x 1 pax	2,000	667	
Budget for Two Training Sessions in Peninsular Malaysia partially funded by ADB			5,867
Total for 2015			28,143
VI. Study Tour/Site Visits			
A. Visit to Bunaken National Park, Manado, Indonesia			
- Travel (airfare) for participants from and to ??? @ USD 667 per pax per RT x 5 pax	10,000	3,333	
- Per Diem (accommodation and meals) @ USD 400 per pax per night x 5 nights x 5 pax	10,000	3,333	
- Miscellaneous travel expenses @ USD 67 per pax x 5 pax	1,000	333	7,000
B. Visit to Apo Island, the Philippines			
- Travel (airfare) for participants from and to ??? @ USD 500 per pax per RT x 5 pax	7,500	2,500	
- Per Diem (accommodation and meals) @ USD 400 per pax per night x 5 nights x 5 pax	10,000	3,333	
- Miscellaneous travel expenses @ USD 67 per pax x 5 pax	1,000	333	6,167
Total for 2016			13,167
Grand Total			97,500

Exchange rate: 1USD = 3MYR

Note: Grand Total amount of \$ 97,428 was rounded off to \$ 97,500

Prepared by

Approved by

President and CEO

Name and Signature ^{7/}
Designation

Name and Signature ^{8/}
Designation

^{1/} Provide detailed computation.

^{2/} COSO's endorsement on recruitment of resource persons for honorarium daily rate exceeding the reference range specified in PA12.03E and letter of invitation should be attached.

^{3/} Receipt of purchase, and boarding passes or other evidence of payment and travel acceptable to ADB should be submitted upon liquidation.

^{4/} Please refer to Required Documentation for general guidelines on per diem and subsistence allowance.

^{5/} To cover passport and visa fees, airport taxes, in and out allowance, medical costs, and other expenses incidental to travel.

^{6/} Cost estimate of hotel/venue (including if breakfast, lunch, or dinner will be included or not).

^{7/} Authorized representative of EA, cooperating institution, ADB staff, RM/RO/EM, or consultant.

^{8/} TASU Specialist except advance request for above US\$10,000, which requires endorsement of TASU Director.

APPENDIX 3 – PROJECT STRUCTURING CASE STUDY: ADAPTATION FUND

CTI countries need to prepare projects which meet the individual funds' technical requirements in order to access the international resources. Designing sound projects is a major challenge when countries lack the expertise and human resources to prepare the sophisticated technical proposals the funds require.

A major difficulty in conducting the technical-gaps-in-project-design analysis lies in the limited information about rejected project proposals. Most climate change funds only share with the public a list of approved projects without the full documents (such the GCCA, Japan's FSF), or only release project documents from the approved projects (the LDCF, SCCF). Out of all the 11 funds above reviewed in this study, only the Adaptation Fund (AF) provides detailed information about reasons for non-endorsement and/or non-approval of individual proposals in the minutes from each AF Board meeting. Therefore, this section draws principally from the experience of the AF.

The Adaptation Fund's Project and Program Review Criteria

There are no differences in the AF's review criteria for projects and programs. All areas of requirements are applied to both the concept and fully-developed project proposal stages; the only difference is that more information is required for full project proposals. Box Y summarizes the AF's project and program review criteria. Figure WW shows the AF's project review and implementation cycle.

12. Project Concept - Required Content⁴⁷

Project Justification

- **Government endorsement** - The project is endorsed by the government through its Designated Authority (DA)
- **Concrete actions** - The project/program supports concrete adaptation actions to assist the country in addressing the adverse effects of climate change and builds in climate change resilience
- **Benefits for the vulnerable** - The project/program provides economic, social and environmental benefits, with particular reference to the most vulnerable communities, including gender considerations
- **Cost effectiveness** - The project/program must be cost-effective compared to other possible interventions
- **Integration with national policy** - The project/program is consistent with national sustainable development strategies, national development plans, poverty reduction strategies, national communications or adaptation programs of actions, and other relevant instruments

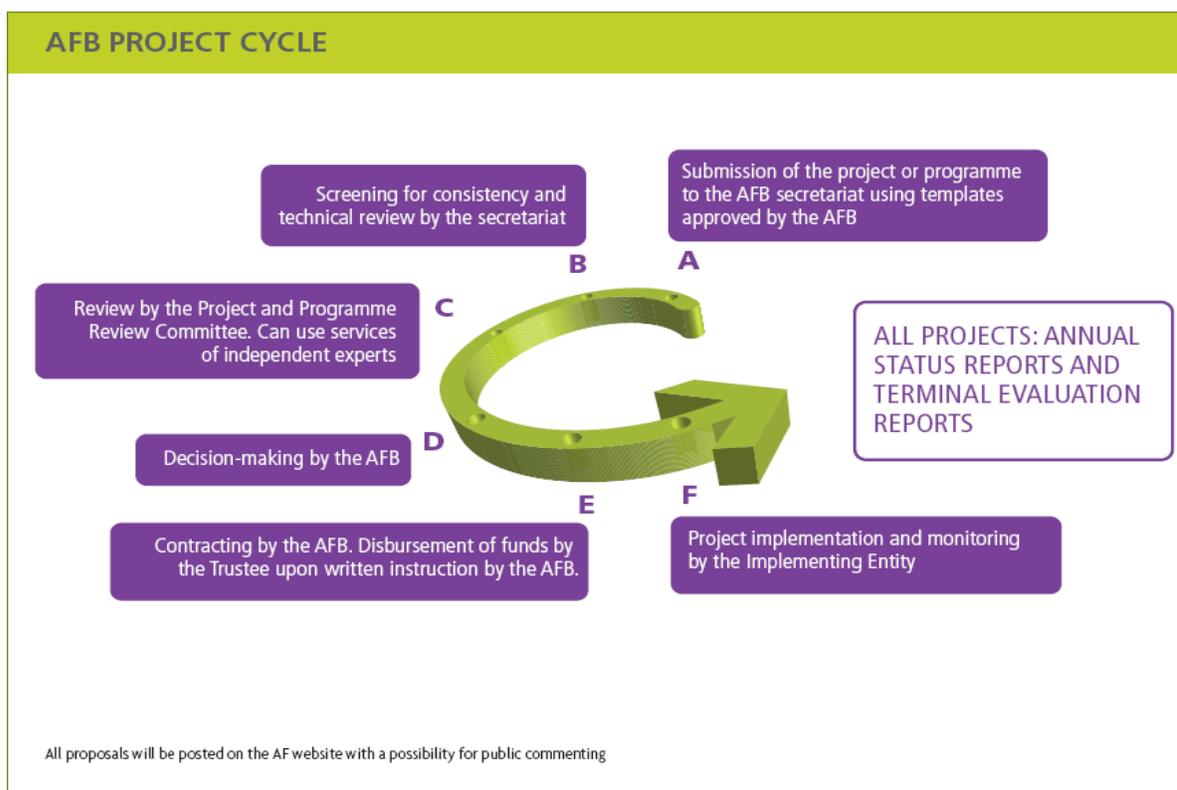
⁴⁷ Source: AFB Secretariat

- **Technical standards** - The project/program meets the relevant national technical standards such as environmental impact assessments (EIA), building codes, etc.
- **No duplication of efforts** - The project does not duplicate or overlap with activities funded through other funding sources
- **Knowledge component** - The project/program has a learning and knowledge management component to capture and feedback lessons
- **Consultation** - The project/program has been developed through a consultative process involving all stakeholders, including vulnerable communities and women
- **Full cost of adaptation** - The project/program provides justification for the funding requested on the basis of the full cost of adaptation
- **Result monitoring** - The project/program is aligned with the AF results framework
- **Sustainability** - The sustainability of the project/program outcomes is taken into account when designing the project

13. Full Proposal Additional Content

- Implementation arrangements
 - Adequate arrangements for project management
 - Measures for financial and project risk management
 - Arrangements for monitoring and evaluation clearly defined, including a budgeted monitoring and evaluation (M&E) plan
 - A project results framework included. Relevant targets and indicators disaggregated by gender
- Information accrued during project development
 - Results of consultative process with stakeholders
 - Results of preparatory assessments, if any
 - More detailed information on all technical and operational aspects of the project
- Disbursement schedule
- Relevant additional documents as annexes

Figure 1: Adaptation Fund Project Approval and Implementation Cycle



Source: AFB Secretariat

Review of Sample Unsuccessful Project Concepts and Proposals

During the thirteenth, fourteenth, and fifteenth meetings of the AFB, five project concepts were not endorsed and seven full project proposals not approved. All were concept and project proposals submitted by MIEs. Based on a review of the AFB’s opinion documented in the meeting minutes⁴⁸.

To summarize, the major technical reasons for non-endorsements and non-approvals are:

- The concepts or proposals did not convincingly identify and quantify **adaptation benefits** from the proposed activities on the targeted beneficiaries. In some cases, the anticipated benefits cannot be distinguished from those of normal development projects;
- The proposed interventions are not **concrete or sound adaptation actions**;
- The **cost-effectiveness** of the proposed interventions are not demonstrated in comparison to other alternatives;
- The proposed **implementation arrangements** are not appropriate or adequate to ensure the effective implementation of activities;

⁴⁸ http://www.adaptation-fund.org/meeting_reports

- Inadequate explanation is provided on how long-term **sustainability** of project outcomes will be ensured;
- The proposed interventions are **duplication of efforts** in relation to other on-going activities and the ways to ensure synergies are not adequately explored.

The AF's experience seems to be consistent with the project review experience of some other funds. For example, the Nordic Climate Facility (NDF) conducted a review of lessons learned from its first two calls for proposals in 2009 and 2010 and found that evaluating the climate change impacts of the proposed adaptation projects is a major challenge. In addition, while several innovative projects were proposed, many "business-as-usual" proposals were simply relabeled as climate change projects for submission (NDF & NEFCO 2011).

APPENDIX 4 – PROJECT STRUCTURING CASE STUDY: GEF / UNDP

BUDGET AND WORKPLAN⁴⁹

Award ID:	TBD	Project ID(s):	TBD
Award Title:	SOI PIMS4568 FSP: Solomon Islands Water Sector Adaptation Project		
Business Unit:	FJI10		
Project Title:	Solomon Islands Water Sector Adaptation Project (SIWSAP)		
PIMS no:	4568		
Implementing Partner (Executing Agency)	Government of the Solomon Islands, Ministry of Mines, Energy and Rural Electrification (MMERE)		

GEF Outcome/Atlas Activity	Responsible Party / Implementing Agency	Fund ID	Donor Name	ATLAS ⁵⁰ Budgetary Account Code	ATLAS Budget Description	Amount Year 1 (USD)	Amount Year 2 (USD)	Amount Year 3 (USD)	Amount Year 4 (USD)	Total (USD)	Budget Note
OUTCOME 1 Water Sector – Climate Change Adaptation Response Plans formulated, integrated and mainstreamed in water sector-related and in broader policy and development frameworks	MMERE- WRD / UNDP	62160	LDCF	71200	International consultants	78,000	26,000	-	-	104,000	1A
				71300	Local consultants	109,620	109,620	82,152	82,152	383,544	1B
				72300	Material & goods	-	-	-	-	-	1C
				74200	Audiovisual & Print Production Costs	10,000	10,000	10,000	5,000	35,000	1D
				72100	Contractual services - Companies	22,000	22,000	-	-	44,000	1E
				75700	Training, Workshops and Conferences	18,000	15,000	15,000	10,000	58,000	1F

⁴⁹ Note that this budget / workplan is organized by Outcome / Atlas Activity and Fund(er) / Donor (in this case, the Least Developed Countries Fund – LDCF), with subtotals of expenses related to achieving each of the three Outcomes, with separate subtotal for overall Project Management (an “Atlas Activity” or group of account codes).

⁵⁰ Note: ATLAS is an accounting system with standardised account names and code numbers, used in several of the UN organization entities, including UNDP and UNICEF. Account numbers and names from the Atlas chart of accounts are shown in blue.

GEF Outcome/Atlas Activity	Responsible Party / Implementing Agency	Fund ID	Donor Name	ATLAS ⁵⁰ Budgetary Account Code	ATLAS Budget Description	Amount Year 1 (USD)	Amount Year 2 (USD)	Amount Year 3 (USD)	Amount Year 4 (USD)	Total (USD)	Budget Note
				71600	Travel	89,874	50,271	51,408	-	191,553	1G
				72400	Communications & Audio Visual Equip	19,560	-	-	-	19,560	1H
				73400	Rental & Maintenance of Other Equipment	6,000	2,000	2,000	1,000	11,000	1I
				74500	Miscellaneous Expenses	2,746	1,831	2,093	1,803	8,473	1J
					Sub-total LDCF	355,800	236,722	162,653	99,955	855,130	
					Sub-total Outcome 1	355,800	236,722	162,653	99,955	855,130	
OUTCOME 2 Increased reliability and improved quality of water supply in targeted areas	MMERE-WRD / UNDP	62160	LDCF								
				71200	International consultants	13,000	62,833	69,333	36,834	182,000	2A
				71300	Local consultants	4,578	19,578	54,546	50,991	129,693	2B
				72300	Material goods &	8,000	238,500	237,400	38,000	521,900	2C
				74200	Audiovisual & Print Production Costs	-	6,000	6,000	7,600	19,600	2D
				72100	Contractual services - Companies	25,000	146,500	150,500	85,000	407,000	2E
				75700	Training, Workshops and	27,500	69,000	83,600	79,000	259,100	2F

GEF Outcome/Atlas Activity	Responsible Party / Implementing Agency	Fund ID	Donor Name	ATLAS ⁵⁰ Budgetary Account Code	ATLAS Budget Description	Amount Year 1 (USD)	Amount Year 2 (USD)	Amount Year 3 (USD)	Amount Year 4 (USD)	Total (USD)	Budget Note
					Conferences						
				71600	Travel	32,900	64,946	70,840	47,918	216,604	2G
				72200	Equipment and furniture	1,000	-	6,000	6,000	13,000	2H
				73400	Rental & Maintenance of Other Equipment	2,000	6,000	6,000	6,000	20,000	2I
				74500	Miscellaneous Expenses	1,710	8,200	8,263	3,360	21,533	2J
					Sub-total LDCF	115,688	621,557	692,482	360,703	1,790,430	
					Sub-total Outcome 2	115,688	621,557	692,482	360,703	1,790,430	
OUTCOME 3 Investments in cost-effective and adaptive water management interventions and technology transfer	MMERE-WRD / UNDP	62160	LDCF								
				71200	International consultants	-	58,500	32,500	19,500	110,500	3A
				71300	Local consultants	60,936	60,936	60,936	60,936	243,744	3B
				72300	Material goods &	217,000	1,085,000	434,000	434,000	2,170,000	3C
				72100	Contractual services - Companies	6,000	106,000	90,000	10,000	212,000	3D
				75700	Training, Workshops and Conferences	-	45,800	52,500	2,500	100,800	3E
				71600	Travel	2,200	59,910	91,700	66,690	220,500	3F

GEF Outcome/Atlas Activity	Responsible Party / Implementing Agency	Fund ID	Donor Name	ATLAS ⁵⁰ Budgetary Account Code	ATLAS Budget Description	Amount Year 1 (USD)	Amount Year 2 (USD)	Amount Year 3 (USD)	Amount Year 4 (USD)	Total (USD)	Budget Note
				73400	Rental & Maintenance of Other Equipment	6,000	6,000	6,000	6,000	24,000	3G
				74500	Miscellaneous Expenses	2,921	14,221	7,676	5,997	30,815	3H
					Sub-total LDCF	295,057	1,436,367	775,312	605,623	3,112,359	
					Sub-total Outcome 3	295,057	1,436,367	775,312	605,623	3,112,359	
OUTCOME 4 Improved governance and knowledge management for CCA in the water sector at the local and national levels	MMERE-WRD UNDP /	62160	LDCF	71200	International consultants	-	39,000	18,200	-	57,200	4A
				71300	Local consultants	30,285	30,285	30,285	30,285	121,140	4B
				72200	Equipment and furniture	-	41,000	-	-	41,000	4C
				74200	Audiovisual & Print Production Costs	-	8,000	11,000	10,000	29,000	4D
				72100	Contractual services - Companies	-	94,000	58,000	15,500	167,500	4E
				75700	Training, Workshops and Conferences	-	69,900	73,900	72,400	216,200	4F
				71600	Travel	8,275	47,618	28,418	8,275	92,586	4G
				72200	Equipment and furniture	-	-	8,500	6,000	14,500	4H

GEF Outcome/Atlas Activity	Responsible Party / Implementing Agency	Fund ID	Donor Name	ATLAS ⁵⁰ Budgetary Account Code	ATLAS Budget Description	Amount Year 1 (USD)	Amount Year 2 (USD)	Amount Year 3 (USD)	Amount Year 4 (USD)	Total (USD)	Budget Note
				74500	Miscellaneous Expenses	578	4,947	3,425	2,137	11,087	4I
					Sub-total LDCF	39,138	334,750	231,728	144,597	750,213	
					Sub-total Outcome 4	39,138	334,750	231,728	144,597	750,213	
PROJECT MANAGEMENT	MMERE-WRD / UNDP	62160	LDCF								
				71200	International consultants	-	-	-	-	-	
				71300	Local consultants	35,700	66,752	56,752	76,752	235,956	PMA
				72500	Supplies	4,500	5,000	4,500	4,000	18,000	PMB
				74100	Professional services	3,000	3,000	3,000	3,000	12,000	PMC
				75700	Training, Workshops and Conferences	6,500	1,500	1,500	1,500	11,000	PMD
				71600	Travel	5,148	17,738	4,538	11,988	39,412	PME
				72200	Equipment and furniture	9,500	-	-	-	9,500	PMF
				73400	Rental & Maintenance of Other Equipment	-	-	-	-	-	
				74500	Miscellaneous (DPC)	4,000	4,000	4,000	4,000	16,000	PMH
										-	
					Sub-total LDCF	68,348	97,990	74,290	101,240	341,868	
					Sub-total	68,348	97,990	74,290	101,240	341,868	

GEF Outcome/Atlas Activity	Responsible Party / Implementing Agency	Fund ID	Donor Name	ATLAS ⁵⁰ Budgetary Account Code	ATLAS Budget Description	Amount Year 1 (USD)	Amount Year 2 (USD)	Amount Year 3 (USD)	Amount Year 4 (USD)	Total (USD)	Budget Note
					Outcome PM						
Total						874,031	2,727,386	1,936,465	1,312,118	6,850,000	

Summary of Funds:⁵¹

	Amount Year 1	Amount Year 2	Amount Year 3	Amount Year 4	Total
GEF	874,031	2,727,386	1,936,465	1,312,118	6,850,000
TOTAL	874,031	2,727,386	1,936,465	1,312,118	6,850,000

⁵¹ Summary table should include all financing of all kinds: GEF financing, cofinancing, cash, in-kind, etc...

NOTES TO BUDGET

Outcome 1	
1A	International Consultant A Support to support PMU, International Consultant B supporting cost benefit analysis. Total for Outcome 1 over 4 years: \$104,000
1B	Technical Adviser (CCA/DRR) @24 months for Years 1, 2, Full time SIWSAP Provincial Officers (x 6): 12 months per years 1, 2 3, and 4, for 6 Provinces Total Outcome 1: \$383,544
1C	n/a
1D	Includes collection of climate change information across Provinces, analysis and summary reporting, translation costs where necessary. Production of Response Plans, and promotion through radio and media, guidance documents preparation and printing on water sector vulnerabilities, and guidance documentation and translation on adaptation needs for Provincial Planning. Total cost \$35,000
1E	Local contractor support to establish the Pilot Project Committees, collection of local climate related information, including through participatory community workshops (for vulnerability assessment), support culturally appropriate workshop design and delivery, training of communities with PMU. Additional consultation support for replication site sourcing, community consultations, information and data collection. Regional water contractor to mobilize water safety planning including site visits, monitoring, source and water quality testing, pumping of groundwater where required to complete adaptation response planning. Total cost \$44,000
1F	Preparation, venue hiring and catering for community consultations, Provincial government consultations, including Gizo and Taro township municipalities for training events, training of trainers in the water vulnerability assessment framework and implementation.
1G	Local Travel National flights/boats costs: Year 1: Flights of provincial officers to travel to Honiara and sites by project team DSA & terminals in Provinces:: PMU staff to travel to 6 sites in Year 1 and Year 2, and provincial officers to attend inception workshop
1H	Communications and audio visual equipment for the delivery of Outcome 1 – but which also is required for delivering all other Outcomes: digital hand held still/video camera x 3, external microphones x 4, tripods x 2, waterproof housing (and carry cases) x 3, software, cabling as required, back up data storage, 9 x memory cards, 3 x extra batteries, 3 x GoPro Hero waterproof cameras. Water quality testing equipment, water flow monitoring equipment (for surface water stream gauging), and calibration. Total \$19,560.
1I	Vehicle hire & fuel as necessary over 4 years.
1J	Approximately 1% of the total Outcome 1 budget for Y1-Y4 is allocated for contingencies related to inflation, current exchange fluctuations and other external shocks and contingencies. These may increase the cost of travel and materials.
Outcome 2	
2A	International Consultant Support for 60 days – groundwater expert (Years 2 and 3) International Consultant Support (\$650/day) for 50 days – hydrologist support (split across Years 2 and 3, and 4). Mainly to work with MHMS-RWSS to better understand climate and hydrology impacts on their interventions. 75 International Consultant Support for 60 days – sanitation expert (Year 2, 3, 4) International Consultant Support for 30 days – early warning specialist Year 2 only. To work with

	<p>communities of establishing CBEWS, working with NDMO. Year 2 only.</p> <p>International Consultant Support for 40 days – watershed management and protection zones for townships and other exposed sites (e.g. Manaoba, Santa Catalina). Years 3 and 4 only</p> <p>International Consultant Support for 40 days – Rainwater Harvesting expert support to evaluate the use of tanks and support and train the PMU. Year 1 and Year 3.</p>
2B	<p>Technical Adviser (CCA/DRR) @2 months for Years 1, 2, and 3, and @7 months for Year 4 Local consultant support for:</p> <p>Rural hygiene/WASH specialist for 30 days Yr, 60 days Yr 3, 30 days Yr 4</p> <p>Urban/rural water supply expert for 30 days Yr 2, 40 days Yr 3</p>
2C	<p>Rainwater tanks for all pilot sites, including townships of Gizo and Taro, 6 replication sites, and investment at MHMS-RWSS site to improve resilience of water supply to climate change for Years 2 and 3.</p> <p>Building materials – roofing, timber, guttering, downpipes, taps, for rainwater harvesting in Years 2, 3, and 4.</p> <p>Aggregate material for baseplate construction under strategic RWH tanks (as in some locations this is difficult to source): in Years 2 and 3</p> <p>Logistics and shipping costs for materials in 4 years.</p> <p>Fencing and tools in years 2 and 3</p> <p>Piping and other materials for water source rehabilitation</p> <p>PES/water fund seed funding (to start the process off and demonstrate the approach in Year 2</p> <p>Hydroclimate monitoring equipment: simple rain gauges and other equipment mainly to be used at pilot site and replication location with communities for demonstration and training purposes with Provincial Officers and Provincial Administrations – for looking at rainfall documentation relative to rainwater catchment etc – to allow calculation of approximate tanks sizes for years 2 and 3.</p>
2D	<p>Provincial guidance documents and radio programme development during Years 3 and 4.</p> <p>Development of radio programme, airtime, interviews, and preparation of guidance material, printing.</p>
2E	<p>Local/Regional contractor for groundwater surveys at pilot sites, replication sites and other sites determined with partners for surveys into size and reliability of water sources, quality of water, establish pumping regimes and management plans. Includes all materials, logistics. Local contractor for solid waste removal at Taro – logistics, boat hire, safe removal and disposal.</p> <p>Local/Regional contractor for sanitation surveys, community engagement, latrine construction, latrine trials, appropriate latrine design and construction, minor community campaigns at pilot sites, active and continuous engagement with communities for sanitation behavioral change (including documentation, development of training material).</p> <p>Local contractor for feasibility studies for source rehabilitation at different pilot sites, including additional sites requested by Provincial Government and MHMS-RWSS and MMERE-WRD.</p> <p>Local contractors at provincial level for RWH installations.</p> <p>Local contractor for rehabilitation of reservoir and sand filters at Gizo, including upgrades to the reservoir and protection zone.</p>
2F	<p>Training for Rainwater harvesting construction and maintenance and water quality testing across Provinces.</p> <p>Sanitation promotion workshops and training across Provinces and administrations.</p> <p>National Sanitation Campaign Development and Promotion.</p> <p>Climate change budgeting development for 6 sites, including MHMS-RWSS sites – costing adaptation needs.</p> <p>Plumbing, basic maintenance training for communities with Government partners and MHMS-RWSS and MMERE-WRD and for follow-up training across Provinces.</p> <p>Community consultation costs : catering, logistics, venue hire, communications costs:</p> <p>Community Based Early Warning System training across pilot sites and wider across Provinces with Provincial Government and NDMO.</p> <p>Provincial Administration training costs (for all project aspects, specific training with administration and authorities through the project on adaptation , vulnerability assessment, groundwater risks, water quality management, disaster risk reduction, CBEWS, etc.:</p>
2G	<p>Travel cost and DSA for consultants over 4 years.</p>

2H	2 x GPS units for Rainwater Harvesting survey recording and Equipment.
2I	Vehicle hire & fuel includes boats and access and support logistics to MHMS-RWSS sites and other sites supported through EU and AusAID funding.
2J	Approximately 1% of the total Outcome 2 budget for Y1-Y4 is allocated for contingencies related to inflation, current exchange fluctuations and other external shocks and contingencies. These may increase the cost of travel and materials.
Outcome 3	
3A	International Consultant Support for 40 days – groundwater expert. International Consultant Support for 40 days – hydrologist support. International Consultant Support for 30 days – watershed management expert International Consultant Support for 60 days – watershed management expert
3B	Technical Adviser (Water) @3 months for Years 1, 2, 3 and 4 Local consultant support at Provincial level with community engagement: 3 months/year for 4 years
3C	See Table 5, page 58
3D	Local contractor support to source materials for 20 investment sites, provide logistics and transport to mobilize equipment. Construction costs for over 20 sites, erosion control, toilet construction, water tank installation, rainwater catchments, fencing. Contractor for groundwater assessments at 20 sites, pumping tests, groundwater surveys and quality testing, working with Government. (equipment logistics, travel, staffing costs) Local Sub-contract for materials at baseline sites across Provinces under implementation from co-financers, and to support MHMS-RWSS specifically at their sites funded by sector support funding (EU and AusAID). This will include construction costs, installment of equipment (labor, carpentry), travel costs associated, shipping, minor construction costs.
3E	Preparation, hiring and catering for community consultations at the 20 investment sites. Provincial workshop on year 3, per Province, to highlight investment site interventions, bring communities together to share lessons and experience. Mobilization of Guidance documents and Provincial Planning on Adaptation include cost analysis training. Rainwater harvesting training in rainwater calculation assessments, GPS location of tanks, sizing, development of RWH database. Training costs with Regional Partner:
3F	Travel cost and DSA for consultants over 4 years.
3G	Provincial Officer establishment, securing accommodation, laptops (x 6), printers (x6), telephone connections, software, licenses, minor furniture to support office establishment with Provincial Administration.
3H	Approximately 1% of the total Outcome 1 budget for Y1-Y4 is allocated for contingencies related to inflation, current exchange fluctuations and other external shocks and contingencies. These may increase the cost of travel and materials.
Outcome 4	
4A	International Consultant Support for Sanitation 20 days: International Consultant Support to assist in the development of the National output on climate change impacts on the water resources of the Solomon Islands. International Consultant Support for Hydro-meteorological monitoring/siting/.
4B	Project Manager @ 2 months per year for 4 years specifically associated with the National Water and Adaptation Forum, and the Sanitation and Adaptation Partnership Technical Adviser (Water) @2 months for 4 Years Technical Adviser (CCA/DRR) @1 months for 4 Years Procurement Assistant: 2 months per year for 4 years Full time SIWSAP Provincial Officers (x 6): 2 months per years 1, 2 3, and 4, for 6 Provinces

	Total Outcome 4: \$121,140
4C	<p>Campbell Scientific Hydro-Meteorological monitoring sites for 4 sites. Loggers, and other communication options: Cabling and access costs (to land): All costs for Year 2. Note the equipment will be specified by MMERE-WRD and MECDM, with consultant and partnership agency support.</p>
4D	Guideline development and publication/printing costs, including preparation of materials for the National Water and Adaptation Forum.
4E	<p>Contractor support to: Develop a series of SIWSAP training videos in mobilizing and using the adaptation response plans, and technical videos on topics such as rainwater harvesting, groundwater protection, compost toilet construction etc. based on video filming, working with and supporting communities in gathering video material, working with contractors to film, developing scripts, editing, final preparation. Promotion of videos. These costs are based on regionally applicable costs from other project. Contracting in of specialist advocacy services for theatre and radio communications (regionally available). (including travel to and around the Solomon Islands as necessary); Develop of a national sanitation advocacy campaign. It is anticipated that this may require international support and this is covered under the international consultant element of the budget for Outcome 4. Local contractor support will be required for the production of materials, printing, messaging, and other campaign activities including supporting the branding of the project, preparation of material suitable for radio and television (stories, messaging, speeches for World Water Day for example), posters, leaflets, etc – the development of a critical mass of information from and for the project.</p> <p>Local Contractor support to establish demonstrations of new sanitation approaches such as eco-sanitation/composting toilets (including materials, construction costs, and associated travel and transport costs). (including materials, construction costs, and associated travel and transport costs).</p> <p>Contractor support to install hydro-meteorological equipment at 4 sites, and for maintenance and monitoring visits of existing sites to support MMERE-WRD. This will include getting the services in-country and costs incurred during the work (local travel costs, DSA, hiring of equipment, purchase of local equipment needs and small construction services for installation, including labor).</p>
4F	<p>Preparation, hiring and catering for the National Water and Adaptation Forum during Years 2, 3, and 4 of project implementation for approximately 120 people. This will include venue hire, catering, technical equipment hire, and logistics specifically for Forum preparation i.e. (PA system), miscellaneous costs. The Forum will run for 3 days, but will have meetings and training sessions around the Forum for a further 2 days for specific SIWSAP implementation as detailed under Outcome 4.</p> <p>Training costs under Outcome 4 will include: Facilitation support for the National Water and Adaptation forum Training of trainers with local consultant support following material presented at the Forum for Years 3 and 4 only (rolling out specific project outputs in support of the training videos using practical demonstrations) Scholarship costs for the course to be developed with the National University including travel for students in Provinces)</p>
4G	Travel cost and DSA for consultants over 4 years.
4H	Equipment and some minor furniture costs for the development of the National Diploma course/program with the National University. This includes minor computing costs and some equipment for the university to develop a host the course.

41	Approximately 1% of the total Outcome 1 budget for Y1-Y4 is allocated for contingencies related to inflation, current exchange fluctuations and other external shocks and contingencies. These may increase the cost of travel and materials.
Project Management Cost	
PMA	Project Manager full time salary for 4 years covering 30 months – as other costs are included under technical delivery Financial/Administrative Assistant Full time salary for over 4 years (45 months taking into consideration hiring): Procurement Assistant Full time salary for over 4 years (42 months considering hiring): MT and Final Evaluation: (co-financing may need to be identified) Total Project Management: \$235,956
PMB	Office supplies
PMC	Professional Services: audit
PMD	Inception workshop. Board meeting costs.
PME	Travel cost and DSA for consultants over 4 years.
PMF	PMU office establishment, including laptops (x 5), printer, telephone and fax, projector, screen, software, licenses,
PMG	Approximately 1% of the total Outcome 1 budget for Y1-Y4 is allocated for contingencies related to inflation, current exchange fluctuations and other external shocks and contingencies. These may increase the cost of travel and materials.
PMH	Direct Project Services (DPS) refers to project 'execution services' which UNDP provides at the request of government to support the procurement of goods and services, recruitments, payments, etc. The services are charged on an item by item basis against UNDP's Universal Price List (UPL). The estimated items that will be costed under the DPS include: <ul style="list-style-type: none"> • Recruitment, HR management and administration, and salary payments of project management staff • Approximately recruitment of 20 short-term positions envisaged in the four components of the project as well as M&E related consultants • Travel authorization • Procurement of equipment/materials • Procurement of equipment/materials

DISCUSSION OF PROJECT MANAGEMENT ARRANGEMENTS

The Solomon Islands Government will execute the project with the support of UNDP under **the National Implementation Modality (NIM)**.

Implementing Partner (IP)

The Ministry of Mines, Energy and Rural Electrification (MMERE), and specifically the Water Resources Division, will be the Implementing Partner and the main executing institution responsible for ensuring that the objectives and components of the project are delivered as it is detailed in this project document.

Responsible Party (RP)

Upon request from the Solomon Island Government through a Letter of Agreement (LoA), UNDP, as one of the Responsible Party to the project, will provide the necessary support to the project in order to maximize its reach and impact as well as the quality of its products. Moreover, UNDP will assist MMERE to disburse funds through the Project Management Unit (PMU), which will be dedicated to the Project in keeping with its key principles of

transparency, competitiveness, efficiency and economy. The financial management and accountability for the resources allocated, as well as other activities related to the execution of Project activities, will be undertaken by the PMU in close consultation with MMERE and under the supervision of the UNDP Honiara Sub-Office and Fiji Multi-Country Office. UNDP will undertake the monitoring of the Project and of evaluation activities, taking into account from the outset local capacities for administering the project, capacity limitations and requirements, as well as the effectiveness and efficiency of communications between ministries and other institutions that are relevant to the project. The specific areas of support and its costs will be outlined in the LoA between MMERE and UNDP prior to project start.

Project Board (PB)

A **Project Board** will be established consisting of MMERE (Executive/Implementing Partner), UNDP (Senior Supplier/Managing Entity/Responsible Party), MECDM, MHMS-EHD, and MDPAC (Beneficiaries). These four agencies will be permanent members of the Project Board, but will be assisted by representation from the National Climate Change Working Group (CCWG), and the National Intersect oral Water Coordination Committee (NIWCC) as invited members. The Project Board will be responsible for making management decisions and strategic guidance to the project, and will support the Project Director and Project Manager in decision making where required. The Board will approve the Annual Workplan and Budget for the project, set different tolerances for the work, and will approve any necessary deviations from the original approval plans. In order to ensure UNDP's ultimate accountability for the project results, Project Board decisions will be made in accordance to standards that shall ensure management for development results, best value for money, fairness, integrity, transparency and effective international competition.

The Project Board plays a critical role in project monitoring and evaluations by quality assurance of the project processes, procedures and outputs, and will use any project evaluations for performance improvement, accountability and learning. The Board will ensure that resources are committed to ensure the project can function, and will arbitrate any conflicts within the project or negotiates a solution to any problems with external bodies and project partners. A Terms of Reference for the Project Board are provided in Annex 7.

An Executive

An Executive is an individual who will chair the PB group and represent the project ownership. This will be the most senior official from the ministerial level of MMERE Solomon Islands.

Senior Supplier

The Project **Senior Supplier** is an individual or group representing the interest of the parties concerned which provide funding for specific cost sharing projects and/or technical expertise to the project. The Senior Supplier's primary function within the PB is to provide guidance regarding the technical feasibility of the project. The Senior Supplier for this project will be represented by UNDP, who is held accountable for fiduciary oversight of LDCF resources in this initiative. The UNDP Deputy Resident Representative based in the Solomon Islands will represent UNDP.

Senior Beneficiary

The Project **Senior Beneficiary** is an individual or group of individuals representing the interest of those who will ultimately benefit from the project. The Senior Beneficiary's primary function within the PB is to ensure the realization of project results from the

perspective of the project beneficiaries. The Senior Beneficiary for this project will be represented by MECDM, MHMS-EHD, and MDPAC.

Project Advisory Group

The Project Board will be guided by a **Project Advisory Group**. The Advisory Group will consist of key relevant national stakeholders including the National Disaster Management Office (NDMO), the Ministry of Development Planning and Aid Coordination (MDPAC), and relevant donors⁵² who provide co-financing and support to the project, together with Provincial Government Representative(s) as project partners and beneficiaries. It is also recommended that national representatives from the World Bank funded Rural Development Programme are part of the Advisory Group. The experience of the Rural Development Programme concerning infrastructure investments, working with communities on different projects, including rural water supply and sanitation and floor risk assessment is valuable expertise to support and advise the SIWSAP PMU. They will be joined by the National Climate Change Working Group (CCWG) and the National Intersectoral Water Coordination Committee (NIWCC) if CCWG and NIWCC are not already, through invitation, members of the Project Board. The newly developed Water Supply, Sanitation and Hygiene (WASH) Stakeholder Group will also be invited to sit in the Advisory Group, with their key experience in rural WASH⁵³. A Key role for MDPAC in the Advisory Group is to learn positive and negative lessons from the project to improve project planning in the future, but to also identify new areas requiring project and sector wide investment to ensure SIWSAP interventions and results feed into national level sustainability planning. The Advisory Group will provide information and recommendations to the PB. A Terms of Reference for the Project Advisory Group are provided in Annex 7.

Project Director

A **Project Director** will be appointed to oversee overall project implementation on a regular basis, and to ensure that where institutional support is required within MMERE it is adequately provided for the project to fulfill the objectives set. The Project Director will be the Permanent Secretary (or person designated by him/her) of MMERE, who will act as the Chair of the Project Board. The Project Director will be responsible for raising project awareness and ownership across the Solomon Island Government institutions, and where necessary will represent the project at the national level. The Project Director will be responsible for ensuring the achievement of results and transfer of knowledge and project learning from the project to the Project Board, most particularly to the national and provincial government entities.

Project Management Unit (PMU)

1. A **Project Management Unit (PMU)** will be established within the Water Resources Division of MMERE in Honiara. The PMU will provide technical, administrative, and management functions

52 Specifically AusAID and the EU as the main funders of rural water supply and sanitation work at present through the AusAID Solomon Islands Access to Water and Sanitation Initiative (SIACWSI), and the EU Sector Reform contract on Improving Governance and Access to WASH for Rural People. UNICEF will also provide assistance as an Advisory Group through their project Building Human Development: Improving WASH in the Solomon Islands, funded by the EU Water Initiative.

53 The purpose of this group is to coordinate activities for the rural WASH sector across the country, and to gather knowledge and experience from across the sector as part of a learning agenda.

to coordinate and implement the project on a day-to-day basis, in collaboration with MMERE-WRD, MHMS-EHD, and the Provincial Officers and Provincial Administration⁵⁴. The PMU will administer the project in accordance with the rules, policies, and procedures of UNDP, GEF, LDCF, and the Solomon Islands Government as agreed to by the Project Board. In situations where conflicting/or mutually exclusive rules and procedures arise, the Project Board will provide solutions worked out on a case-by-case basis, to ensure project implementation continues. The Project Director will ensure that matters are dealt with quickly and efficiently working as the bridge between the Solomon Islands Government and UNDP. It is envisaged that the CCWG and NIWCC will liaise closely with the PMU to support project implementation. The PMU will, among other tasks, 1) develop Standard Operating Procedures (SIWSAP PMU Guidance Manual⁵⁵) for project implementation, 2) develop Quarterly and Annual Work Plans and Reports, 3) provide financial and administrative management support, 4) prepare Quarterly and Annual Financial and Technical Progress Reports to be submitted to MMERE and the PB, and 5) ensure compliance with applicable UNDP/GEF/LDCF/Government rules and regulations. The PMU will receive required training in UNDP procedures from the UN Joint Presence office in Honiara, upon the establishment of the PMU. Sufficient office space for PMU members and project consultants will be provided by MMERE-WRD. Terms of Reference for the PMU is included in Annex 7.

Project Manager (PM)

The PMU will be headed by a nationally recruited **Project Manager**, where s/he will have the authority to run the project on a day-to-day basis on behalf of the Implementing Partner within the constraints laid down by the PB. Among others, the PM's prime responsibility is to ensure that the project produces the results specified in the Project Document, to the required standard of quality and within the specified constraints of time and cost. The PM will report directly to the Project Board, and will manage four (4) other staff that are part of the PMU. S/he will be hired through a competitive selection process. Terms of Reference for the PMU is included in Annex 7.

Technical Advisors (TA)

The project will hire the following two national technical advisors to provide technical expertise to the project:

- Technical Adviser – Water Specialist [Professional Adviser position]
- The Water Specialist will assume direct responsibility for the rural water supply and sanitation technical interventions and wider water (and ground water) management aspects. They will work closely with the other technical adviser to deliver the project Outcomes. (ToR included in Annex 7)
- Technical Adviser – Climate Change Adaptation and Disaster Risk Reduction Specialist [Professional Adviser position]

54 Learning from previous projects, the PMU will be required to provide project guidance, support and administrative assistance. To actively do this it must have technical capabilities to facilitate supporting the pilot projects, and also the correct management abilities to administer the project financially and technically.

55 A project SOP or Guidance Manual will be developed within the inception period by the PMU supported by UNDP. The manual will contain specific guidance on Procurement of both technical consultancy services and equipment, building on lessons from the SWoCK Project (Strogem Woka lo Community fo Kaikai) implemented by UNDP. A mechanism will be explored within the SOP/manual development process so that expert support can be contracted in from regional CROP Agencies and other organizations across the region who can advise the PMU on equipment needs, technical equipment Terms of Reference development and Bill of Quantities as required.

- The Climate Change Adaptation and Disaster Risk Reduction Specialist (ADRM) Specialist will assume direct responsibility for the adaptation aspects of the project, and elements concerned with disaster risk reduction. They will work closely with the other technical adviser to deliver the project Outcomes. (ToR included in Annex 7)

Project Assistants

The project will hire the following two national project assistants to provide effective administrative and operational support to the project:

- **Finance and Administrative Assistant** [Technical/Administrative Support position] The Finance and Administration Assistant will assume direct responsibility for the day-to-day financial management of the project, under the supervision of the Project Manager. S/he will also perform project administrative duties, travel logistics national, regional, and international where required. The officer will support the delivery of the project Outcomes, and will also support the development of project technical and financial reports, and the annual workplans. This officer will also need to support procurement procedures, including for equipment and professional consulting services.
- **Procurement Assistant** [Technical/Administrative Support position] The Procurement Assistant will provide support to the PMU in all procurement matters including the implementation of sourcing strategies, control of project assets, assisting in logistical services and support to knowledge sharing within the PMU and MMERE on UNDP Procurement guidelines. The Procurement Assistant will also be responsible for performing key Atlas functions to ensure that goods and services are delivered in an effective and efficient manner to realise project goals.

SIWSAP Provincial Officers

Although not part of the PMU in Honiara, the PMU will recruit technical officers within each of the pilot Provinces involved in the project. These officers have a multi-functional role. They will coordinate and implement activities at pilot site level, possible replication site levels, and at any strategic investment sites. They must work closely with beneficiary communities and the Provincial Government and Agencies to ensure the interventions are appropriate, and that the project activities are signed-off by MHMS-EHD to ensure policy and technical compliance. These positions are key roles, needing skills in working with agencies and communities, and management of project interventions. These positions will report directly to the PMU, but will also report to the Provincial Government to ensure clear communications and transparency⁵⁶. A generic Terms of Reference is provided for this role in Annex 7. It is envisaged that these individuals will be highly valuable resources to the Solomon Islands Government at the end of the project.

Pilot Project Committees

Where appropriate, Pilot Project Committees (PPC) will be established at the level of the pilot projects. The committee will be constituted building on existing Provincial and community level water management mandate and institutions, such as the RWSS/EHD in the provinces as well as the Community Water Communities at the community level). The PPC will help guide activities within each pilot project, and where possible help implement

⁵⁶ Project SOP/SIWSAP PMU Guidance Manual will indicate reporting lines and the frequency of reporting.

the activities through provision of materials, labor, etc. In reality, due to the strong sense of community and kinship in the country, formal 'committee establishment' may be unlikely. The communities are the ultimate beneficiaries, and it is critical that they are involved in helping to scope out intervention needs, capacity needs and to also provide their knowledge and experience of dealing with water shortages, floods, storms, and other impacts captured in community history and stories. In some cases it is expected that local partners (NGO's for example) and Provincial Government will coordinate with the community beneficiaries and the SIWSAP Provincial Officer(s) for project activities and logistical support where needed. These groups, as 'Committees' will guide and coordinate, with the SIWSAP Provincial Officer(s) pilot site interventions. A generic Terms of Reference is provided for the PPCs in Annex 7.

Contractors

The implementation of the components of the project will be supported by contractors, selected according to UNDP procurement rules. The Implementing Partner may contract other entities, defined as Responsible Parties, to undertake specific project tasks through a process of competitive bidding. In the case of community based organizations supplying implementation support, they would need to be registered as per national requirements with the appropriate Ministry. However, if the Responsible Party is another government institution, Inter-Governmental Organization (e.g. a CROP Agency) or a United Nations agency, competitive bidding will not be necessary and direct contracting will be applied. Direct contracting to be processed by UNDP will follow UNDP financial rules and regulations as it needs to comply with certain criteria, such as comparative advantage, timing, threshold, budgeting and quality. If direct contracting criteria cannot be met the activity will be open to competitive bidding.

Project assurance

Project Assurance is the responsibility of each Project Board member, namely MMERE, UNDP, the Ministry of Environment, Climate Change and Disaster Management Meteorology (MECDM), and MHMS-EHD. The Project Assurance role supports the Project Board by carrying out objective and independent project oversight and monitoring function. This role ensures appropriate project management milestones are managed and completed. Project Assurance has to be independent of the Project Manager; therefore the Project Board cannot delegate any of its assurance responsibilities to the Project Manager. A UNDP Programme Officer typically also holds the Project Assurance role. The following list includes the key aspects of project assurance to be performed throughout the project as part of ensuring that the project remains relevant, follows the approved plans and continues to meet the planned targets with quality:

- Maintenance of thorough liaison throughout the project between the members of the Project Board to ensure that the beneficiary needs and expectations are being met or managed, that the identified project risks are being controlled, and that the project remains justified and the business case is sound.
- Furthermore, the assurance responsibilities must also ensure that the project continues to 'fit' within the overall Country Programme, that the project works with the most appropriate people, and that activities are sensible and the most appropriate for the tasks. 'Mission' creep of the project must be checked should it appear to be happening, and internal (within the project) and external to the project communications must be monitored to ensure the project actively engages with partners and stakeholders and lessons learned are shared as early as viable.

- Finally, the assurance process must ensure at all times that national legislation and applicable UNDP rules and regulations are observed at all times, and agreed quality assurance procedures and 'sign-off' is occurring as specified in the SIWSAP PMU Guidance Manual.

Specifically for UNDP, the assurance responsibilities include advising on the strategy implementation for the project, including the design and methods of the project activities, to monitor potential changes to the project and their impact on the quality of deliverables from a supplier perspective, to monitor any risks in the implementation of the project, to monitor progress against the Annual Workplan and Quarterly and Annual Budget reporting, and to ensure that the mid-term and terminal evaluations are conducted in a timely and professional manner. UNDP must also ensure that, given the logistical challenges in the Solomon Islands, in implementing the project, full due care and attention is paid to health and safety concerns of project staff.

The assurance responsibilities of the MECDM and MHMS-EHD as the Project Beneficiaries are to check that the needs of the beneficiary's are accurate, complete and unambiguous in the project outcomes and outputs, and through the implementation of activities. They must also ensure that the project is adequately monitored, and the results of this are regularly reported to the Project Board. Any changes to the project must be viewed from the potential impact on project beneficiaries, and any risks to them that may arise must be identified, monitored, and mitigated as far as possible.

Audit arrangements

Audit arrangements will be conducted in accordance with the UNDP NIM Audit policies and procedures, and based on the UN Harmonized Approach to Cash Transfer (HACT) policy framework. Annual audit of the financial statements relating to the status of UNDP (including GEF) funds will be undertaken according to the established procedures set out in the Programming and Finance manuals. The Audit will be conducted by a special and certified audit firm. UNDP will be responsible for making audit arrangements for the project in communication with the Project Implementing Partner. UNDP and the project Implementing Partner will provide audit management responses and the Project Manager and PMU will address audit recommendations. As a part of its oversight function, UNDP will conduct audit spot checks at least two times a year.

UNDP Country Support Services

As per the standard agreement between UNDP and the Solomon Islands Government, and upon request from the Implementing Partner (IP), the UNDP Country Office may provide the following support services for the activities of this project, and recover the actual direct and indirect costs incurred by the Country Office in delivering such services as stipulated in the LOA:

- a. Payments, disbursements and other financial transactions
- b. Recruitment of staff, project personnel, and consultants
- c. Procurement of services and equipment, including disposals
- d. Organization of training activities, conferences, and workshops, including fellowships
- e. Travel authorization, Government clearances ticketing, and travel arrangements
- f. Shipment, custom clearance, and vehicle registration.

Intellectual Property Rights

Intellectual Property Rights will be retained by the employing organization of the personnel who develops intellectual products, either Government, or UN/UNDP in accordance with respectively national and UN/UNDP policies and procedures.

MONITORING AND EVALUATION FRAMEWORK

The project will be monitored through the following Monitoring and Evaluation (M&E) activities. The estimated M&E budget is provided in the table below. The M&E framework set out in the Project Results Framework in Part III of this project document is aligned with the AMAT and UNDP M&E Frameworks.

Project start: A Project Inception Workshop will be held within the first 2 months of project start with those with assigned roles in the project organization structure, UNDP country office and where appropriate/feasible regional technical policy and programme advisors as well as other stakeholders. The Inception Workshop is crucial to building ownership for the project results and to plan the first year annual work plan.

The **Inception Workshop** should address a number of key issues including:

- Assist all partners to fully understand and take ownership of the project. Detail the roles, support services and complementary responsibilities of UNDP CO and UNDP-GEF/Regional Coordination Unit (RCU) staff vis à vis the project team. Discuss the roles, functions, and responsibilities within the project's decision-making structures, including reporting and communication lines, and conflict resolution mechanisms. The Terms of Reference for project staff will be discussed again as needed.
- Based on the project results framework and the relevant GEF Tracking Tool (AMAT) if appropriate, finalize the first annual work plan. Review and agree on the indicators, targets and their means of verification, and recheck assumptions and risks.
- Provide a detailed overview of reporting, M&E requirements. The Monitoring and Evaluation work plan and budget should be agreed and scheduled.
- Discuss financial reporting procedures and obligations, and arrangements for annual audit.
- Plan and schedule Project Board meetings. Roles and responsibilities of all project organisation structures should be clarified and meetings planned. The first Project Board meeting should be held within the first 12 months following the inception workshop.

Quarterly:

- Progress made shall be monitored in the UNDP Enhanced Results Based Management Platform.
- Based on the initial risk analysis submitted, the risk log shall be regularly updated in ATLAS. Risks become critical when the impact and probability are high. Note that for UNDP GEF projects, all financial risks associated with financial instruments such as revolving funds, microfinance schemes, or capitalization of ESCOs are automatically classified as critical on the basis of their innovative nature (high impact and uncertainty due to no previous experience justifies classification as critical).
- Based on the information recorded in Atlas, a Project Progress Reports (PPR) can be generated in the Executive Snapshot.
- Other ATLAS logs can be used to monitor issues, lessons learned etc... The use of these functions is a key indicator in the UNDP Executive Balanced Scorecard.

Annually: Annual Project Review/Project Implementation Reports (APR/PIR): This key report is prepared to monitor progress made since project start and in particular for the previous reporting period (30 June to 1 July). The APR/PIR combines both UNDP and SOF (e.g. GEF) reporting requirements.

The APR/PIR includes, but is not limited to, reporting on the following:

- Progress made toward project objective and project outcomes - each with indicators, baseline data and end-of-project targets (cumulative)
- Project outputs delivered per project outcome (annual).
- Lesson learned/good practice (reported in narrative, photographic, and/or audiovisual formats)
- AWP and other expenditure reports
- Risk and adaptive management
- ATLAS QPR
- Portfolio level indicators (i.e. GEF focal area tracking tools)

Periodic Monitoring through site visits: UNDP CO and the UNDP GEF region-based staff will conduct visits to project sites based on the agreed schedule in the project's Inception Report/Annual Work Plan to assess first hand project progress. Other members of the Project Board may also join these visits. A Field Visit Report/BTOR (combining various formats including narrative, photographic, and/or audio-visual i.e. video BTOR) will be prepared by the CO and UNDP RCU and will be circulated no less than one month after the visit to the project team and Project Board members. Wherever possible and if appropriate, innovative M&E approaches such as those outlined in the UNDP discussion paper on "Innovations in Monitoring and Evaluating Results"⁵⁷ (UNDP, 2013)" will be utilized.

Mid-term of project cycle: The project will undergo an independent **Mid-Term Evaluation** at the mid-point of project implementation (end of 2nd year of the project). The Mid-Term Evaluation will determine progress being made toward the achievement of outcomes and will identify course correction if needed. It will focus on the effectiveness, efficiency and timeliness of project implementation; will highlight issues requiring decisions and actions; and will present initial lessons learned about project design, implementation and management. Findings of this review will be incorporated as recommendations for enhanced implementation during the final half of the project's term. The organization, terms of reference and timing of the mid-term evaluation will be decided after consultation between the parties to the project document. The Terms of Reference for this Mid-term evaluation will be prepared by the UNDP CO based on guidance from the Regional Coordinating Unit and UNDP-GEF. The management response and the evaluation will be uploaded to UNDP corporate systems, in particular the [UNDP Evaluation Office Evaluation Resource Center \(ERC\)](#). Wherever possible and if appropriate, innovative M&E approaches such as those outlined in the UNDP discussion paper on "Innovations in Monitoring and Evaluating Results

⁵⁷ <https://undp.unteamworks.org/file/370238/download/403529>

(UNDP, 2013)* will be utilized. The LDCF/SCCF AMAT as set out in the Project Results Framework (in Section III of this Project Document) will also be completed during the mid-term evaluation cycle. .

End of Project: An independent Final Terminal Evaluation will take place three months prior to the final Project Board meeting and will be undertaken in accordance with UNDP and SOF (e.g. GEF) guidance. The final evaluation will focus on the delivery of the project's results as initially planned (and as corrected after the mid-term evaluation, if any such correction took place). The final evaluation will look at impact and sustainability of results, including the contribution to capacity development and the achievement of global environmental benefits/goals. The Terms of Reference for this evaluation will be prepared by the UNDP CO based on guidance from the Regional Coordinating Unit and UNDP-GEF. Wherever possible and if appropriate, innovative M&E approaches such as those outlined in the UNDP discussion paper on "Innovations in Monitoring and Evaluating Results (UNDP, 2013)* will be utilized.

The **Final Evaluation** should also provide recommendations for follow-up activities and requires a management response, which should be uploaded to PIMS and to the [UNDP Evaluation Office Evaluation Resource Center \(ERC\)](#). The LDCF/SCCF AMAT as set out in the Project Results Framework (in Section III of this Project Document) will also be completed during the terminal evaluation cycle.

During the last three months, the project team will prepare the **Project Terminal Report**. This comprehensive report will summarize the results achieved (objectives, outcomes, outputs), lessons learned, problems met and areas where results may not have been achieved. It will also lay out recommendations for any further steps that may need to be taken to ensure sustainability and replicability of the project's results.

Learning and knowledge sharing: Results from the project will be disseminated within and beyond the project intervention zone through existing information sharing networks and forums, including but not limited to UNDP Adaptation Learning Mechanism (www.undp-alm.org/).

The project will identify and participate, as relevant and appropriate, in scientific, policy-based and/or any other networks, which may be of benefit to project implementation through lessons learned. The project will identify, analyze, and share lessons learned that might be beneficial in the design and implementation of similar future projects.

Furthermore, two-way flow of information between this project and other projects of a similar focus will be encouraged and facilitated throughout the lifespan of the Project implementation.

Audit: The Project will be audited in accordance with UNDP Financial Regulations, Rules, and applicable policies.

M&E Workplan & Budget:

M&E Workplan & Budget:			
Inception Workshop and Report	<ul style="list-style-type: none"> ▪ Project Manager ▪ UNDP CO, UNDP CCA 	10,000	Within first two months of project start up
Measurement of Means of Verification of project results.	<ul style="list-style-type: none"> ▪ UNDP CCA RTA/Project Manager will oversee the hiring of specific studies and institutions, and delegate responsibilities to relevant team members. 	To be finalized in Inception Phase and Workshop.	Start, mid and end of project (during evaluation cycle) and annually when required.
Measurement of Means of Verification for Project Progress on <i>output and implementation</i>	<ul style="list-style-type: none"> ▪ Oversight by Project Manager ▪ Project team 	To be determined as part of the Annual Work Plan's preparation.	Annually prior to ARR/PIR and to the definition of annual work plans
ARR/PIR	<ul style="list-style-type: none"> ▪ Project manager and team ▪ UNDP CO ▪ UNDP RTA ▪ UNDP EEG 	None	Annually
Periodic status/progress reports	<ul style="list-style-type: none"> ▪ Project manager and team 	None	Quarterly
Mid-term Evaluation	<ul style="list-style-type: none"> ▪ Project manager and team ▪ UNDP CO ▪ UNDP RCU ▪ External Consultants (i.e. evaluation team) 	Indicative cost: 40,000	At the mid-point of project implementation.
Final Evaluation	<ul style="list-style-type: none"> ▪ Project manager and team, ▪ UNDP CO ▪ UNDP RCU ▪ External Consultants (i.e. evaluation team) 	Indicative cost: 40,000	At least three months before the end of project implementation
Project Terminal Report	<ul style="list-style-type: none"> ▪ Project manager and team ▪ UNDP CO ▪ Local consultant 	0	At least three months before the end of the project
Audit	<ul style="list-style-type: none"> ▪ UNDP CO ▪ Project manager and team 	Indicative cost per year: 3,000 (12,000 total)	Yearly
Visits to field sites	<ul style="list-style-type: none"> ▪ UNDP CO 	For GEF supported	Yearly

	<ul style="list-style-type: none"> ▪ UNDP RCU (as appropriate) ▪ Government representatives 	projects, paid from IA fees and operational budget	
TOTAL indicative COST Excluding project team staff time and UNDP staff and travel expenses		USD 102,000 (+/- 5% of total budget)	

Communications and visibility requirements: Full compliance is required with UNDP's Branding Guidelines. These can be accessed at <http://intra.undp.org/coa/branding.shtml>, and specific guidelines on UNDP logo use can be accessed at: <http://intra.undp.org/branding/useOfLogo.html>. Amongst other things, these guidelines describe when and how the UNDP logo needs to be used, as well as how the logos of donors to UNDP projects needs to be used. For the avoidance of any doubt, when logo use is required, the UNDP logo needs to be used alongside the GEF logo. The [GEF logo](http://www.thegef.org/gef/GEF_logo) can be accessed at: [http://www.thegef.org/gef/GEF logo](http://www.thegef.org/gef/GEF_logo). The [UNDP logo](http://intra.undp.org/coa/branding.shtml) can be accessed at <http://intra.undp.org/coa/branding.shtml>.

Full compliance is also required with the GEF's Communication and Visibility Guidelines (the "GEF Guidelines"), which be accessed at:

http://www.thegef.org/gef/sites/thegef.org/files/documents/C.40.08_Branding_the_GEF%20final_0.pdf Amongst other things, the GEF Guidelines describe when and how the GEF logo needs to be used in project publications, vehicles, supplies and other project equipment. The GEF Guidelines also describe other GEF promotional requirements regarding press releases, press conferences, press visits, visits by Government officials, productions and other promotional items.

Where other agencies and project partners have provided support through co-financing, their branding policies and requirements should be similarly applied.

APPENDIX 5 – CTI RPOA ACTIONS & COST ESTIMATES⁵⁸

No.	YEAR DEFINED	SOURCE DOCUMENT	Country/ Region	G:T:A	ACTION	TOTAL ESTIMATED COST (USD 000)
1	2012	Hi Level Fin RT/FRWG	REGIONAL	G-GOV-Coor Mech	Organizational Development of CTI	\$ 3,500
2	2012	Hi Level Fin RT/FRWG	REGIONAL	G1	Priority Seascapes	\$ 2,150
3	2012	Hi Level Fin RT/FRWG	REGIONAL	G2	EAFM	\$ 950
4	2012	Hi Level Fin RT/FRWG	REGIONAL	G3	MPA Management Effectiveness	\$ 1,000
5	2012	Hi Level Fin RT/FRWG	REGIONAL	G4	CCA effective actions	\$ 500
6	2012	Hi Level Fin RT/FRWG	REGIONAL	G5	Th Species Red Lists	\$ 325
7	2014	MPA TWG Mtg/Cebu	REGIONAL	G3:T1:A1	Continue Development of CTMPAS	\$ 100
8	2013	RPW2	REGIONAL: Seascapes TWG	G1:T1:A1	Through regional collaboration, conduct Rapid Seascape Assessments for the entire region, in order to delineate seascape and identify priority seascapes for investment.	\$ 100
9	2013	RPW2	REGIONAL: Seascapes TWG	G1:T2:A1	Adopt a general "model" for the sustainable management of seascapes	
10	2013	RPW2	REGIONAL: Seascapes TWG	G1:T2:A2	Establish seascape capacity building and learning mechanisms	\$ 100
11	2013	RPW2	REGIONAL: Seascapes TWG	G1:T2:A3	Through joint and single-country efforts, start to mobilize the financial resources necessary to support "priority seascape" programs (based on Seascape Investment Plans)	
12	2013	RPW2	REGIONAL: EAFM TWG	G2:T1:A1	Implement EAFM Regional Framework (Note this Action revised from RPOA original)	

⁵⁸ This list was circulated to all NCCs as Annex 4 of the Study on CTI Financial Resources: Situational Assessment and Recommendations, Manila, October 2014, prepared by this consultancy for the FRWG

13	2013	RPW2	REGIONAL: EAFM TWG	G2:T1:A2	Improve enforcement of IUU fishing through greater collaboration (Note this Action revised from RPOA original)	
14	2013	RPW2	REGIONAL: EAFM TWG	G2:T2:A1	Promote poverty reduction through sustainable management of coastal fisheries (COASTFISH) (NOTE: Changed from RPOA T2:A1)	
15	2013	RPW2	REGIONAL: EAFM TWG	G2:T3:A1	Sustainable exploitation of shared tuna stocks (NOTE: Changed from RPOA T3:A1)	
16	2013	RPW2	REGIONAL: EAFM TWG	G2:T3:A2	Establish informal consultative forum on Tuna Governance.	
17	2013	RPW2	REGIONAL: EAFM TWG	G2:T4:A1	Develop a collaborative work program on management of and international trade in coral reef-based fish and ornamentals.	
18	2013	RPW2	REGIONAL: EAFM TWG	G2:T4:A2	Establish an informal CTI Forum on management of and international trade in coral reef based organisms.	
19	2013	RPW2	REGIONAL: MPA TWG	G3:T1:A1	Jointly establish overall goals, objectives, principles, and operational design elements for a CTMPAS centered around priority MPA networks	\$ 100
20	2013	RPW2	REGIONAL: MPA TWG	G3:T1:A2	Complete and endorse a comprehensive map of MPA networks to be included in CTMPAS (e.g., CT Atlas)	\$ 1,000
21	2013	RPW2	REGIONAL: MPA TWG	G3:T1:A3	Build Capacity for effective management of the CTMPAS	\$ 55,000
22	2013	RPW2	REGIONAL: MPA TWG	G3:T1:A4	Collaborate around mobilizing sustainable financing for the CTMPAS	\$ 1,000
23	2013	RPW2	REGIONAL: MPA TWG	G3:T1:A5	Establish MPA networks, particularly those involving more than one country	\$ 500
24	2013	RPW2	REGIONAL: MPA TWG	G3:T1:A6	Establish a public/private partnership for working group for engaging relevant industries that support CTMPAS	\$ 100
25	2013	RPW2	REGIONAL: CCA TWG	G4:T1:A3	Complete and implement a Region-wide Early Action Plan for Climate Change Adaptation	\$ 500
26	2013	RPW2	REGIONAL: CCA TWG	G4:T1:A4	Conduct capacity needs assessments and develop capacity building programs on climate change adaptation measures	\$ 500
27	2013	RPW2	REGIONAL: CCA TWG	G4:T1:A5	Mobilize financial resources to implement Region-wide Early Action Plan for Climate Change Adaptation	\$ 300

28	2013	RPW2	REGIONAL: CCA TWG	G4:T2:A1	Collaborate around the design and implementation of a Pilot Phase for National Centers of Excellence.	\$ 200
29	2013	RPW2	REGIONAL: ThSP TWG	G5:T1:A3	Complete and implement region-wide threatened species conservation and management action plans (sea turtles, marine mammals, sea birds, sharks)	\$ 100
30	2013	RPW2	Regional	G: Xcut-Gov	Coordination Mechanisms	\$ 50
31	2013	RPW2	Regional	G: Xcut-Gov (G3:Xcut-Gov)	MPA TWG with others	\$ 50
32	2013	RPW2	Regional	G: Xcut-Gov (G3:Xcut-Gov)	Financial Resources	
33	2013	RPW2	Regional	G3:Gov	Monitoring and Evaluation	\$ 300
34	2013	RPW2	Regional	G3: Integration	Transboundary	\$ 50
35	2013	RPW2	Regional	G4:Gov	Monitoring and Evaluation	\$ 2,000
36	2013	RPW2	Regional	G4: XCut-Gov	Coordination Mechanisms	
37	2013	RPW2	Regional	G3: XCut- Integration	Integration (Seascapes)	\$ 50
38	2013	RPW2	Regional	G3: Xcut -Int and Trans	Integration and Transboundary	\$ 50
39	2013	RPW2	Regional	G: Xcut)(G4:Xcut- Int-TransB))	Integration and Transboundary	
40	2013	RPW2	Regional	G: Xcut-LGN	Local Government Network	\$ 1,000
41	2013	RPW2	Regional	G: Xcut- Fishers	Fishers Forum	
42	2013	RPW2	Regional	G:Xcut-CT Atlas	CT Atlas	\$ 1,000
43	2013	RPW2	Regional	G:Xcut-CT Bus	CT Business Forum	\$ 100

44	2013	RPW2	Regional	G: Xcut-Special	Special Events	\$ 50
45	2013	RPW2	Regional	G: Xcut-LN	Learning Networks	\$ 80
46	2014	RPW2????	Regional	G: Xcut-WLF	CT Women Leaders' Forum	
47	2014	SRCT Regional Exec Sum	Regional	G XCut: Gov	1. Achieve synergies at different governance scales to earn the value-added benefits of overcoming transactional costs (e.g., improving seascapes and operational functions of the CTI as a result of cooperation and complementation)	
48	2014	SRCT Regional Exec Sum	Regional	G XCut: Gov	2. Invest in capacity building and knowledge management to overcome the lack of governance capabilities in CTI systems, processes, and standards (e.g., CTMPAS and EAFM)	
49	2014	SRCT Regional Exec Sum	Regional	G Xcut: Gov- Fin	3. Exchange resources and engage and empower equitable partnerships	
50	2014	SRCT Regional Exec Sum	Regional	G3	4. Commit to the harmonization of fisheries production targets with biodiversity conservation and food security needs	
51	2014	SRCT Regional Exec Sum	Regional	G4	5. Reduce risks and threats through integration of the CCA Local Early Adaptation Plan and the Region-Wide Early Action Plan	

Total for Actions with Cost Estimates

\$ 72,805

APPENDIX 6 – INDICATIVE NATIONAL CHART OF ACCOUNTS REVENUE CATEGORIES (COURTESY OF SOLOMON ISLANDS GOVERNMENT⁵⁹)

Yellow highlighted accounts are those which could be used to describe revenue categories associated with CTI Actions and Activities in project budgets.

Account	Description	Glossary	Budget Classification	Ministry
0001	Fees and Charges	Relates to Fees and charges not covered by any of the codes below.	other	all
0003	Police Services		other	MPNSCS
0004	Court Fees		other	NJ
0005	Court Fines and Forfeitures	receipts of court fines and revenues associated with forfeitures	other	NJ
0006	Public Fees and Other Receipts		other	NJ
0009	Land Registration Fees	Fees received from registering land	other	MJLA
0010	Business Registration Fees	Fees received from registering businesses	other	MJLA
0011	Law Book Fees	Fees generated from selling Law Books	other	NJ
0012	Probate & Admin Fees		other	NJ
0014	Passport Fees	Fees generated from issuing passports	other	MCIE
0015	Permit Fees	Fees generated from issuing permits	other	MCIE
0023	Visa Fees	Fees generated from issuing Visas	other	MCIE
0024	Appeal Fees	Fees generated from appeals	other	MCIE
0026	Registration Fees (Foreign Enterprises)	Fees generated from registering foreign enterprises	other	MCIE
0029	Endorsement Fees		other	MCIE
0033	Telekom License Fees	Fees generated from issuing Telekom licenses	other	MCA
0034	Radio License Fees	Fees generated from issuing radio licenses	other	MCA
0035	Survey Fees	Fees generated from survey fees	other	MID
0036	Timber Operations Application Fees	Fees generated from paying application fees for timber operations	other	MFR
0037	Mining Tenement Fees		other	MMERE
0044	Citizen Fees		other	MHA
0049	Research Fees		other	MEHRD
0050	Quarantine/Fumigation Fees		other	MALD

⁵⁹ This material is taken from the SIG (Solomon Islands Government) Chart of Accounts Manual dated 19th October 2012 – Table 4.

Account	Description	Glossary	Budget Classification	Ministry
0053	Land Survey Fees		other	MLHS
0054	Hydrographical Survey Fees		other	MLHS
0055	Local Map and Chart Fees	Fees generated from printing local map and charts	other	MLHS
0056	Reprographic Fees		other	MLHS
0058	Estate and License Fees		other	MLHS
0059	Valuation Fees		other	MLHS
0060	Premiums on Estates		other	MLHS
0061	School Fees	Fees generated from charging school fees to students	other	MEHRD
0062	Examination Fees	Fees generated from charging examination fees	other	MEHRD
0063	Trade Testing and Certification Fees		other	MEHRD
0065	Petroleum Storage Fees		other	MMERE
0077	Registration and License Fees		other	MoFT
0079	Leadership Code Penalties		other	OPMC
0083	Air Navigation Fees		other	MCA
0084	Lighting Charges		other	MCA
0085	Landing Fees		other	MCA
0086	Boarding Fees		other	MCA
0087	Rental Charges		other	MPS
0088	Identification		other	MCA
0090	Interest Received		other	MoFT
0104	Fisheries License Fees (Local)		other	MFMR
0105	Fisheries License Fees (O/Seas)		other	MFMR
0106	Export Permit Fees		other	MFR
0107	Air Service License Fees		other	MCA
0109	Fish Processing License Fees		other	MFMR
0110	Port Entry Fees		other	MFMR
0111	FFA Receipts		other	MFMR
0115	Work Permit Application Fees		other	MCIE
0116	Work Permit Variation Fees		other	MCIE
0121	Television Licenses		other	MCA
0125	Clearance Fees		other	MCIE
0130	Plant and Vehicle Inspection Fees		other	MID
0218	Rental Fees		other	all

Account	Description	Glossary	Budget Classification	Ministry
0227	Sawmill Operations		other	MFR
0232	Fish and Miscellaneous Sales		other	MFMR
0238	Land Rents		other	MLHS
0244	Gold Dealers License Fees		other	MMERE
0256	Sale of Publications		other	MFR
0257	Filming Fees		other	OPMC
0258	Commercial Services		other	MID
0259	Light Dues		other	MID
0260	Rechargeable Works		other	MID
0261	Tender Documents		other	MID
0262	Sale of Education Materials		other	MEHRD
0263	Driving Test Fees		other	MID
0268	Sale of Public Assets		other	MoFT
0269	CBSI Net Profit		other	MoFT
0279	Lottery Receipts		other	MHA
0282	Transshipment Levies		other	MFMR
0283	Observer and Services Fees		other	MFMR
0361	NZAID Imprest Recovery Prior Years		other	MEHRD
0480	Management Services Withholding Tax (Non-Residents)	A Non-Residents withholding tax on Management Services provided in Solomon Islands.	IRD - Taxes	MoFT
0481	Lease Income Withholding Tax (Non Residents)	A Non-Residents withholding tax on Lease Income generated within Solomon Islands.	IRD - Taxes	MoFT
0482	Foreign Purse-seiner Fishermen Withholding Tax (Non Residents)		IRD - Taxes	MoFT
0484	Interest Withholding Tax (Non-Residents)	A Non-Residents withholding tax on Interest Income generated within Solomon Islands.	IRD - Taxes	MoFT
0485	Professional Services Withholding Tax (Non-Residents)	A Non-Residents withholding tax on Professional Services provided in Solomon Islands.	IRD - Taxes	MoFT
0486	Royalties Withholding Tax (Non-Residents)	A Non-Residents withholding tax on Royalties Income received within Solomon Islands.	IRD - Taxes	MoFT
0487	Contracting Withholding Tax (Non-Residents)	A Non-Residents withholding tax on Contracting Services provided in Solomon Islands.	IRD - Taxes	MoFT

Account	Description	Glossary	Budget Classification	Ministry
0488	Shipping/Aircraft Withholding Tax (Non-Residents)	A Non-Residents withholding tax on Shipping/Aircraft revenues received within Solomon Islands.	IRD - Taxes	MoFT
0489	Insurance Withholding Tax	Withholding tax charged on Insurance revenues.	IRD - Taxes	MoFT
0500	Fishing Withholding Tax	Withholding tax charged on Fishing revenues.	IRD - Taxes	MoFT
0501	Stevedoring Withholding Tax		IRD - Taxes	MoFT
0502	Royalties Withholding Tax	Withholding tax charged on Royalties revenues.	IRD - Taxes	MoFT
0513	Contracting & Subcontracting Withholding Tax	Withholding tax charged on Contracting & Subcontracting revenues.	IRD - Taxes	MoFT
0514	Lease of Property Withholding Tax - Govt	Withholding tax charged on Lease of Property revenues - Govt.	IRD - Taxes	MoFT
0515	Lease of Property Withholding Tax - IRD	Withholding tax charged on Lease of Property revenues - IRD.	IRD - Taxes	MoFT
0516	Marine Products Withholding Tax	Withholding tax charged on Fishing revenues.	IRD - Taxes	MoFT
0519	Withholding Tax	other withholding taxes charged on revenue as determined by IRD.	IRD - Taxes	MoFT
0521	Motor Vehicle License Fees	Fees charged for registering Motor Vehicles.	IRD Licenses	MoFT
0523	Driving License Fees	Fees charged for granting and renewal of drivers Licenses.	IRD Licenses	MoFT
0534	Sales Tax	Sales Tax charged on goods and services provided in SI. Rates are determined by IRD.	IRD Other Taxes	MoFT

APPENDIX 7 – INDICATIVE NATIONAL CHART OF ACCOUNTS EXPENSE CATEGORIES (COURTESY OF SOLOMON ISLANDS GOVERNMENT ISLANDS⁶⁰)

Yellow highlighted accounts are those which could be used to describe expense categories associated with CTI Actions and Activities in project budgets.

Account	Description	Glossary	Budget classification	Ministry
	Administration Costs		Supplies and consumables	all
2001	Advertising Expenses	To record the cost of advertising - excluding publicity and promotions (2008) and staff recruitment (2009).	Supplies and consumables	all
2002	Audit Fees	To record the cost of expenditure in relation to audit services.	Supplies and consumables	all
2003	Bank Charges	To record charges arising from the operations of the Government's bank accounts.	Supplies and consumables	all
2004	Consultancy Fees	To record the costs (including Superannuation where applicable) incurred in relation to external consultants and external services providers.	Supplies and consumables	all
2005	Insurance	To record the cost of all insurance including insurance on Buildings, P&E, Motor Vehicles but excluding workers compensation insurance.	Supplies and consumables	all
2006	Legal Fees	To record the cost of any legal services.	Supplies and consumables	all
2007	Printing/Photocopying	To record the cost associated with printing and photocopying.	Supplies and consumables	all
2008	Publicity and Promotions	To record the cost associated with publicity and promotions.	Supplies and consumables	all
2009	Recruitment Expense	To record the cost of staff recruitment including advertising and appointment costs.	Supplies and consumables	all
2010	Subscription/Membership Organizations	to To record the cost of subscriptions or membership to local organisations.	Supplies and consumables	all
2011	Subscriptions/Membership Overseas Bodies	to To record the cost of subscriptions or membership to overseas organisations	Supplies and consumables	all
2012	Management Fee	To record management fee charged by external parties for the provision of management services or contracts to the Government.	Supplies and consumables	all
2013	Licenses	to record payments made for licenses such as	Supplies and consumables	all

⁶⁰ This material is taken from the SIG (Solomon Islands Government) Chart of Accounts Manual dated 19th October 2012 (Table 5)

Account	Description	Glossary	Budget classification	Ministry
2014	Registrations	To record payments made for registrations including seminars, conferences and workshops.	Supplies and consumables	all
2015	Passports	To record payments made for passports	Supplies and consumables	all
2025	Interpreter Services	To record payments made for interpreter services.	Supplies and consumables	all
2030	Medical Assessment	To record payments made for medical assessments.	Supplies and consumables	all
	Consumables		Supplies and consumables	all
2101	Chemicals	To record payments made for chemicals	Supplies and consumables	all
2102	Drugs & Dressings	To record payments made for drugs and dressings	Supplies and consumables	all
2103	General Stores & Spares	To record payments made for general stores and spares	Supplies and consumables	all
2104	IT Supplies	To record payments made for IT supplies excluding paper and stationery.	Supplies and consumables	all
2105	Office Stationery	To record payments made for office stationery excluding it supplies and printing.	Supplies and consumables	all
2106	Rations	To record payments made for rations	Supplies and consumables	all
2110	Tools	To record payments made for tools which include building and mechanical tools	Supplies and consumables	all
2111	Reference Materials	To record payments made for reference materials which include libraries and magazines.	Supplies and consumables	all
2112	Livestock	To record payments made for livestock (Fauna).	Supplies and consumables	all
2113	Plants	To record payments made for plants (Flora).	Supplies and consumables	all
2114	Medals	To record payments made for medals including war and commemorative medals	Supplies and consumables	all
	Specialist Services		Supplies and consumables	
2150	Court of Appeal Allowances	To record payments made for allowances to the Court of Appeal outside of the salary structure.	Supplies and consumables	
2151	Various Allowances	To record payments made for various allowances outside of the salary structure.	Supplies and consumables	
2152	MP's Allowances	To record payments made for MP's allowances outside of the MP salary structure.	Supplies and consumables	
	Entertainment		Supplies and consumables	all
2201	Entertainment	To record payments made for entertainment.	Supplies and consumables	all
2202	Gifts and Presents	To record payments made for gifts and presents	Supplies and consumables	all
2204	Board Expenses	To record payments made for board expenses excluding allowances and hire of venue.	Supplies and consumables	all

Account	Description	Glossary	Budget classification	Ministry
2205	Staff Welfare	To record payments made for staff welfare within the Ministry of Police and Correctional Services	Supplies and consumables	all
2206	Prisoner Welfare	To record payments made for staff welfare within the Ministry of Police and Correctional Services	Supplies and consumables	
	Fuel		Supplies and consumables	all
2301	Fuel	To record payments made for fuel	Supplies and consumables	all
	Official Development Assistance		Supplies and consumables	all
2351	Disaster Relief	To record payments made specific for disaster relief.	Supplies and consumables	all
	Hire		Supplies and consumables	all
2401	Hire Equipment	To record payments made for the hire of equipment.	Supplies and consumables	all
2402	Hire Plant & Vehicles	To record payments made for the hire of plant and vehicles.	Supplies and consumables	all
2403	Hire Ships	To record payments made for the hire of ships.	Supplies and consumables	all
2404	Hire OBM & Canoes	To record payments made for hire of OBM and canoes	Supplies and consumables	all
2405	Hire Venues	To record payments made for the hire of venues.	Supplies and consumables	all
2406	House Rent	To record payments made for the rent of a house outside of the allowances under the salary structure.	Supplies and consumables	all
2407	Laboratory Rent	To record payments made for laboratory rent.	Supplies and consumables	all
2408	Overseas Mission Rents	To record payments made for overseas mission rent.	Supplies and consumables	all
2409	Office Rent	To record payments made for office rent.	Supplies and consumables	all
2410	Security	To record payments made for security.	Supplies and consumables	all
2411	Land Rent	To record payments made for land rent.	Supplies and consumables	all
	Maintenance		Supplies and consumables	all
2501	Maintain - Non Residential Buildings	To record payments made for repairs and maintenance - non residential buildings	Supplies and consumables	all
2502	Maintain - Residential Buildings	To record payments made for repairs and maintenance - residential buildings	Supplies and consumables	all
2503	Maintain - Roads and Bridges	To record payments made for repairs and maintenance - roads and bridges	Supplies and consumables	all
2504	Maintain - Structures, Airfields and Wharves.	To record payments made for repairs and maintenance - structures, airfields & wharves	Supplies and consumables	all
2505	Maintain - Canoes and Boats	To record payments made for repairs and maintenance - canoes and boats	Supplies and consumables	all
2506	Maintain - Motor Vehicles	To record payments made for repairs and maintenance - motor vehicles	Supplies and consumables	all
2507	Maintain - Machinery	To record payments made for repairs and maintenance - machinery	Supplies and consumables	all

Account	Description	Glossary	Budget classification	Ministry
2508	Maintain - Office Equipment	To record payments made for repairs and maintenance - office equipment	Supplies and consumables	all
2509	Maintain - Communications Equip.	To record payments made for repairs and maintenance - communications equipment	Supplies and consumables	all
2510	Maintain - Computer Equipment	To record payments made for repairs and maintenance - computer equipment	Supplies and consumables	all
2511	Maintain -Other Equipment	To record payments made for repairs and maintenance - other equipment	Supplies and consumables	all
2512	Maintain - Ships	To record payments made for repairs and maintenance - ships	Supplies and consumables	all
2513	Maintain - Specialised Equipment	To record payments made for repairs and maintenance - specialised equipment	Supplies and consumables	all
	Training		Supplies and consumables	all
2601	Conferences, Seminars and Workshop	To record payments made for conferences, seminars and workshops	Supplies and consumables	all
2602	Training - In service	To record payments made for training as part of career development	Supplies and consumables	all
2603	Training – Materials	To record payments made for materials used in training	Supplies and consumables	all
2604	Training - Other	To record payments made for training other than the above mentioned training	Supplies and consumables	all
2605	Training - Overseas	To record payments made for overseas training	Supplies and consumables	all
2606	Training - Pre-Service	To record payments made for training before taking on Public Service employment	Supplies and consumables	all
2607	Training – Provincial	To record payments made for training provided in the provinces	Supplies and consumables	all
	Travel and Accommodation		Supplies and consumables	all
2708	Public Servants Local Fares	To record payments made for domestic fares, whether by air, sea or road for Public Servants.	Supplies and consumables	all
2709	Public Servants Local Accommodation	To record payments made for domestic accommodation for Public Servants.	Supplies and consumables	all
2710	Public Servants Local Other costs	To record all other payments made in relation to domestic travel and accommodation that is excluded from the above codes 2708 and 2709 for Public Servants.	Supplies and consumables	all
2711	Public Servants Overseas Fares	To record payments made for overseas fares, whether by air, sea or road for Public Servants.	Supplies and consumables	all
2712	Public Servants Overseas Accommodation	To record payments made for overseas accommodation for Public Servants.	Supplies and consumables	all

Account	Description	Glossary	Budget classification	Ministry
2713	Public Servants Overseas Other Costs	To record all other payments made in relation to overseas travel and accommodation that is excluded from the above codes 2711 and 2712 for Public Servants.	Supplies and consumables	all
2714	Public Servants Annual Leave Fares	To record payments made for annual leave fares, whether by air, sea or road for Public Servants.	Supplies and consumables	all
2715	Others Local Fares	To record payments made for domestic fares, whether by air, sea or road for any other category not identified under Travel and Accommodation from code 2701 to 2746.	Supplies and consumables	all
2716	Others Local Accommodation	To record payments made for domestic accommodation for any other category not identified under travel and accommodation from code 2701 to 2746.	Supplies and consumables	all
2717	Others Local Other costs	To record all other payments made in relation to domestic travel and accommodation for any other category not identified under travel and accommodation from code 2701 to 2746.	Supplies and consumables	all
2718	Others Overseas Fares	To record payments made for overseas fares, whether by air, sea or road for any other category not identified under travel and accommodation from code 2701 to 2746.	Supplies and consumables	all
2719	Others Overseas Accommodation	To record payments made for overseas accommodation for any other category not identified under travel and accommodation from code 2701 to 2746.	Supplies and consumables	all
2720	Others Overseas Other Costs	To record all other payments made in relation to overseas travel and accommodation for any other category not identified under travel and accommodation from code 2701 to 2746.	Supplies and consumables	all
2740	Office Holder - Local Fares	To record payments made for domestic fares, whether by air, sea or road for SIG Office Holders.	Supplies and consumables	all
2741	Office Holder - Local Accommodation	To record payments made for domestic accommodation for SIG Office Holders.	Supplies and consumables	all
2742	Office Holder - Local Other Costs	To record all other payments made in relation to domestic travel and accommodation that is excluded from the above codes 2740 and 2741 for SIG Office Holders.	Supplies and consumables	all
2743	Office Holder - Overseas Fares	To record payments made for overseas fares, whether by air, sea or road for SIG Office Holders.	Supplies and consumables	all
2744	Office Holder - Overseas Accommodation	To record payments made for overseas accommodation for SIG Office Holders.	Supplies and consumables	all

Account	Description	Glossary	Budget classification	Ministry
2745	Office Holder - Overseas Other Costs	To record all other payments made in relation to overseas travel and accommodation that is excluded from the above codes 2743 and 2744 for SIG Office Holders.	Supplies and consumables	all
2746	Office Holder - Annual Leave Fares	To record payments made for annual leave fares, whether by air, sea or road for SIG Office Holders.	Supplies and consumables	all
	Transport		Supplies and consumables	all
2801	Customs & Port Handling	To record payments made in relation to Customs and Port Handling.	Supplies and consumables	all
2802	Freight	To record payments made in relation to freight.	Supplies and consumables	all
2803	Transport - Other	To record payments made in relation to transport other than identified under this section.	Supplies and consumables	all
2804	Air Traffic Management- Service Fee	To record payments made in relation to air traffic management service fees	Supplies and consumables	all
2805	Franchise Shipping	To record payments made for franchise shipping costs incurred	Supplies and consumables	all
	Uniforms		Supplies and consumables	all
2901	Uniforms	To record payments made for the purchase of uniforms.	Supplies and consumables	all
2902	Outfit Allowance	To record payments made for allowances provided for the purchase of outfitting (uniforms, clothing, etc) that is not part of the employment benefit or salary structure.	Supplies and consumables	all
	IRD Payments		Supplies and consumables	all
2950	IRD - Refund of Previous Years	To record payments made as refunds by IRD to individuals or companies for prior year assessments.	Supplies and consumables	all
	Utilities		Supplies and consumables	all
3001	Electricity	To record payments made for electricity costs incurred.	Supplies and consumables	all
3002	Gas	To record payments made for gas costs incurred.	Supplies and consumables	all
3003	Postal Charges	To record payments made for postal charges incurred.	Supplies and consumables	all
3004	Internet, Radio and Satellite	To record payments made for internet, radio and satellite costs incurred.	Supplies and consumables	all
3005	Telephone and Faxes	To record payments made for telephone and faxes costs incurred.	Supplies and consumables	all
3006	Water	To record payments made for water costs incurred.	Supplies and consumables	all

APPENDIX 8 – INDICATIVE NATIONAL CHART OF ACCOUNTS CAPITAL EXPENDITURE CATEGORIES (COURTESY OF SOLOMON ISLANDS GOVERNMENT ISLANDS⁶¹)

Yellow highlighted accounts are those which could be used to describe capital expenditures associated with CTI Actions and Activities in project budgets.

Account	Description	Glossary	Budget Classification	Min
5050	Capex -Land	To record payments made in purchasing Land	Capital Exp	all
5100	Capex -Non Residential Buildings	To record payments made in purchasing Non Residential Buildings	Capital Exp	all
5150	Capex - Residential Buildings	To record payments made in purchasing Residential Buildings	Capital Exp	all
5160	Capex - Residential Buildings - Furniture	To record payments made in purchasing Furniture and Fittings for Residential Buildings	Capital Exp	all
5200	Capex - Roads and Bridges	To record payments made in purchasing Roads and Bridges	Capital Exp	all
5250	Capex - Structures, Airfields and Wharves	To record payments made in purchasing Structures, Airfields and Wharves	Capital Exp	all
5300	Capex - Ships	To record payments made in purchasing Ships.	Capital Exp	all
5305	Capex - Canoes and Boats	To record payments made in purchasing Canoes and Boats	Capital Exp	all
5350	Capex - Motor Vehicles	To record payments made in purchasing Motor Vehicles	Capital Exp	all
5400	Capex - Plant and Machinery	To record payments made in purchasing Plant and Machinery.	Capital Exp	all
5450	Capex - Office Equipment	To record payments made in purchasing Office Equipment	Capital Exp	all
5500	Capex - Communications Equipment	To record payments made in purchasing Communications Equipment	Capital Exp	all
5550	Capex - Computer Software and Hardware	To record payments made in purchasing Computer Software and Hardware	Capital Exp	all
5575	Capex - Specialised Equipment	To record payments made in purchasing Specialised Equipment that is not covered by any of the above descriptions.	Capital Exp	all
5580	Capex - Other Equipment	To record payments made in other equipment which is not covered by the above descriptions and is classified as Capital Expenditure.	Capital Exp	all

⁶¹ This material is taken from the SIG (Solomon Islands Government) Chart of Accounts Manual dated 19th October 2012 (Table 6). NB: Capital expenditure is spending on assets. It is the purchase of items that will last and will be used time and time again in the provision of a good or service. In the case of the government, examples would be the building of a new hospital, the purchase of new computer equipment or networks, building new roads, etc

APPENDIX 9 – INDICATIVE TERMS OF REFERENCE FOR CTI BUSINESS DEVELOPMENT UNIT (BDU)

Operationalizing Project Support Functions in CTI

In determining how best to operationalize the project support functions needed for CTI to implement its financial architecture, a review was undertaken of the existing plans for the RS. The functions envisaged for the RS in Article 5: Functions⁶² of the RS (Appendix 4 of the 2015-2017 Operational and Business Plan) provide *inter alia* that it should: “(b) coordinate the implementation of the CTI-CFF RPOA and provide support to, and coordination with, NCCs, including advising the CTICSO on emerging opportunities and priorities related to reaching goals and targets of the RPOA” and (f) “assist the Parties in financing agreed projects and activities through support from CTI Partners and financial institutions”.

An operational plan and budget for the RS were endorsed by CTI CSO and approved by at the COM in the Joint Ministerial Statement of the 5th Meeting of the CTI-CFF Council of Ministers in Manado, Indonesia on 15 May 2014. This plan, set forth in Attachment A of the Chairman’s Summary of the Special Senior Officials Meeting (S-SOM) held in Manado, Indonesia, 14-15 May 2014, lays out a 4-year process of building up the RS as an functional entity, with staffing funded by CT6 members’ national contributions. During this build-up period, all of the RS’ functions are dedicated to the internal operations of the RS itself, rather than performing functions dedicated to structuring and funding CTI programs and projects.

A position for Deputy Executive Director for Program Services appears In the 2016 plan, and the envisaged functions of this position include “working more actively [to] engage with the CT6 and CTI Partners to develop strategies and programmes in support of the implementation of the RPOA, including new funding and new partnerships”⁶³. However, the project preparation and funding functions essential to CTI sustainably managing a portfolio of regional (RPOA type) programs are not envisaged. A series of organigrams depict the agreed RS structure and staffing, based upon its budget, as projected for each year 2014 through 2017.

According to the plans as approved by CSO at the S-SOM, there will be at least 2 years from the time of this report (2Q2015) before the RS has evolved to the point shown in Figures 8 and 9 above. However, there remains the “urgent need to mobilize and channelize resources to achieve the objectives set out in the Regional Plan of Action (RPOA) and action projects incorporated in the National Plans of Action (NPOAs)”. Therefore, an interim solution needs to be implemented so that RPOA and other Actions and Activities such as the Showcase Projects identified and approved by SOM10 can be prepared and funded with no loss of momentum.

Business Development Unit (BDU)

The BDU can fill this gap. SOM10 recommended its immediate implementation, and ADB has agreed to provide initial funding for its setup and initial activities through 2015⁶⁴. In this way, work on the costing and project development processes described herein and in the Situational

⁶² 2015-2017 Operational Plan and Budget, Appendix 4

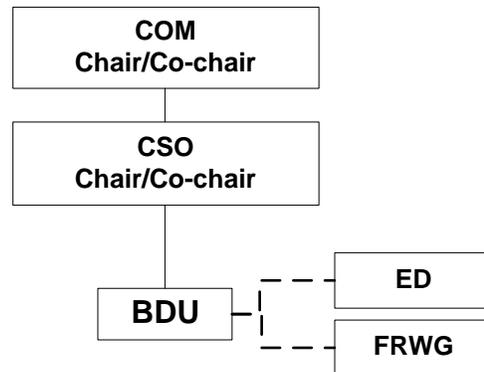
⁶³ 2015-2017 Operations Plan and Budget, p.11

⁶⁴ ADB and CTI will prepare TORs for the BDU (v. draft at Appendix 9).

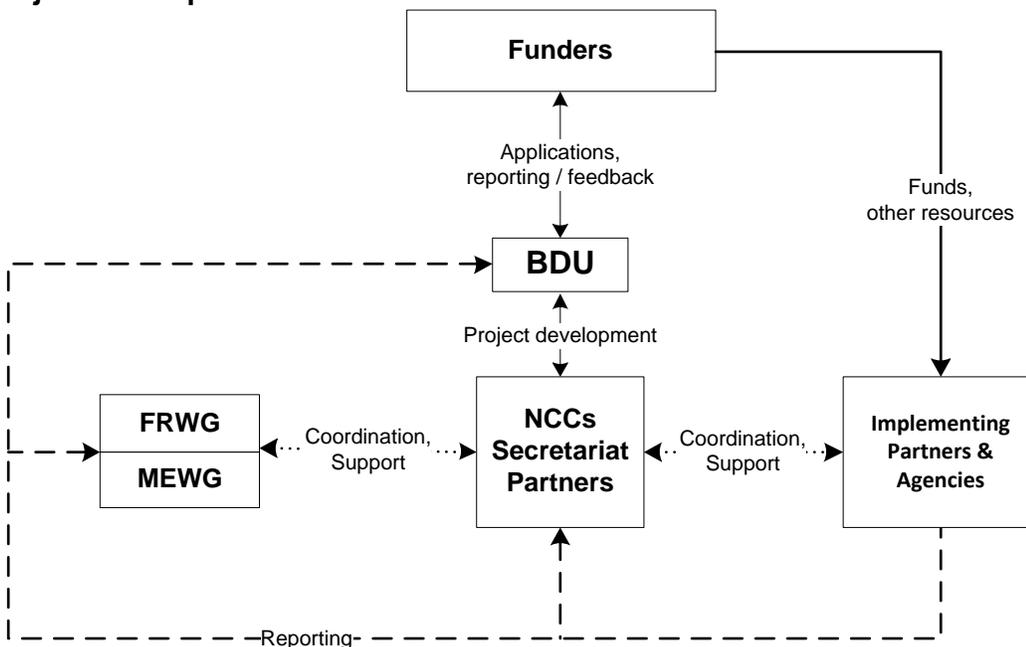
Assessment Report can proceed smoothly without loss of momentum or having to wait for RS program-oriented functions to be staffed in 2016-7.

BDU can work with the CT6 countries (NCCs) through FRWG, with partners through ADB, and liaise with the other TWGs as needed (e.g. in the context of detailed project definition, costing, and structuring). When the position is ultimately filled in 2016-17, the BDU can report to RS Deputy ED, Program Services. Initially, BDU can report to the CSO Chair, working closely with the RS Executive Director. This will provide the mechanism for a continuous transfer of key project support functions to RS as they are developed and piloted in BDU.

BDU reporting lines



Project Development Flow



BDU Initial Activities

The BDU should concentrate on RPOA projects, and not on nationally-funded NPOA Actions and Activities. However, it should make support available to any CT6 government which requests help

with NPOA projects which (a) require supplementary international financing or (b) have been aggregated into regionally-fundable larger projects.

The BDU should undertake the initial activities listed below to address issues identified in the Situational Assessment and Financial Architecture studies, so that the new Secretariat can show quick results in 'critical path' areas such as completed NPOA costing, structuring of showcase projects, and improved and new funding mechanisms, including further development work on the proposed CTI Fund.

Initial BDU activities, commencing 2Q 2015, can prioritise the following:

- Assist with the ongoing task of Action and Activity costing of both RPOAs and NPOAs⁶⁵. This process, which the Philippines has completed and Indonesia has recently begun, is the foundation for all future budgeting and funding work, and should be completed within 2015 in all CT6 countries in order to generate the financial data and projections needed alike by national governments, by public and non-profit development partners, and by corporate partners.
- Aggregate detailed costing data into CTI project documentation to international standards, so that credible project budgets can be produced for both public and private sector funders, focusing on the national Showcase Projects confirmed at SOM10 as their cost data becomes available.
- Assist with organization of Regional Business Forums to bring CTI assets and projects to the attention of potential corporate partners in industries such as tourism on both CSR and commercial venture bases.
- Work to develop new partnerships with potential funders, especially international development funds mandated to support climate resilience and adaptation, and large foundations, and examine the viability of developing a CTI-branded or co-branded donor aggregation portal (DAP), and of working with existing DAPs to establish new funding channels for structured CTI Actions and Activities.

BDU will work closely with ADB and deliver its progress report to the next SOM later in 2015.

⁶⁵ ADB has agreed to support this activity under its existing CTI-related regional technical assistance projects.

APPENDIX 10 – SUMMARY TERMS AND DRAFT DECISION DOCUMENT RE CTI REGIONAL FUND

STRUCTURE AND MECHANISMS OF A CTI REGIONAL FUND

I. Background

Under the CFI-CFF Financial Regulations (Regulation 7 Article 2), there are provisions on the establishment of CTI Funds or Special Funds as follows:

“The CTI-CFF Funds and Special Funds may be established by the Secretariat for the purpose of receiving funds and making payments for purposes not covered by the regular budget of the Secretariat. The CTI-CFF Funds and Special Funds shall only be used in accordance with the purposes for which and any conditions under which such Funds have been provided. The CTI-CFF Funds will be those funds where there are on-going monitoring and reporting obligations to the donors of the funds. The Special Funds will be any others funds provided for specific purposes that are not CTI-CFF Funds or General Fund.”

Recent reports undertaken for CTI, including the Situational Assessment and Financial Architecture study, support the possible utility of establishing one or more CTI-CFF or Special Funds (“Fund”) to channel funding to CTI’s RPOA and NPOA Actions and Activities, as they are not covered under the General Fund.

The CTI Financial Resources Working Group (FRWG) meeting in Manila in October 2014 recommended the establishment of a Fund, and this was endorsed by the CTI Committee of Senior Officials during its 10th Meeting in Timor-Leste in November 2014. The FRWG was further tasked “to work with the necessary experts in developing the structure and mechanism of such Fund for review by the CTI Committee of Senior Officials at its 11th Meeting in 2015.”

II. Issues

Funds of all types, including trust funds (TFs), are organized to pool financial resources, contributed usually by more than one donor, for more efficient management, better access to investment opportunities, or to accommodate larger-scale projects and activities. Fund assets (contributions and investment income) are, in the case of trust funds, held by fiduciaries and managed pursuant to the terms of a trust deed with the contributors (grantors) or similar agreement.

As described in the Final Report of the CTI Financial Resources Study (Section III.B.1), there are several possible structures which CTI could use for the Fund at either regional or national level (or both), including:

- Endowment Funds, which generally require the corpus (initial contributed capital and subsequent contributions) to be maintained for the life of the trust, and not spent or distributed. This corpus is invested by the trustee(s), and amounts spent to fund projects come from investment income. Endowment funds are the most sustainable as corpus is

never depleted. Their ability to fund projects and activities, however, is a function of their ability to generate investment income. In the current capital markets, with interest rates on government securities at historic lows, a substantial amount of principal is required to generate even modest grantable income.

- Revolving Funds, where both the corpus and any income may be spent to fund on activities, but for which there exists one or more replenishment sources (e.g. tax, guarantor, donors, or other source). Most revolving funds have limited or conditional terms and are not held in perpetuity. Provided the replenishment sources can be institutionalized and regularized, a revolving fund may be almost as sustainable as an endowment fund, with greater grantable funds compared to its corpus.
- Sinking Funds, which are structured to be paid out in entirety over a finite life, e.g. making payments such as funding a series of scheduled investments.
- Umbrella Funds, which are established to centralize management and administration of multiple small funds.
- National Funds, which are established by national legislation or under existing laws to set aside money either from domestic or foreign sources, for specific CTI purposes or programs, outside the normal public budgeting process.

CTI-CFF Funds could take any, or a combination, of the above forms, to be determined once (a) the NPOA and RPOA costing exercise has been completed in enough detail so that the quantum, timing, and other dimensions of CTI's project financing requirements have been documented, and (b) potential contributors have been canvassed and their structural preferences ascertained.

As reported in the Final Report of the CTI Financial Resources study, accurate and detailed costing and budgeting is a prerequisite to understanding fully CTI's financing needs at the project level, for project costs are not covered under the CTI-CFF General Fund. As that data becomes known, an orderly process can be followed to establish the Fund, together with other sustainable financing mechanisms.

III. FRWG Recommendations to the CTI Committee of Senior Officials (CTI CSO)

Based on the above, proposed FRWG recommendations to the CTI CSO:

1. Acknowledge the importance of proceeding in a systematic way towards establishing a Fund.
2. Approve the following process to move towards establishment of a CTI regional fund ("Fund"):
 1. To complete the prioritization and costing of Actions and Activities under RPOA and NPOAs up to 2025.
 2. Based on the completed costing data and financial projections, to identify the initial investment components of those costs and segregate them from the ongoing recurring cost components, and determine the quantum of funding required for each.
 3. To determine the level of current national government funding for NPOA projects, and the amounts in their current budget cycles allocated to their respective NPOA Actions and Activities and any amounts budgeted for national contributions to RPOA Actions and Activities, in order to

determine the net project financing requirements e.g. projected gaps in financing for (a) investment, and (b) recurring expenses.

4. To propose a Fund structure which reflects the above CTI funding requirements as well as structural preferences of prospective contributors for consideration of possible next steps.