



CORAL TRIANGLE INITIATIVE

ON CORAL REEFS, FISHERIES AND FOOD SECURITY

Annex –7
Decision Document on:
Financial Resources Working Group

The 9th CTI-CFF SENIOR OFFICIALS MEETING (SOM9)

**26 - 27 NOVEMBER 2013
MANILA, PHILIPPINES**

**Adopted on 26th November 2013
by the Governments of Indonesia, Malaysia, Papua New Guinea,
The Philippines, Solomon Islands, and Timor-Leste**

I. Background

In a decision at SOM8 held in Kuala Lumpur in November 2012, the CTI-CSO endorsed the following action items for the FRWG to act on:

1. With the support of CTI Partners, conduct a study with the following objectives:
 - a. Investigate the options of CTI-CFF for financial mechanisms, including current funding mechanisms;
 - b. Assess the feasibility of creating a CTI-CFF Regional Fund;
 - c. Assess options for the role of the Regional Secretariat in the financing mechanisms;
 - d. Suggest goals, targets and strategies for effective funding and implementation of the CTI-CFF RPOA and NPOAs.
2. Develop a detailed ToR for said study with the following timeline:
 - a. First draft of the ToR circulated to the CT6 and CTI Partners by 15 December 2012
 - b. Final draft completed by 30 April 2013
3. Ensure immediate implementation of the study upon completion and agreement of the ToR by the FRWG.

On 21 March 2013, the FRWG reviewed and agreed on the ToR for a study to support the development of the *CTI-CFF Financial Architecture and Strategy* and requested ADB to initiate the study.

II. Decisions

Based on the presentations made by the FRWG and discussions at the session on *Financial Resources Working Group* at SOM9, the Senior Officials hereby:

1. Acknowledge the progress report of the FRWG;
2. Request the continued implementation of the FRWG roadmap for 2014-15, which will be presented in the next SOM with a view to exploring opportunities for funding through an upcoming GEF facility;
3. Request ADB, before programming for GEF6 projects, to convene a meeting and conduct in-country consultations to review current GEF4/5 projects in Southeast Asia and the Pacific;
4. Request the FRWG to study the requirements expressed by the thematic WGs, such as the need for coordinators and other concerns identified in their respective priorities;
5. Acknowledge the *Terms of Reference for a study to support the development of the CTI-CFF Financial Architecture and Strategy* (Attachment 1) and affirm the initiation of the study by ADB, noting with appreciation ADB's commitment to submit to FRWG review the study's inception report within the first quarter of 2014.

ATTACHMENT 1

Terms of Reference for a study to support the development of the CTI-CFF Financial Architecture and Strategy

I. Background

The **Coral Triangle Initiative (CTI)** is a six country program (Indonesia, Malaysia, Papua New Guinea, Philippines, Solomon Islands, and Timor-Leste) of regional cooperation on **Coral Reefs, Fisheries, and Food Security (CTI-CFF)**. The multilateral partnership is working together to sustain extraordinary marine and coastal resources by addressing crucial issues such as food security, climate change and marine biodiversity. Specifically, CTI is focused on:

- a. Designation and effective management of priority seascapes
- b. Application of the Ecosystem Approach to Management of Fisheries (EAFM) and other marine resources
- c. Establishment and effective management of marine protected areas
- d. Climate change adaptation measures
- e. Protection of, and improvement in, the status of threatened species

To mobilize financial resources to support the CTI Goals, the CTI countries have estimated the immediate (short-term) funding needs and presented them at a High Level Financial Roundtable. However, it was deemed that to fully develop the building blocks of the CTI financial architecture and to implement a strategy to mobilize financial resources to support the CTI Goals, a study must be conducted to further assess the region-wide financing needs and options for the short, medium and long term.

II. Terms of Reference - Consulting Services

2.1. General Approach

The CTI-CFF Financial Resources Working Group reviewed the proposed terms of reference for assessments and studies to prepare and enhance the process for designing the CTI-CFF financial architecture and financial strategy. Several important points discussed were the need to agree on a general approach to the conduct the studies. The proposed approaches are as follows:

- The terms of reference for a study or studies to further detail the CTI-CFF financial architecture should be developed with the active participation of the CT6 and CTI Partners.
- An assessment of the extent of resources needed to effectively overturn and manage the threats to the sustainability of marine resources in the CTI is needed; however such an assessment should also take stock of the fact that the CT6 countries are already undertaking major efforts in this respect.

- A 'business development unit' is a potential component in the CTI financial architecture, however there is a need to strategically assess the roles and functions of such a unit in relation to the permanent Regional Secretariat.
- The study should take into account existing studies and prioritization by technical working groups in the Coral Triangle, notably those that quantify the funding needs and proposed funding mechanisms.
- The study should integrate existing models of sustainable financing within the CTI-CFF that are proven to be best practices and have already been implemented in the CT6, and
- There should be greater clarity in the planning of studies, to ensure that the various components of the study fit together in a way that is relevant to the objectives of the CTI-CFF. One critical aspect is the strong linkage to the RPOAs and NPOAs as the vision and mission of the CTI at the regional and national levels respectively.
- A study that takes into account the above points should be undertaken in the context of evaluating the various scenarios and designing a long term sustainable CTI program that would be the road map of the future. The study should take into account the requirements of the CTI Partners.

2.2. Study Components

The services of an international consulting firm are required to undertake a regional and country level study which will support the development of a CTI financial architecture and strategy for resource mobilization. The study will include but not be restricted to the following activities:

A. Assessment of region-wide medium and long term (to 2025) resource requirements

1. A region-wide (regional and country level) situational assessment and analysis of the Coral Triangle ecosystems with special reference to climate change, endangered species, and declining coastal and marine resources. The assessment will highlight critical threats and vulnerabilities that will adversely impact the sustainability of the coral reefs, marine ecosystems and the coastal communities in the Coral Triangle, and forecast future scenarios of deterioration of marine biodiversity and food security if current trajectories (the 'business as usual' scenario) are not reversed.
2. Identify key remedial actions to overturn critical threats to the sustainability of coastal and marine resources and coastal communities, and develop projections of possible scenarios/results of those actions.
3. Recommend courses of action/programs based on projected scenarios, with recommended measurable levels of fish population, protection of the coral reefs and improved food security.

4. List order-of-magnitude and resource requirements for implementing the recommended courses of action/programs in point 3 above, estimate their cost requirements, assess available financial resources, and ascertain resource shortfalls.
5. Identification of priority projects under RPOA and NPOAs that are viable in the short and medium term and can be developed for public and private investment.

B. Assessment and design of fund generation and mobilisation mechanisms

1. Assess key areas of strengths and expertise within CTI in terms of fund generation, receipt and disbursement, both public as well as private funds (including through a regional fund, payment of ecosystem services, institutional financing, etc.).
2. Design a planning framework to address resource shortfall as identified in component A above, including proposals for financing/investment strategy for projects that are bankable under the RPOA and NPOAs in the short and medium term.

C. Assessment and design of the institutional framework for sustainable financing of CTI-CFF programs

1. Assess a range of options for alternative institutional framework for ensuring sustainable resource mobilization and financing of CTI-CFF programs, including the establishment of a regional fund to finance the CTI programs.
2. Develop a financial strategic plan that will form the roadmap for collective action and resource mobilization consisting of sequenced action steps to be undertaken by various entities across sectors and countries. Provide at least 3 illustrative pilot projects that can be implemented in the short term.
3. Design an appropriate monitoring and evaluation system to assess the operational working and the effectiveness of the financing strategies. An annual strategic review process will need to be developed to effect realignment of plans and readjustment of strategies, if necessary.

III. Deliverables and timeframes

All deliverables listed below will be submitted to the FWRG and ADB for review, comments, revision and finalization. A comprehensive presentation on the draft report (d) will be made to the FWRG & ADB. Upon recommendation of the FWRG, further presentation may be given to the CTI Council of Senior Officials and/or the CTI Council of Ministers, for decisions and/or approval. The consulting firm will liaise with a project assistance facility to be established by ADB on all matters relating to the study and for receiving timely feedback from the FWRG.

	Deliverables	Timeframe
a.	Inception Report	2 weeks
b.	Situational assessment report together with a report on the CTI-CFF region-wide funding needs for the short, medium and long term (until 2025)	10 weeks
c.	Report on assessment and design of the institutional framework for sustainable financing of CTI-CFF programs	16 weeks
d.	Draft report for achieving short, medium and long term goals and targets (up to 2025) including options for the generation and establishment of the fund that will cover , receipts and disbursement of financial resources.	22 weeks
e.	Final report on the CTI-CFF programs and a strategic road map for implementation.	26 weeks

(The total time frame of 26 weeks is computed from mobilisation of consulting firm)

IV. Experience and expertise profile of the consulting firm

- a. The study should be undertaken by a reputable investment strategy and project development consultancy firm with adequate experience in formulating plans at country and regional levels. A team of multidisciplinary and inter-sectoral experts (environment, finance and socio-economist), will be required to interact with key stakeholders, agencies, government departments, as well as professional regulatory bodies, organisations, academe and development partners.
- b. The Team Leader should be able to provide guidance on critical issues especially with regard to the threats faced within the Coral Triangle and an assessment of the social, economic and political consequences of the continuing decline in the state of the marine and coastal resources. The Team Leader should have an international network amongst various sectors and disciplines and experience of working in both developed and developing economies.
- c. The team should preferably comprise both international and local consultants to ensure a better appreciation of national and regional issues especially those relating to coastal communities. The consultancy firm should have the ability to present its findings and recommendations with credibility and formulate a strategic roadmap that is acceptable to CT6.