

**3rd EAS Partnership Council Meeting
Agenda Item 6.0 Council Session**

A TRANSFORMED PEMSEA: VISION, MISSION AND OPERATING MODALITY

1. The signing of the agreement recognizing PEMSEA's international legal personality has brought new opportunities as well as new challenges to the organization. The 6th Executive Committee (EC) meeting of PEMSEA (Beijing, March 2010) stressed that the next few months will be a critical time for planning and developing a "transformed PEMSEA".
2. The purpose of the attached document entitled, "Blueprint for a Transformed PEMSEA" is to present key features of a "transformed PEMSEA" that require consideration and discussion by PEMSEA Partners and other stakeholders. The paper includes contributions from PEMSEA's Executive Committee during its March 2010 meeting, as well as inputs from an informal working group, which was organized by the Secretariat to provide advice on the essential aspects of developing and sustaining an international organization in the East Asian region.
3. Five aspects of PEMSEA's Transformation are outlined in the document, namely:
 - a) The legal status of PEMSEA (Annex A);
 - b) A 5-year implementation plan for SDS-SEA (Annex B);
 - c) A strategic plan for promoting PEMSEA's advocacy (Annex C);
 - d) Re-engineering of the PEMSEA Resource Facility (Annex D); and
 - e) A sustainable financing strategy, mechanism(s) and implementation plan (Annex E).
4. These aspects of PEMSEA's transformation will be discussed in greater detail under agenda items in the Technical and Intergovernmental Sessions, but have been incorporated into the Blueprint for PEMSEA's Transformation to emphasize their interlinkages in the transformation process.
5. The paper proposes how to proceed with the development and approval of an implementation plan for a transformed PEMSEA. In particular, it recommends that a Technical Working Group on PEMSEA's Transformation (TWG) be organized, to oversee the entire planning process. The TWG would be comprised of representatives of PEMSEA Partners, external consultants on legal and institutional development and relevant staff from the PEMSEA Resource Facility. A work schedule has also been recommended for the TWG.

Actions for consideration by the Council Session:

6. The Council Session is invited to review the attached document, and provide feedback on the vision, mission and operating modalities of a transformed PEMSEA.
7. The Council is also invited to consider the following recommendation:

Working under the guidance of the Executive Committee, the PEMSEA Resource Facility will:

1. Organize a TWG comprised of representatives of PEMSEA Partners, external consultants on legal and institutional development and relevant staff from the PEMSEA Resource Facility for the preparation of:
 - ⇒ a 5-year implementation plan for SDS-SEA;
 - ⇒ a strategic plan for promoting PEMSEA's advocacy;
 - ⇒ re-engineering of the PEMSEA Resource Facility; and
 - ⇒ a sustainable financing strategy, mechanism(s) and implementation plan.
2. Adopt a work schedule for the preparation of the transformation plan, which would include submission of the draft plans to the next Council meeting in 2011; and
3. Implement collaborative planning with Country and Non-Country Partners for the preparation of the draft documents.

**BLUEPRINT FOR A TRANSFORMED PEMSEA
(DRAFT FOR DISCUSSION)**

June 2010

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BLUEPRINT FOR A TRANSFORMED PEMSEA

INTRODUCTION

With the signing of the Agreement Recognizing the International Legal Personality of PEMSEA by eight governments of the region in November 2009, PEMSEA became an international organization. PEMSEA now has its own legal personality and may perform acts and functions in conformity to its objectives. The legal status of PEMSEA is further discussed in Annex A.

Recognition of PEMSEA's international legal personality is an important step, moving in stages from a project-based operating arrangement to a self-sustaining, regional organization. The current stage (2008-2012) is called the *transition phase*. During this phase, Country and Non-Country Partners and other stakeholders will develop, agree on and commence the implementation plan for a transformed PEMSEA. The *transformation phase* involves a second three-year timeframe (2012-2015), in which the plan would be implemented, evaluated and improved by the Partners.

Guided by a set of core values and principles, the proposed implementation plan will identify high-level development goals of PEMSEA. PEMSEA will focus where there are constraints in implementation capacity, filling capacity gaps and helping to build national, local and sub-regional capacities in its special focus area – integrated coastal and ocean management.

This focus will enable PEMSEA to take advantage of opportunities and to complement mandates, capacities and synergies of its Partners. It will also permit investment in management policies, tools and people that are necessary to perform at world-class standards of quality, speed and cost-effectiveness.

The purpose of this concept paper is to describe key features of a “transformed PEMSEA” that require consideration and discussion by PEMSEA Partners and other stakeholders in developing and preparing the implementation plan, as well as to introduce a process for moving forward. The paper includes contributions from PEMSEA's Executive Committee during its March 2010 meeting, as well as inputs from an informal Working Group¹, which was organized by the Secretariat to provide advice on the essential aspects of developing and sustaining an international organization in the East Asian region.

BACK TO BASICS

At the outset, there are some basic principles concerning a transformed PEMSEA and its main functions and operations, which need to be restated with clarity. These can be considered in the context of the following questions:

¹ The members of the Working Group are Prof. Merlin Magallona, Ms. Patricia Sto. Tomas, Raphael P.M. Lotilla, Adrian Ross, Maria Teresita G. Lacerna, and Socorro Guerrero. The Group met on 3 occasions to map out (20 April 2010), review (24 May 2010) and refine (28 June 2010) this working paper.

What is PEMSEA?

- ⇒ PEMSEA is an international organization specializing in integrated coastal and ocean management for the Seas of East Asia.
- ⇒ PEMSEA is the regional coordinating mechanism for the implementation of the Sustainable Development Strategy for the Seas of East Asia (SDS-SEA). The SDS-SEA provides the objectives, action programs and cross-sectoral tools for sustainable coastal and ocean development and management at the local, national, sub-regional and regional levels across the six LMEs of the East Asian Seas region.
- ⇒ PEMSEA is governed by a regional partnership mechanism, the East Asian Seas Partnership Council, which is comprised of Country Partners from the East Asian region, as well as Non-Country Partners from different sectors and different decision-making levels. The intergovernmental, multi-sectoral partnership approach adopted by PEMSEA promotes cooperation, sharing of information and knowledge, and interaction among Partners and collaborators.

What are the principles and values to which PEMSEA subscribes?

PEMSEA's principles and values are based on several sources, notably the Sustainable Development Strategy for the Seas of East Asia, the Putrajaya Declaration, the Haikou Partnership Agreement, the Manila Declaration, the UN Millennium Declaration, and the World Summit on Sustainable Development Requirements for the Coasts and Oceans. PEMSEA is committed to the following core values:

- ⇒ **participation** in SDS-SEA implementation by all countries of the region as well as other stakeholders, within their respective capacities and resources, as the key to confronting the challenges to sustainable development of the Seas of East Asia.
- ⇒ **partnership** as an effective mechanism to facilitate concerted actions in a common endeavor to implement the SDS-SEA, giving due consideration to the initiatives, shared responsibilities, desired outcomes, mutually supportive roles, and the need to address disparities in capacity among the concerned countries and other stakeholders.
- ⇒ **coordination and provision** of technical guidance and assistance to countries and their targeted developmental goals, through long-term capacity-building efforts and on-the-ground planning and implementation of integrated coastal and ocean management programs.
- ⇒ **cooperation** with bilateral and multi-lateral projects and programs at the regional, sub-regional, country and local levels, aimed at sharing knowledge and solving problems and deficiencies in ocean and coastal governance, in support of shared objectives and targets.

What is PEMSEA's mission?

PEMSEA's mission is to proactively build effective intergovernmental and intersectoral partnerships, and to expand the capacities of countries and other stakeholders with innovative, cross-cutting policies, tools and services in integrated coastal and ocean management, in support of SDS-SEA objectives and targets.

What is PEMSEA's vision?

PEMSEA's vision is a self-sustaining international organization specializing in integrated coastal and ocean management, which supports the needs of countries for the sustainable development of coasts and oceans of the East Asian region by pooling and lending skills, knowledge and services through a collaborative network of Partners and other stakeholders.

What is the strategic direction of PEMSEA?

PEMSEA has progressively adapted its organizational arrangements, structure, strategy and services to meet changes in policy and priorities of countries in the region, as well as internationally, during the course of the last 16 years. Whereas the implementation of the SDS-SEA is partly reactive, in order to fulfill its vision and mission, the organization should remain adept and agile under changing circumstances, preparing for and providing effective solutions and services for new and emerging issues.

Distinctive and innovative aspects included in the strategic direction of PEMSEA are:

- ⇒ **Integrating the objectives and obligations of international conventions** and instruments for the protection and conservation of coasts and oceans into comprehensive integrated coastal and ocean management programs;
- ⇒ **Formulating and implementing national policies and action plans** for sustainable coastal and ocean development in at least 70 percent of the participating countries by 2015;
- ⇒ **Operationalizing ecosystem-based management** of watersheds and coastal areas by scaling up ICM at the national, sub-national, sub-regional and regional levels, and providing ICM coverage to 20 percent of the region's coastline by 2015;
- ⇒ **Building and transferring information, skills, and cross-cutting tools** to enable countries to meet priority and emerging challenges to sustainable development including: climate change and other natural and man-made hazards; biodiversity loss and destruction of habitats; water quality degradation and access to adequate safe water supplies; food security and poverty in coastal areas; and pollution reduction/waste management and energy conservation;
- ⇒ **Actively pursuing synergies and increased coherence across sectors** through partnerships with communities, non-government organizations, the business community, the private sector, the academe, etc.;
- ⇒ **Taking into account the priorities and capacities within and among countries** and the specificities of the national, bilateral and multilateral programs in the LMEs of the region in preparing and operationalizing technical support and capacity development programs;
- ⇒ **Implementing all of the above within the framework of the SDS-SEA.**

What are the benefits of PEMSEA?

PEMSEA is unique within the region, and possibly globally, as an international organization specializing in sustainable development of coasts and oceans through integrated coastal and ocean management. To provide greatest value, PEMSEA targets areas within its mandate and core competences, where operational capacities of our Partners and collaborating organizations do not meet existing or planned demands, or

where the countries of the region will benefit from additional capacity through shared-service approaches.

Partners derive direct benefit from PEMSEA through:

- ⇒ **joint planning among Partners and collaborators**, providing opportunities to share perspectives, explore new ideas and develop priorities with respect to SDS-SEA implementation, including related projects and programs of countries and their partners. The process strengthens interactions and synergies on planning, implementation, reporting of progress, and sharing of information and knowledge among the different countries, levels of government, agencies and sectors.
- ⇒ **mobilizing resources, capacities and services** in support of SDS-SEA implementation, including the development of project proposals that respond to country needs, identifying sources of external financing/funding for projects, and facilitating technical and scientific support to overcome challenges and constraints to sustainable development;
- ⇒ **building capacity and providing technical assistance and support for ICM development, implementation and scaling up** through the establishment of a network of ICM Learning Centers within countries and across the region, supported by PEMSEA-approved model ICM training courses, certified ICM trainers, internship programs, study tours, and special skills training covering priority concerns, including climate change adaptation, disaster management, integrated river basin and coastal area management, and food security/coastal fisheries management;
- ⇒ **networking among local governments implementing ICM** within countries and across the region, providing learning experiences, information sharing and solutions to meet the management challenges being faced by Local Chief Executives and ICM implementers;
- ⇒ **engaging the business community/private sector** as partners in the scaling up of ICM programs at the country and regional levels, as well as credible and willing investors in environmental infrastructure and conservation projects, and serving as the honest broker between governments and the private sector in forging public-private partnerships;
- ⇒ **developing and implementing inter- and intra-regional partnerships in capacity building** to share PEMSEA's knowledge and experience in integrated coastal and ocean management, as well as to benefit from the experience and expertise of other projects and programs within and outside of the region;
- ⇒ **monitoring, evaluating and reporting** on the progress, achievements and gaps in SDS-SEA implementation, as well as emerging trends in coastal and ocean management in the region with a functional State of the Coasts reporting system; and
- ⇒ **developing and strengthening national, regional and global advocacy** for sustainable development of coasts and oceans, by ensuring that our responses, advice, standards of practice, guidelines, training and broader technical services reflect the latest experiences, scientific and technical knowledge, best practices and international standards, in order to fill gaps, build capacities and meet the targets and objectives of countries.

What is the role of the EAS Partnership Council?

The EAS Partnership Council is the highest organ of PEMSEA. The main functions of

the Council are to:

- ⇒ **define the general policy of PEMSEA;**
- ⇒ **make recommendations** to Country and Non-Country Partners on matters related to SDS-SEA implementation;
- ⇒ **receive and consider** new and changing policies, instruments and conditions at the country, regional and global levels and refine/adapt the SDS-SEA in accordance with such shifts;
- ⇒ **review, evaluate and approve** measurable, time-bound targets for the implementation of the SDS-SEA in accordance with the priorities and capacities of the Partners;
- ⇒ **establish technical and scientific working groups** to formulate new tools, skills, materials, standards and researches required to support improved/strengthened capacities to implement SDS-SEA; and
- ⇒ **regularly evaluate the effectiveness of PEMSEA** as a regional partnership mechanism and the progress being made toward objectives and targets for improved coastal and ocean management of the Seas of East Asia, making refinements/recommendations for improvements as appropriate.

What is the role of the Executive Committee?

The work of the Executive Committee focuses on providing strategic direction and advice for the activities of PEMSEA, the discussion of specific policy issues, and the provision of guidance on finance and development of PEMSEA.

The main functions of the Executive Committee are to:

- ⇒ **oversee the implementation of decisions made by the Council;**
- ⇒ **approve the annual work program and budget** developed within the overall framework of activities adopted by the Council;
- ⇒ **ensure that the PEMSEA Resource Facility's (PRF) capacity, financing and manpower** are equal to the requirements of PEMSEA's programs and plans;
- ⇒ **review and approve new applications** for PEMSEA Partners and Sponsoring Organizations;
- ⇒ **govern the PEMSEA Partnership Fund** in accordance with regulations and guidelines established by the EAS Partnership Council;
- ⇒ **monitor** the work program and budget of the PRF;
- ⇒ **evaluate** the PRF's performance against the agreed set of indicators; and
- ⇒ **assess** the overall direction and achievements of PEMSEA, **and make recommendations** for improvements/changes to Council.

What is the role of the PEMSEA Resource Facility?

The PEMSEA Resource Facility has a number of key functions in support of the PEMSEA Partners, including:

- ⇒ **providing Secretariat Services** to the EAS Partnership Council, the Executive Committee and the Partners;
- ⇒ **promoting, facilitating and undertaking proactive initiatives** to support countries in the establishment of policies, legislation and institutional arrangements in support

- of national SDS-SEA programs;
- ⇒ **developing capacities among Partner countries and local governments** for ICM scaling up to achieve the target of 20 percent coverage of the regional coastline by 2015 as well as to address emerging issues such as climate change adaptation and disaster management;
 - ⇒ **establishing a regional support network** for countries and other stakeholders through Areas of Excellence, ICM Learning Centers, and National and Regional Task Forces, and collaborations with universities and scientific and technical institutions, financial institutions, donors and the business community/private sector;
 - ⇒ **serving as a regional center of excellence in ICM development and implementation**, providing Partners with access to the latest information, knowledge, tools, skills and experiences; and
 - ⇒ **proactively promoting PEMSEA's advocacy for sustainable development of coasts and oceans** by organizing major knowledge-sharing events and activities within the region, including the EAS Congress, and participating in international meetings/experts forums to share best practices and develop international standards.

PLANNING FOR SUCCESS: THE WAY FORWARD

To prepare for the future, there is a need to first assess PEMSEA's current position with respect to its strategic roadmap for sustainable development of the Seas of East Asia. Based on this knowledge, the Partners can then decide on what needs to be strengthened, changed or added in order to advance, individually and collectively.

SDS-SEA Implementation 2011-2015

The SDS-SEA review process was initiated in March 2010, with the planning and initiation of an SDS-SEA implementation review exercise, in which all Country Partners and a majority of Non-Country Partners are participating. The results of that work are designed to answer the following questions:

1. What changes have occurred/are occurring within countries and in sub-regional sea areas in accordance with the strategies and objectives of the SDS-SEA?
2. Where are the gaps and weaknesses in the delivery of targeted outputs and why are they occurring?
3. What are the critical social, economic and environmental trends and transboundary concerns emerging in the region?
4. What issues and priorities need to be strengthened or added to the SDS-SEA in order to maintain/enhance it as a strategic platform for cooperation among Country and Non-Country Partners?
5. What solutions/desired targets can be identified for these issues and priorities and how can these solutions be delivered efficiently and effectively?

Although the SDS-SEA implementation review is a work in progress, a consensus

appears to be emerging among participating countries concerning high-level targets for SDS-SEA implementation over the next 5 years, namely:

1. Environmental sustainability and adaptation to climate change
2. Coastal fisheries management and food security
3. Biodiversity loss and habitat management
4. Water supply use and conservation and integrated water resource management
5. Water quality improvement and pollution reduction/waste management

Clearly, within each of the identified targets (to be finalized through a joint planning approach), at least four cross cutting objectives would need to be developed as part of the 5-year SDS-SEA implementation plan, namely: governance measures; innovative financing tools/instruments; capacity enabling instruments; and on-the ground action programs at priority locations.

Building a Stronger Organization

To achieve PEMSEA's mission and vision, and in support of the proposed 5-year SDS-SEA implementation plan, there is also a need to ensure that PEMSEA's structure, management, operation and administration is fit for the task. This will entail a review of PEMSEA, its financial requirements and arrangements, and its ability to meet the demands and expectations of its Partners and sponsors.

It has been suggested that the assessment and re-engineering of PEMSEA should start with the PEMSEA Resource Facility (PRF), as the operating arm of the organization. With the transformation of PEMSEA into an independent international organization, there is a need to develop and adopt administrative, personnel and financial rules and regulations that are relevant and appropriate to PEMSEA's mission and operating modality. At the same time, it is essential that the PEMSEA Resource Facility meets or surpasses international standards with regard to legal, administrative, technical/scientific, and financial management processes and controls, in order to achieve the objectives and expectations of Partners, sponsors and other collaborators as identified in the 5-year implementation plan for SDS-SEA.

A management results framework will be developed for the PEMSEA Resource Facility. The process of developing the framework will entail a review of the PRF as it is structured and operates now, and an assessment of possible restructuring to ensure that it is capable of contributing to its operational goals and achieving concrete on the ground results. The framework would set out at least four areas under which management results would be specified, namely:

1. **Management, legal, accounting and administrative processes:** detailing a quality management system with appropriate controls and key performance indicators that can be used to measure the effectiveness and efficiency and ensure transparency of the operation;
2. **People:** training, development and recruitment personnel with an understanding of

the region and the competence to lead, coordinate and manage programs, projects and priority issues in support of SDS-SEA implementation;

3. **Finance:** developing and implementing sustainable financing mechanisms, potential sources of funding and a strategy/plan for sustaining SDS-SEA implementation and PRF operations;
4. **Partnerships:** building collaborative relationships, support mechanisms and projects which assist countries directly in progressing towards SDS-SEA targets at the local, national, sub-regional and regional levels.

Proposed Process

It is envisaged that the follow-on process will entail the Secretariat working with Partners and advisors to:

1. Delineate a 5-year implementation plan for SDS-SEA (Annex B);
2. Formulate an implementation plan for promoting PEMSEA's advocacy for sustainable development of the Seas of East Asia (Annex C);
3. Assess and revamp the structure, organization and management system of the PEMSEA Resource Facility (Annex D); and
4. Formulate a sustainable financing strategy, mechanism(s) and plan for the implementation of the SDS-SEA and the operation of the PEMSEA Resource Facility (Annex E).

The annexes to this paper provide further information on each of the 4 activities identified in the previous paragraph, along with a proposed schedule of delivery. Joint planning workshops/consultations will be organized and conducted with Country and Non-Country Partners, sponsoring organizations and collaborators to address these four points, as appropriate. Initial drafts of the SDS-SEA implementation plan, the restructured PEMSEA Resource Facility and the sustainable financing strategy/plan will be prepared and disseminated.

It is recommended that PEMSEA organize a Technical Working Group on Transformation to oversee the entire process of transformation. The TWG would include representatives of concerned Partners, external consultants on legal and institutional development and relevant staff from the PEMSEA. Joint planning workshops/consultations, which are being organized with the Partners, sponsoring organizations, and collaborators to develop the 5-year SDS-SEA Implementation Plan,

It is further recommended that a regional consultative meeting involving interested Partners be organized in October 2010 to review the draft documents, provide inputs/changes and to build consensus.

The revised draft, with the inputs from the regional consultative workshop will be submitted to the Executive Committee for review in December 2010, and ultimately endorsement to the EAS Partnership Council at its next meeting in July 2011.

Work Plan

The series of 4 implementation plans will be completed in parallel and submitted to the EAS Partnership Council in July 2011, in accordance with the work schedule below.

Task	Activity	Date
1	Approval of the Concept Paper	EAS PC Mtg, July 2010
2	Interactive collaborative planning with Partners	August 2010-July 2011
3	Development of the draft frameworks/plans for regional consultation/EC meeting	Expanded EC Mtg, July 2010
4	Draft plans submitted to EC/Partners for review and comment	December 2010
5	Revised plans submitted to EC for review and endorsement to Council	March 2011
6	Final plans endorsed/approved by Council	July 2011

ANNEX A

FREQUENTLY ASKED QUESTIONS ON THE LEGAL STATUS OF PEMSEA (July 2010)

1. What is the legal status of PEMSEA?

PEMSEA is an international organization with legal personality and capacity to enter into contracts, directly receive funds and own property in its own name.

2. What is the legal mandate of PEMSEA?

The legal mandate of PEMSEA, under the Haikou Partnership Agreement for the Implementation of the SDS-SEA (2006), is to serve as the regional mechanism for the implementation of the SDS-SEA.

3. As an international organization, does PEMSEA enjoy immunity from suit?

Currently, PEMSEA does not enjoy immunity from suit because the partner countries only recognized its legal personality. Philippines, under the proposed Headquarters Agreement (HQA) between PEMSEA and the Philippines, will grant PEMSEA immunity from suit in its territory.

4. If PEMSEA does not enjoy immunity from suit, can PEMSEA be brought to court?

Yes. A suit can be filed against PEMSEA in regular courts.

5. What are the benefits of concluding a Headquarters Agreement with the Philippines?

The Headquarters Agreement will grant PEMSEA rights, immunities and privileges necessary for it to function fully as an international organization in the Philippines.

6. When is the process for the approval of the Headquarters Agreement?

The draft HQA underwent review by various government agencies and has been refined and transmitted to the Department of Foreign Affairs (DFA) through the Department of Environment and Natural Resources (DENR) for further action. Should the DFA approve the HQA after receiving confirmations from the various agencies, PEMSEA will proceed with the signing. The Agreement will then have to be transmitted to the Office of the President for ratification. However, the HQA will have to go through the process of concurrence by the Senate, which may take time. PEMSEA will make its best efforts to have the Senate approval of the HQA at least within one year.

7. Can PEMSEA receive financing contributions and generate funds?

Yes, PEMSEA can directly receive financing contributions and adopt mechanisms to generate funds.

8. Can PEMSEA be an executing agency for projects?

Yes. As an international organization with legal personality, PEMSEA can directly receive funds and implement projects.

ANNEX B

Scaling Up the Implementation of the Sustainable Development Strategy for the Seas of East Asia

PEMSEA's Strategic Approach to SDS-SEA Implementation

The implementation of the Sustainable Development Strategy for the Seas of East Asia (SDS-SEA) is a long-term commitment of the countries of the region, their partners and other stakeholders. The strategic approach adopted by PEMSEA countries for the successful achievement of the objectives and targets of the SDS-SEA covers three periods of development and implementation, namely: transition; transformation; and sustainability.

Stage 1: Transition (2008-2012)

Stage 1, the **transitional period** of 3 years, is currently underway, with the support of GEF and UNDP. It has a primary goal of developing and putting into operation a core set of partnership arrangements, programs and capacities at the regional, country and local levels, which will serve as the foundation for SDS-SEA implementation over the longer term. Some key outputs and outcomes identified for this transitional period include:

- ⇒ **recognition of PEMSEA** as an international organization with its own legal personality;
- ⇒ **formulation and adoption of a medium-term SDS-SEA implementation plan**, involving countries, their partners, collaborating international, regional and sub-regional programs and projects;
- ⇒ **development and adoption of national policies, programs and legislation** covering sustainable development of coasts and oceans;
- ⇒ **establishment of national interagency, intersectoral institutional arrangements** for integrated coastal and ocean management;
- ⇒ **formulation and initiation of national ICM programs** among countries of the region, covering 5% of the total coastline of the region by 2010;
- ⇒ **strengthening PEMSEA's national ICM demonstration sites** to serve as learning centers for national ICM capacity development programs;
- ⇒ **development and implementation of south-south and north-south twinning arrangements** on integrated river basin and coastal area management in selected environmental hotspots of the region;
- ⇒ **organization of core networks** of scientific and technical institutions, universities and centers of excellence to provide advice, scientific input and technical assistance and support for SDS-SEA implementation at the regional, sub regional, national and local levels;
- ⇒ **development of model ICM training courses**, special skills training courses, post graduate ICM curriculum, resource materials, guidelines and standards for adoption and use by countries in their respective national capacity development programs;
- ⇒ **facilitation of a strategic partnership arrangement** with UNDP and the World Bank on investments in pollution reduction facilities and services; and

- ⇒ **facilitation of public-private partnership arrangements** between local governments and communities and multinational and national corporations in support of sustainable development of coastal and marine areas and resources.

Stage 2: Transformation (2012-2015)

Following achievement of the outputs and outcomes of the transitional period, PEMSEA is scheduled to move into the **transformation period**, which is estimated to be 3 to 4 years duration, extending to 2015. GEF support will be sought for this stage, following completion of the existing project (i.e., Stage 1).

The main outcomes of the transformation period will be:

- ⇒ scaling up SDS-SEA implementation among PEMSEA countries, with a special focus on increasing investments in climate change adaptation/mitigation, land-based pollution reduction, protection/conservation of “blue forests” habitats, and coastal fisheries/livelihood management;
- ⇒ strengthening PEMSEA as a self-sustaining regional partnership mechanism for the long-term implementation of SDS-SEA; and
- ⇒ filling capacity gaps and disparities at the local, national and LME levels through knowledge-sharing and improved networking and partnership arrangements.

The year 2015 is a milestone year for PEMSEA. It is the targeted date for achieving 20 percent ICM coverage of the region’s coastline, as adopted in the Haikou Partnership Agreement (2006), as well as commitments/actions by countries regarding the implementation of ICM for sustainable development and climate change adaptation, as agreed to in the Manila Declaration (2009), including:

- ⇒ mainstreaming ICM into development plans and programmes at the sub-regional, national and local levels, including the conservation, rehabilitation and management of sub-regional seas and related watersheds;
- ⇒ delineating highly vulnerable coastal areas, coastal communities, resources and habitats, as well as vulnerable sectors of society, and strengthening their capacity to respond and adapt to the impacts of climate change; and
- ⇒ carrying out habitat restoration and management programmes, including coral reefs, seagrass beds, coastal wetlands, and mangroves, establishing marine protected areas, as appropriate, based on scientifically sound information.

Stage 3: Sustainability (2015-2020)

Stage 3, the sustainability period, is where PEMSEA becomes fully functional as a self-sustaining international organization, conducts regular reviews and evaluations of its progress towards the shared vision for managing the Seas of East Asia, translates new objectives of global and regional instruments and emerging trends into its framework and plan for delivery of concrete results, and provides a platform for collaborative forward planning among countries and their partners.

Preparation of the 5-year SDS-SEA Implementation Plan

The preparation of a medium-term implementation plan for SDS-SEA entails the following steps:

- ⇒ review the current status of SDS-SEA implementation in each country;
- ⇒ delineate gaps and challenges being faced by the countries in meeting objectives and targets, as well as new and emerging challenges across the region;
- ⇒ prepare a framework medium-term SDS-SEA implementation plan, and conduct collaborative planning sessions in countries, building consensus on key issues, priority locations, action programmes and stakeholder commitments;
- ⇒ organize a regional planning session to review the consolidated plan, including resources and collaborative activities across sub-regional sea areas/LMEs;
- ⇒ finalize the 5-year implementation plan, identifying needs and opportunities for external assistance (i.e., technical and financial)

PEMSEA has embarked on a process of reviewing the progress and achievements of Country Partners since 2003, as well as their capacity gaps and needs with respect to SDS-SEA objectives and targets. The results are currently being gathered, collated and analyzed, and will be discussed under Agenda Item 8 of the Technical Session.

In order to achieve the final result, a series of consultative workshops will be scheduled at the country level, starting in August 2010, to map out specific targets and priorities of countries for SDS-SEA implementation and LME SAP development and implementation, including resource allocations, capacities and shortfalls, and how these may be achieved through a collaborative approach involving country programs, GEF projects and other bilateral and multilateral support mechanisms.

A draft consolidated SDS-SEA implementation plan will be completed by October 2010, for presentation and discussion at a regional joint planning workshop or an expanded Executive Committee meeting, involving Country and Non-Country Partners, Sponsoring Organizations and other potential collaborators.

The targeted outcome of the joint planning workshop/expanded Executive Committee meeting would be proposed revisions and additions to the 5-year implementation plan, which would be re-packaged and submitted to the Executive Committee for review and approval by December 2010.

GEF Funding for SDS-SEA Implementation

The GEF International Waters Programme has been the mainstay of support for the sustainable development and management of the Seas of East Asia since 1993, allowing countries of the region to jointly develop the SDS-SEA to address their common transboundary concerns, as well as to explore and adopt a collaborative regional partnership mechanism, and various tools, skills and experiences in integrated coastal and ocean management.

With GEF assistance, PEMSEA has been able to build a solid foundation of political commitment and technical capacity. It is upon this foundation that PEMSEA will expand

and scale up, both geographically and functionally, the implementation of the SDS-SEA among Country Partners and their stakeholders. PEMSEA will also harvest the knowledge and experience that has been gained over the past 16 years, to generate coherent knowledge products for transferring and sharing among countries, sub-regional sea areas, and LME SAP projects being supported by GEF in the region.

The scaling up of SDS-SEA implementation is consistent with the GEF-5 IW programming strategy. GEF financial assistance would catalyze key aspects of the 5-year SDS-SEA implementation plan, including:

- ⇒ operationalization of national ICM policies and programs;
- ⇒ strengthening usage of ICM as a management tool for addressing climate variability and change through on-the-ground adaptation actions; and
- ⇒ supporting the development, dissemination and utilization of tools, skills and knowledge among countries and LME projects for ICM implementation.

Considerations concerning the GEF grant application follow.

Project Objective:

The objective of the proposed project would be to scale-up SDS-SEA implementation among countries of the region, with a special focus on improving investments in climate change adaptation/mitigation, land-based pollution reduction, protection/conservation of “blue forests” habitats, and coastal fisheries/livelihood management.

Project components:

The major components/activities of the proposed project would aim to:

- ⇒ **institute** PEMSEA as a fully self-sustaining international organization specializing in integrated coastal and ocean management for the Seas of East Asia region;
- ⇒ **scale up** regional, country and local on-the-ground actions and resources for implementation of the SDS-SEA medium-term plan;
- ⇒ **assist and enable** countries to develop, implement and refine institutional mechanisms, policies and programs for ICM, while considering potential risks and impacts associated with climate variability and change;
- ⇒ **support** the development, adoption and implementation of Strategic Action Programmes (SAPs) among the LME’s of the East Asian Seas region, providing access to PEMSEA’s experience, knowledge and capacities in partnership arrangements, networking and integrated coastal and ocean management;
- ⇒ **increase** interaction and experience-sharing among countries and bilateral and multilateral programs and projects across the region to facilitate the mobilization and scaling up of best practices, including the organization and conduct of the triennial EAS Congress;
- ⇒ **conduct** targeted ICM demonstration projects in ecosystem-based management of transboundary water systems, in collaboration with national and local governments and other stakeholders, covering issues such as climate change/variability impacts, coastal habitat rehabilitation/management and the protection of blue forests; water quality/quantity management and integrated water resource management (IWRM);

- coastal fisheries and food security for the coastal poor; and/or hypoxia in coastal waters and pollution reduction/nutrient management;
- ⇒ **communicate, disseminate and outreach** information on new and innovative tools, training materials, solutions, experiences and lessons learned on the application of ICM as a tool for sustainable development of coastal areas, river basins and coastal seas;
 - ⇒ **fully operationalize and expand** core networks of local governments implementing ICM, south-south and north-south twinning arrangements for integrated river basin and coastal area management, and scientific and technical institutions, universities and centers of excellence providing advice, scientific input and technical assistance and support for SDS-SEA implementation at the regional, sub regional, national and local levels;
 - ⇒ **set up and roll out** innovative financing mechanisms, in partnership with countries, international financial institutions, donors, the business community and/or the private sector, for expanding and sustaining financing and investments in pollution reduction and environmental conservation; and
 - ⇒ **upgrade** public-private partnership arrangements between local governments and the corporate sector as a best practice in corporate social responsibility (CSR) and ICM development, implementation and sustainability.

Project Duration:

The proposed project duration would be 3 years, extending from April 2012 to March 2015.

Consistency of the Proposed Project with GEF Strategies and Strategic Programs

The proposed project would be cover three GEF-5 IW Strategic Objectives, namely:

- ⇒ Objective 1 to catalyze multi-State cooperation to balance conflicting water uses in transboundary surface and groundwater basins while considering climatic variability and change;
- ⇒ Objective 2 to catalyze multi-State cooperation to rebuild marine fisheries and reduce pollution of coasts and LMEs, while considering climatic variability and change; and
- ⇒ Objective 3 to support foundational capacity building, portfolio learning and targeted research needs for joint, ecosystem-based management of transboundary water systems.

In addition to the GEF-5 IW portfolio, 2 other potential sources of funding would be explored, under the UN Framework Convention on Climate Change (UNFCCC), namely the **Least Developed Countries Fund (LDCF)** and the **Special Climate Change Fund (SCCF)**. The opportunity exists for PEMSEA to develop one or more complementary project proposals under the UNFCCC funding mechanism, in collaboration with eligible countries, to access grants in support of climate change adaptation activities.

The LDCF is aimed at addressing the special needs of the least developed countries (LDCs) under the Climate Convention. Adaptation has been identified as the most relevant issue. The fund must finance the adaptation needs of the LDCs that are most

urgent and immediate, as identified and prioritized in their National Adaptation Programmes of Action (NAPAs). Water resources, food security and agriculture, health, disaster preparedness, infrastructure, natural resource management and community-based adaptation are programming priorities identified in existing NAPAs, especially related to improved coastal management. As of June 2010, three PEMSEA Country Partners are eligible for grant support under the LDCF, i.e., Cambodia, Lao PDR and Timor Leste.

The SCCF is open to all vulnerable developing countries that are parties to the UNFCCC, in order to address their adaptation needs. It may finance concrete adaptation measures, which may include longer term time planned response strategies, policies and measures, as well as short-term activities. Among the various SCCF programming priorities are water resources management, land management, health, infrastructure development, integrated coastal management, and capacity building.

In sum, the 5-year SDS-SEA implementation plan would put PEMSEA countries in a good position to request grant assistance from three GEF Funds. However, further discussion is required with concerned countries, GEF and UNDP regarding the best strategy for making applications under the three funds.

Work Plan

The 5-year SDS-SEA implementation plan will be completed and submitted to the EAS Partnership Council in July 2011, in accordance with the work schedule below. Preparation of applications for GEF funding would commence upon approval of the 5-year SDS-SEA implementation plan by the Executive Committee. First drafts of the Project Identification Forms (PIF), as appropriate, would be prepared for consideration/ certification by GEF Operational Focal Points and UNDP by July 2011.

Submission of the PIFs to the GEF will follow the review and approval process of the different Funds.

Task	Activity	Date
1	Approval of the proposal	EAS PC Mtg, July 2010
2	Interactive collaborative planning with Partners	August 2010-July 2011
3	Development of the regional and national reports on SDS-SEA implementation Development of the draft framework plan for regional consultation/EC meeting	Expanded EC Mtg, July 2010
4	Draft SDS-SEA implementation plan submitted to EC/Partners for review and comment	December 2010
5	Revised SDS-SEA implementation plan submitted to EC for review	March 2011

Task	Activity	Date
	and endorsement to Council	
6	Preparation of draft GEF Project Identification Form (PIF) for	April to July 2011
7	Final SDS-SEA 5-year implementation plan and draft GEF PIF submitted to Council for approval	July 2011
8	Review, approval and submission of GEF PIF	December 2011

ANNEX C

CONCEPT PAPER ON THE PEMSEA ADVOCACY PLAN

INTRODUCTION

PEMSEA is envisioned to be a self-sustaining organization specialized in integrated coastal and ocean management and providing assistance to the countries in the region through partnerships and networking. Advocacy campaign is a type of social marketing that is essential to promote PEMSEA and its sustainable development advocacy. Advocacy efforts are essential in introducing PEMSEA and its works to the public to generate public interest, while increasing environmental awareness and consciousness, influencing public policy and mobilizing people and resources to contribute to the implementation of the SDS-SEA. This concept paper maps out the processes and strategic steps to plan and develop the PEMSEA Advocacy Plan (PAP) for 2012-2015.

GOAL AND OBJECTIVES

The goal of the PAP is to mobilize people and resources to contribute to the sustainable development of the Seas of East Asia region particularly in the implementation of the SDS-SEA. The specific objectives of the PAP are:

- ⇒ To generate interest in PEMSEA as the regional mechanism for sustainable development of the Seas of East Asia and support for its activities
- ⇒ To create environmental awareness
- ⇒ To influence stakeholder action and behaviour
- ⇒ To shape policies and legislation

FORMS OF ADVOCACY

PEMSEA can resort to various forms of advocacy appropriate to mobilize stakeholders to action, effect behavioural changes or shape policies and decisions. Advocacy work of PEMSEA can focus on four areas: a) communication and media, b) events, c) policy and legislative, and d) recognitions, awards and certifications. The forms of advocacy and the methodology will depend on the target audience.

- a. Communication and Media advocacy involves the use of the available mass media including publications, newspapers, television, radio, the internet and others.

FORMS OF ADVOCACY		
COMMUNICATION AND MEDIA		
a. Publications – Tropical Coasts, Policy Papers, State of the Coasts Report		
b. Internet – PEMSEA website, updates		
c. Other mass media – news, studies, articles		
EVENTS		
a. Organization - EAS Congress, Ministerial Forum and Special Advocacy Events		
b. Participation – international fora		
POLICY AND LEGISLATIVE		
a. Policy Reform		
b. Law development		
RECOGNITIONS, AWARDS AND CERTIFICATIONS		
PSHEM		a. Code
b. ICM Code		

- b. Events advocacy looks at the organization of events that will involve the participation of various stakeholders, including the experts and bureaucrats who can influence people and effect the desired changes. This also includes the various international meetings and conferences which provide opportunities for PEMSEA to promote its sustainable development advocacy.
- c. Policy and Legislative advocacy involves the use of the policy and legislative processes to effect a change.
- d. Recognitions and certifications advocacy aim to award or recognize activities that contribute to achieving the SDS-SEA shared vision. It provides the motivation and incentive for stakeholders to adapt more sustainable forms of behaviour.

PROCESS

It is recommended that PEMSEA organize a Technical Working Group on Transformation to oversee the entire process of transformation. The TWG would include representatives of concerned Partners, external consultants on legal and institutional development and relevant staff from the PEMSEA. Joint planning workshops/consultations, which are being organized with the Partners, sponsoring organizations, and collaborators to develop the 5-year SDS-SEA Implementation Plan, will also delve into the issue of advocacy. The outcome of these discussions will be an integral part of the development of the PAP.

In consultation with the Executive Committee, the TWG will develop a draft PAP, which will identify the objectives, targets, the advocacy strategies, the resources required, the actions to be undertaken and the work schedule.

The draft PAP will be presented to the expanded Executive Committee in July 2010. The inputs from that review will be incorporated into the final draft, which will be submitted to the Executive Committee in December 2010, for endorsement to the EAS Partnership Council in July 2011 for approval.

WORK PLAN

The PAP is expected to be completed and approved by the PC by July 2011 and implemented from 2012 to 2015 in accordance with the schedule below.

Task	Activity	Date
1	Approval of the Concept Paper	EAS PC Mtg, July 2010
2	Development of the PAP framework plan	Expanded EC meeting October 2010
3	Submission of draft PAP plan to EC for review and endorsement to Council	EC Mtg, December 2010
4	Final PAP plan endorsed/approved by PC	EAS PC Mtg, July 2011

ANNEX D

RE-ENGINEERING OF THE PEMSEA RESOURCE FACILITY (PRF)

BACKGROUND

What is process reengineering?

Process reengineering entails the rethinking and redesign of business processes to achieve dramatic improvements in measures of performance delivery, such as quality, speed and cost. This requires answers to fundamental questions about what we do, how we do it, whether it is necessary and how it can be improved. The intent of the process reengineering is to make the PRF significantly more flexible, responsive, efficient, and effective for their partners, employees and other stakeholders. Achieving the benefits of re-engineering the PRF would demand active commitment and participation from all team players, i.e., EAS Partnership Council, Executive Committee, Executive Director and PRF staff.

The purpose of this concept paper is to describe key features of a “reengineered PRF” that require consideration and discussion by PEMSEA Partners and other stakeholders for transforming the PRF, as well as to introduce a process for moving forward. The paper includes contributions from PEMSEA’s Executive Committee during their March 2010 meeting, as well as input from an informal Working Group², which was organized by the Secretariat to provide advice on the essential aspects of developing and sustaining an international organization in the East Asian region.

THE PRF AND THE NEED FOR PROCESS REENGINEERING

The Change Drivers

The reengineering of the PRF is in conjunction with the overall transformation of PEMSEA. The goal is to reengineer the PRF into a unified, more efficient and self-sustaining resource facility. It must be recognized that the PRF is under increased pressure to perform better with lesser resources. The impetus to re-engineer and to improve comes from change drivers, including:

- a. the transformation of PEMSEA from a project-based operating arrangement to an international organization with legal status, providing the PRF with the capacity to enter into contracts with third parties, receive donations and obtain properties;
- b. the pending ratification of the Headquarters Agreement between the Government of the Republic of the Philippines and PEMSEA, implying a change in legal and administrative rules and requirements concerning PEMSEA officers and representatives, as well as PRF personnel and operations;

² The members of the Working Group are Prof. Merlin Magallona, Ms. Patricia Sto. Tomas, Raphael P.M. Lotilla, Adrian Ross, Maria Teresita G. Lacerna, and Socorro C. Guerrero. The Group met on 3 occasions to map out (20 April 2010), review (24 May 2010) and refine (28 June 2010) this working paper.

- c. recognition that the ownership of PEMSEA belongs to the Partners and the need for the PRF to be well equipped in delivering benefits and meeting the enhanced expectations of the Partners; and
- d. the need to address the PRF's financial sustainability.

THE WAY FORWARD

The following steps are proposed for re-engineering the PRF:

Step 1: Align the PRF mission and vision statements with those of PEMSEA

Re-engineering starts with the high-level assessment of the PRF mission, and designing the way to better support PEMSEA's mission and strategic goals. The re-engineering process itself needs careful planning around a clear vision of longer term goals.

What is the PRF Mission?

The PRF's mission is to mobilize resources, products and services in support SDS-SEA implementation, through intergovernmental and multi-sectoral partnerships.

What is the PRF Vision?

The PRF's vision is a self-sustaining resource facility, owned by the countries of the region, providing value-added services that make the sustainable development and management of the Seas of East Asia a reality.

Step 2: Assess the current PRF profile (what PRF does; what is the current organizational set-up; what are the operational modalities; what is the staff strength and budget?)

Headed by the Executive Director, the PRF has two main functions: (1) providing Secretariat Services to the EAS Partnership Council and the Executive Committee; and (2) providing Technical Services to Country and Non-Country Partners for the implementation of the SDS-SEA. The Executive Director manages and coordinates the work of the Secretariat and Technical Services, particularly in response to the decisions of the EAS Partnership Council and the Executive Committee. The PRF Secretariat Services is funded, in part, by voluntary contributions from China, Japan and RO Korea. The PRF Technical Services is funded through sponsored projects and programmes, principally the GEF/UNDP/UNOPS project on Implementation of the SDS-SEA (2008-2012). The Government of the Philippines hosts the PEMSEA Office Building and provides financial assistance for office operations.

PRF Staffing (as of June 2010)

PRF Staff Profile

Type of Contract

UNDP Fixed Term Contract	5
UNOPS Fixed Term Contract	18
UNOPS Service Contract	9
Seconded Staff (Philippines)	1
Interns (DPRK; Xiamen)	2
TOTAL	35

Funding Source PRF Staff Salaries

CSA	5
GEF	27
Other	3
TOTAL	35

Gender Analysis

Gender	Male	Female
	15	20

Primary Functions of PRF Staff

Management	1
Secretariat/Technical Services	22
Finance/Admin/Program	12
Support	
Total	35

Step 3: Formulate a Strategic Plan: Turn the change vision into an overall plan and timeline

The following process would be applied in designing and developing a re-engineered PRF, based on the mission, vision and key performance requirements of the PRF, with the support of the EAS Partnership Council and Executive Committee:

- Define and map the business processes that are key to PRF operations and sustainability
- Identify personnel requirements to meet demands/expectations
- Determine required disciplines/competencies of core personnel
- Assess/establish/strengthen legal, administrative/financial/personnel management rules, regulations and guidelines
- Build a clear business strategy thereby deriving the project objectives
- Formulate the financial basis for achieving the goals

It has been suggested that the reengineered PRF should start with a small group of core staff crucial in meeting the key functions of the PRF. Slowly, the team can be expanded as the identified priority areas build up. The core team would consist of highly

competent individuals whose primary functions would be to manage, direct, coordinate, develop, disseminate, enable, advocate, network and raise funds on behalf of PEMSEA.

Step 4: Develop, review and approve the re-engineered PRF

The proposed schedule for development, review and approval of the re-engineered PRF is as follows:

Activity	Date	Required Output
Submission of concept for a re-engineered PRF to the 3 rd EAS Partnership Council	July 2010	Clear direction as to the new mission and vision for the new PEMSEA and the new PRF
TWG plans and formulates a re-engineered PRF	Between July and October 2010	A framework plan for re-engineered PRF
Expanded Executive Meeting	October 2010	Discussion of framework plan
Executive Committee meeting	December 2010	Draft plan for a reengineered PRF presented to the executive Committee for review and endorsement to Council
4 th EAS Partnership Council	July 2011	Review/adoption of re-engineered PRF

CONCLUSION

This concept paper has outlined the rationale for, and steps required in planning and developing a re-engineered PRF.

The purpose of the concept paper is to stimulate discussion and the exchange of ideas among Partners, which will build upon that which has been prepared by the Secretariat. It is envisaged that the follow-on process will entail the Secretariat working with Partners and advisors to complete the process of re-engineering the PRF by mid-2011, for presentation to the 4th EAS Partnership Council.

ANNEX E

CONCEPT PAPER FOR THE PEMSEA FINANCIAL SUSTAINABILITY PLAN

INTRODUCTION

PEMSEA is envisioned to be a self-sustaining organization specialized in integrated coastal and ocean management and providing assistance to the countries in the region through partnerships and networking. Ensuring financial sustainability is one of the most difficult challenges faced by PEMSEA, given that GEF programme funding will end by 2015. This concept paper maps out the processes and strategic steps to plan and develop the PEMSEA Sustainability Plan for 2012-2015.

GOAL AND OBJECTIVES

The PEMSEA Sustainability Plan 2012-2015 (PSP) aims to establish funding mechanisms by 2015 to support the operations of PEMSEA and the implementation of the regional Sustainable Development Strategy for the Seas of East Asia (SDS-SEA).

The specific objectives of the PSP are:

- a. to establish financing mechanisms to fund the cost of administration and business operations of PEMSEA;
- b. to establish financing mechanisms to support the implementation of the SDS-SEA at the regional level; and
- c. to assist country partners and local governments to identify and establish appropriate financing mechanisms to support the local implementation of the SDS-SEA.

FINANCING OPTIONS

PEMSEA will raise funds to support its operations and the SDS-SEA implementation. It will also help countries to identify and establish mechanisms to sustain the implementation of the SDS-SEA at the national and local levels. The following are the available financing options that PEMSEA has to evaluate and assess for feasibility of application:

a. PEMSEA Operations

- a.1 Organizational Efficiency
 - ⇒ streamlining organization and selection of efficient staff;
 - ⇒ cost-efficient use of resources
- a.2 Partners Support
 - ⇒ voluntary financial contribution
 - ⇒ host country support: provision of use of PEMSEA Office Building and utilities

- ⇒ hosting of regular meetings – Executive Committee and EAS Partnership Council meetings
- ⇒ prudent and efficient staffing
- ⇒ work efficiency, collaboration across Partner activities, projects and programs
- ⇒ staff secondments or in-country assignments
- ⇒ participation in PEMSEA activities at own cost

a.3 Stakeholders and Collaborators Support

- ⇒ financial contributions for PEMSEA operations and SDS-SEA activities

a.4 Provision of Services

- ⇒ implementation of co-financing and/or cost-recovery schemes in the provision of capacity development, technical and secretariat services.

a.5 Advocacy Campaigns

- ⇒ advocacy campaigns provide opportunities for generating funds. The EAS Congress is one such activity where PEMSEA has promoted sustainable development of coasts and oceans in the region while at the same time generating funds through contributions by the host country, solicitation of co-financing support, and the payment of Congress registration fees. Other advocacy activities include publications, recognitions and certifications and special advocacy events.

a.6 Project Management

- ⇒ PEMSEA, as an international organization, can manage projects and funds for the region and receive management fees.

a.7 Fund Investments

- ⇒ Subject to existing fund management rules, funds may be placed in higher yielding risk-free investment instruments like bonds, securities and other investment instruments.

b. Supporting SDS-SEA Implementation

It is proposed that PEMSEA adopt a two-pronged approach in financing the SDS-SEA implementation, namely: 1) project fund raising; and 2) providing assistance in the establishment of funding mechanisms.

b.1 Project Fund Raising

- ⇒ PEMSEA will source funds for the implementation of the SDS-SEA by developing specific project proposals in line with the SDS-SEA for

possible funding by partners, international organizations and other collaborators (see Annex B of the Blueprint for a Transformed PEMSEA).

b.2 Assisting in Establishing Funding Mechanisms

⇒ PEMSEA can identify funding opportunities from financing institutions, international organizations and development assistance funds for countries and assist in developing proposals for SDS-SEA implementation, in accordance with the requirements of its Partners. For example, one potential fund is the GEF/UNDP Small Grants Programme, which local governments can tap for funding specific coastal projects. Available options to be explored include:

- Project Development Funds and Grants
- Green Funds/Foundations
- Loans
- Corporate Social Responsibility/PPP
- Capital investments and PPP

⇒ A number of sustainable development financing options are available to national and local governments to fund SDS-SEA implementation. PEMSEA will explore and provide technical assistance to partners and local governments, as may be requested, by way building local capacities to establish the appropriate financing mechanisms.

- Carbon funds
- Payments for ecosystem services
- Regulatory fees
- Foreshore leasehold fees
- Users' Fees
- Income from proprietary activities
- Fund raising events and activities

FUND MANAGEMENT

The following are some mechanisms for management of the PEMSEA Partnership Fund:

⇒ PEMSEA Partnership Fund will receive voluntary contributions of Partners to cover the costs of PEMSEA operations. Pursuant to the Haikou Partnership Operating Arrangements, a sponsoring UN agency for PEMSEA will be the depository of this Fund. In the present set-up, UNDP is the depository of this Fund. Contributions of Partners, particularly, Japan, RO Korea and China, are received by PEMSEA through the UNDP under Cost-Sharing Agreements. The Fund is used to support the operations of the Secretariat Services, specifically to cover staff salaries and benefits and administration costs.

⇒ PEMSEA Trust Fund will receive voluntary contributions of stakeholders as well as the funds generated by PEMSEA through its various activities.

Currently, the PEMSEA Trust Fund has been established, managed and used in accordance with the PEMSEA Trust Fund Management Guidelines.

A PEMSEA Trust Fund Account has been opened with Metropolitan Bank and Trust Company. The Fund is in the nature of a revolving fund. Under the Guidelines (Art. IV), the Fund will be made available to finance, on a cost-recovery basis, such activities that enhance regional capacities for the implementation of the SDS-SEA,

- ⇒ Special Trust Funds will receive contributions that are earmarked for specific activities particularly where donor requires separate audit.
- ⇒ External Audit will be conducted annually on the various funds.

THE WAY FORWARD

It is proposed that the EAS Partnership Council organize a Technical Working Group on Transformation (TWG) to oversee the entire process of transformation. The TWG consists of external consultants on legal and institutional development and relevant staff from the PEMSEA.

The TWG will develop the PSP, which will identify the financing mechanisms to be established, the resources required, the actions to be undertaken and the work schedule.

The PEMSEA Sustainability Plan will be prepared by the Technical Working Group, under the guidance of the Executive Committee, and presented at the EAS Partnership Council Meeting in July 2011 for approval.

Joint planning workshops/consultations will be organized and conducted with the Partners, sponsoring organizations, and collaborators.

Work Plan

The PEMSEA Sustainability Plan is expected to be completed and approved by the EAS Partnership Council in July 2011 and implemented from 2012 to 2015 in accordance with the schedule below.

Task	Activity	Resources	Date
1	Approval of the Concept Paper		EAS PC Mtg, July 2010
2	Development of the PEMSEA Sustainability Plan		December 2010
3	EAS PC approval of the PEMSEA Sustainability Plan		EAS PC Mtg, July 2011
4	PEMSEA Sustainability Plan Implementation		Jan. 2012 – Dec 2015
