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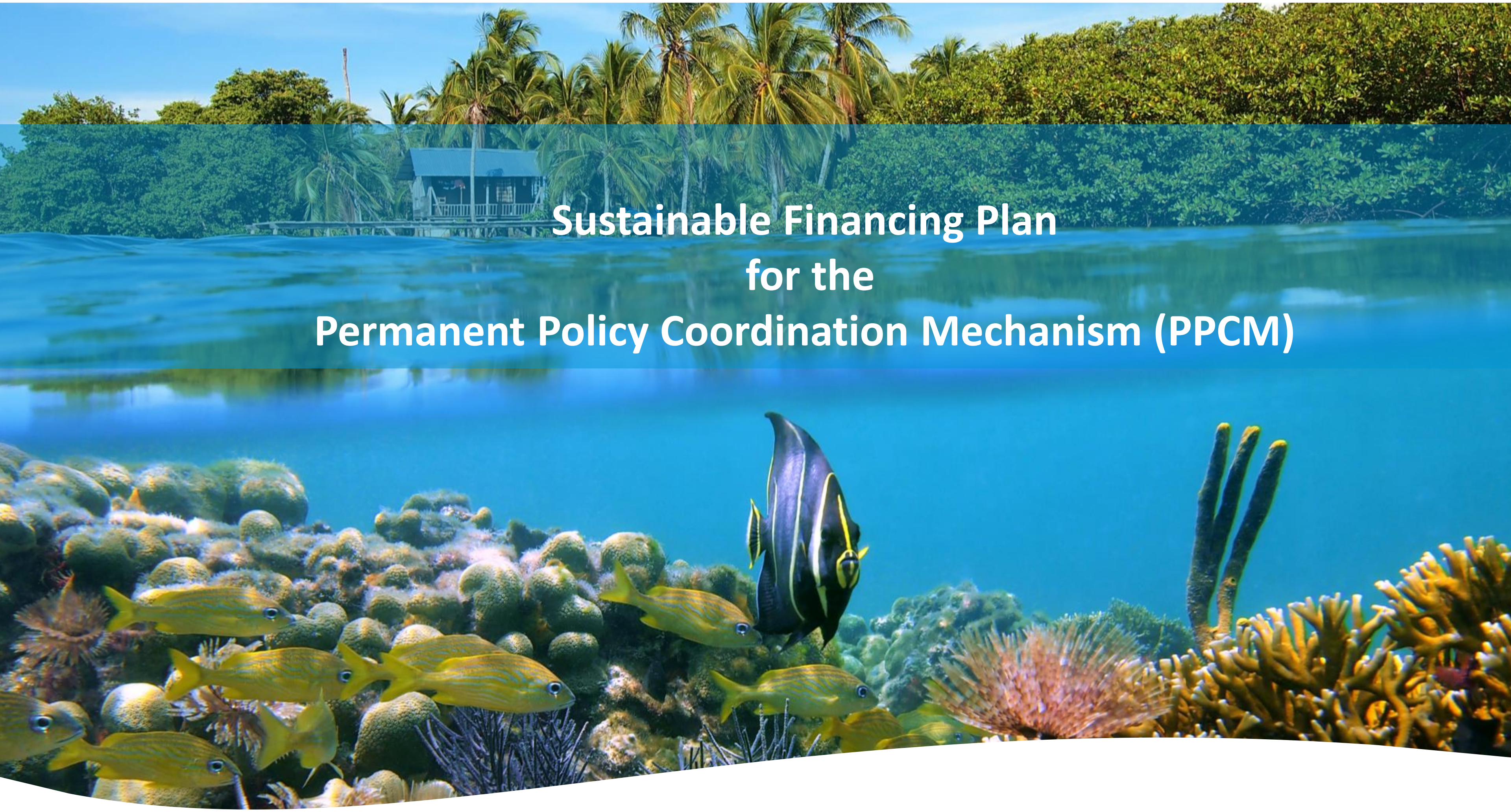

Sustainable Financing Plan for the Permanent Policy Coordination Mechanism (PPCM)

SUSTAINABLE FINANCING PLAN FOR THE PPCM

Guiding principles

Self-sufficiency

The financing of the PPCM should move from a phase of transitional funding towards self-sufficiency.

Diversity

A diversity of financing sources strengthens overall financial resilience.

+ PPCM needs to be embedded in a wider financing plan for the Regional Governance Framework

SUSTAINABLE FINANCING PLAN – 2 PHASES

Establishment phase (short term, 1-5 years)

- Transitional financing: Kick-start medium to long term financing
- Based on a combination of sources

Consolidation and Evolution phase (5 years and beyond)

- PPCM becomes gradually self-sufficient
- Member basis + own revenue generation

A combination of financing sources is advisable for both phases

SUSTAINABLE FINANCING PLAN FOR THE PPCM

The combination should include:

Core finance

- as a minimum covers staff and operational expenses

+

Complementary finance

- reduces requirement from sources of core finance
- diversifies sources of funding
- can contribute to all expenditure categories

CORE AND COMPLEMENTARY FINANCE OF THE PPCM

Draft cost range estimates (USD) for Options

PPCM OPTION 1	PPCM OPTION 2	PPCM OPTION 3	PPCM OPTION 4
161,250 - 263,500	325,900 - 528,000	418,300 - 667,000	755,800 - 1,187,250

- **Core finance:** as a minimum covers staff and administrative costs
- **Complementary finance:** can contribute to all expenditure categories

SUSTAINABLE FINANCING PLAN FOR THE PPCM

Establishment phase (short term, 1-5 years)

(A) Grant financing by international donors
(B) Extra-budgetary cash and/or in-kind contributions by CLME+ countries
(C) In-kind and/or extra-budgetary cash contributions by IGOs

Consolidation and Evolution phase (5 years and beyond)

(D) Regular contributions by IGOs
(E) Regular contributions by countries
(F) Extra-budgetary cash and/or in-kind contributions by IGOs and countries
(G) Grant acquisition support fee
(H) Revenue from knowledge and advisory services
(I) Fund management fee
(J) Programme coordination fee

SUSTAINABLE FINANCING PLAN FOR THE PPCM – PHASE 1

Establishment phase (short term, 1-5 years)

(A) Grant financing by international donors

(B) Extra-budgetary cash and/or in-kind contributions by CLME+ countries

(C) In-kind and/or extra-budgetary cash contributions by IGOs

→ **A combination of sources is advisable.**

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SUSTAINABLE FINANCING PLAN FOR THE PPCM – PHASE 1

(A) Grant financing by international donors

- One or more multilateral/bilateral donor agencies partly or fully finance PPCM establishment
- grants from several donors can be combined

Issues

- **IGOs could act jointly as ICM to acquire grant**
- **Enabling condition if ICM members succeed on joint action**
- **starting to build joint relationships with donors**
- **Complementary finance from countries/IGOs still advisable**

SUSTAINABLE FINANCING PLAN FOR THE PPCM – PHASE 1

(B) Extra-budgetary cash and/or in-kind contributions by CLME+ countries

- One or more CLME+ countries partly or fully finance PPCM establishment

Issues

- **Would demonstrate high level of ownership towards donors**
- **Has not yet been explored with countries**
- **Most countries face great financial challenges**

SUSTAINABLE FINANCING PLAN FOR THE PPCM – PHASE 1

(C) In-kind and/or cash contributions by IGOs

- One or more IGOs partly or fully finance PPCM establishment in-kind (e.g. using existing human resources and infrastructure – *core finance)*
- IGOs source from their respective programme budgets (*complementary finance*)

Issues

- **Using existing infrastructure would allow a fast set-up of the PPCM**
- **IGOs already face budget restrictions**

SUSTAINABLE FINANCING PLAN FOR THE PPCM – PHASE 1

	PPCM Option 1 "Base Model"	PPCM Option 2 "Enhanced Base model"	PPCM Option 3 "PPCM within an existing IGO structure"	PPCM Option 4 "WCR Commission"
Draft cost range (USD)	161,250 - 263,500	325,900 - 528,000	418,300 - 667,000	755,800 - 1,187,250
Phase 1 Core finance	(A) Donor grants and/or (B) Extra budgetary and/or in-kind country contributions			
Phase 1 Complementary finance	(A) Donor grants and/or (B) Extra budgetary and/or in-kind country contributions and/or (C) In-kind and/or extra budgetary IGO contributions			

Additional:

	PPCM Option 3 "PPCM within an existing IGO structure"
Phase 1 Core finance	Additionally: (C) In-kind and/or extra budgetary IGO contributions

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SUSTAINABLE FINANCING PLAN FOR THE PPCM – PHASE 2

Consolidation and Evolution phase (5 years and beyond)

(D) Regular contributions by IGOs
(E) Regular contributions by countries
(F) Extra-budgetary cash and/or in-kind contributions by IGOs and countries

Own Revenue generation

(G) Grant acquisition support fee
(H) Revenue from knowledge and advisory services
(I) Fund management fee
(J) Programme coordination fee

- **(D) *or* (E) for core finance**
- **Own revenue generation becomes an additional source of income**

CORE FINANCE - PHASE 2

(D) Regular contributions by IGOs

- Each IGO contributes annually e.g. USD 10,000-20,000 as co-financing for the PPCM secretariat.

Issues

- **Enables high degree of reliability**
- **Demonstrates high level of ownership to donors**
- **Could be approved through the work plans of the IGOs**
- **IGOs currently face budget restrictions (arrears in country contributions)**

CORE FINANCE – PHASE 2

(E) Regular contributions by CLME+ countries

- All CLME+ countries make regular annual contributions
- Amount could be based on a formula

Issues

- **Demonstrates high level of ownership towards donors**
- **Agreement on regular contributions probably lengthy and complex**
- **may not be worth the effort for relatively modest amounts per country**
- **Countries need to explore options to leverage additional funds for ocean governance**
- **Enhanced cooperation enables use of innovative funding mechanisms**

COMPLEMENTARY FINANCE – PHASE 2

(F) Extra-budgetary cash and/or in-kind contributions by IGOs and countries

- Continuous contributions additional to core

(G) Grant acquisition support fee

- PPCM charges a fee for acquired programmes

(H) Revenue from knowledge and advisory services

- *PPCM provides advisory and consulting services*

(I) Fund management fee

- *PPCM manages a regional fund for programmes against overhead*

(J) Programme coordination fee

- PPCM as a "regional hub" vets and coordinates all relevant programmes

SUSTAINABLE FINANCING PLAN FOR THE PPCM - PHASE 2

	PPCM Option 1 "Base Model"	PPCM Option 2 "Enhanced Base model"	PPCM Option 3 "PPCM within an existing IGO structure"	PPCM Option 4 "WCR Commission"
Draft cost range (USD)	161,250 - 263,500	325,900 - 528,000	418,300 - 667,000	755,800 - 1,187,250
Phase 2 Core finance	(D)Regular IGO contributions ***or*** (E) Regular country contributions	(D)Regular IGO contributions ***or*** (E) Regular country contributions	(E) Regular country contributions	(E) Regular country contributions
Phase 2 Complementary finance	(F) Extra-budgetary cash and/or in-kind contributions by IGOs and countries *and possible* (G) Grant acquisition support fee	(F) Extra-budgetary cash and/or in-kind contributions by IGOs and countries *and possible* (G) Grant acquisition support fee and/or (H) Revenue from knowledge and advisory services	(F) Extra-budgetary cash and/or in-kind contributions by IGOs and countries *and possible* (G) Grant acquisition support fee (H) Revenue from knowledge and advisory services	(F) Extra-budgetary cash and/or in-kind contributions by IGOs and countries *and possible* (H) Revenue from knowledge and advisory services (I) Fund management fee (J) Programme coordination fee

Clarification questions?
General reactions? (more detailed discussions in the working groups)

Do the consider the (stepwise) approach re financing of the PPCM adequate and why (not)?

Do you consider the presented possible financing sources as comprehensive, is something missing?

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Thank you
Gracias
Obrigado
Merci
Dank u