



**Oceanic Fisheries Management Project II - Project Design Consultation**  
**SPC Headquarters**  
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**Paper Number**      **OFMP 7**  
**Title**                **CO-FINANCING**

**Summary**

The purpose of this paper is to explain the GEF approach to co-financing, and the implications in terms of:

- a) estimation of co-financing for the Project;
- b) the nature of country endorsement required; and
- c) reporting on co-financing.

## CO-FINANCING

### Purpose:

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### Background

2. The GEF operates “for the purpose of providing new and additional grant and concessional funding to meet the agreed incremental costs of measures to achieve agreed global environmental benefits” in specific focal areas, particularly with relation to meeting obligations of international environmental agreements.
3. Co-finance for GEF projects is important to the GEF because it:
  - a) expands the *resources* available to finance environmental objectives;
  - b) is a key indicator of the strength of the *commitment* of the counterparts, beneficiaries, and Implementing and Executing Agencies to those projects; and
  - c) helps ensure the *success* and local acceptance of those projects by linking them to sustainable development, and thereby maximizes and sustains their *impacts*.
4. For OFMP II, the GEF requirement is that the Co-financing/GEF Grant ratio should be 3:1.

### OFMP II Approach to Co-Financing

5. Identifying sufficient co-financing can be a significant issue in designing GEF projects, as it was for OFMPI and the GEF FAO ABNJ Project. For OFMP II, it is relatively straightforward, especially at national level, because national budgets for oceanic fisheries activities and the budgets of FFA and SPC have expanded so substantially since the establishment of the WCPFC. In addition, the whole design process for OFMP II is simpler (and cheaper) and there aren't the resources to apply the same comprehensive approach as last time; and having a simpler measure of co-financing makes reporting easier.
6. The approach being adopted for OFMP II includes:
  - Identifying appropriate elements of the budgets of FFA and SPC that reasonably can be attributed as incremental costs of meeting the Project objective of implementing global, regional and sub-regional arrangements for the conservation and management of transboundary oceanic fisheries;

- In a much simpler way than for OFMPI, identifying a limited range of incremental costs being incurred by Pacific SIDS for the Project objective.

Specifically, the analysis focuses on costs of:

- participation in WCPFC meetings;
- relevant new posts (73) established since the WCPFC was established;
- the costs of onboard observer programmes;
- financial contributions to the WCPFC; and
- a few other specific relevant programmes.

### Estimated OFMPII Co-financing

7. The table below summarises the Project budget showing co-financing at greater than 9:1.

INDICATIVE ESTIMATE OFMPII FINANCING			
COMPONENT TITLE	CO-FUNDING	GEF GRANT	TOTAL
<b>1. Regional</b>	\$22,134,037	\$1,610,350	\$23,744,387
<b>2. Sub-Regional</b>	\$8,645,967	\$2,000,000	\$10,645,967
<b>3. National</b>	\$50,458,046	\$4,451,200	\$54,909,246
<b>4. Knowledge Management</b>	\$3,289,419	\$1,463,450	\$4,752,869
<b>5. Project Management</b>	\$2,132,710	\$475,000	\$2,607,710
<b>TOTALS</b>	<b>\$86,660,179</b>	<b>\$10,000,000</b>	<b>\$96,660,179</b>

8. The next table shows the breakdown of indicative co-financing by source. The bulk of the co-financing comes from FFA and Pacific SIDSs.

Source	COMPONENT 1 Regional	COMPONENT 2 Sub-Regional	COMPONENT 3 National	COMPONENT 4 Knowledge Management	COMPONENT 5 Project Management	ALL COMPONENTS
<b>Total SIDS</b>	8,917,445	0	24,235,535	0	0	33,152,980
<b>FFA</b>	11,966,592	5,395,967	18,669,511	2,589,419	2,032,710	40,654,199
<b>SPC</b>		0	6,553,000	500,000	0	7,053,000
<b>FAO cash</b>	0	0	500,000	0	0	500,000
<b>FAO in-kind</b>	1,000,000	1,000,000	500,000	0	0	2,500,000
<b>UNDP cash</b>	91,667	91,667	0	0	36,667	220,000
<b>UNDP in-kind</b>	158,333	158,333	0	0	63,333	380,000
<b>PNA</b>	0	2,000,000	0	0	0	2,000,000
<b>Regional Stakeholders</b>				200,000	0	200,000
<b>TOTAL</b>	<b>22,134,037</b>	<b>8,645,967</b>	<b>50,458,046</b>	<b>3,289,419</b>	<b>2,132,710</b>	<b>86,660,179</b>

9. The next table shows the proposed co-financing for each participating country.

	<b>Meetings Costs</b>	<b>Posts</b>	<b>Observers</b>	<b>Other</b>	<b>WCPFC Contributions</b>	<b>Total</b>
<b>Cook Islands</b>	152,000	40,000	100,000		128,772	<b>420,772</b>
<b>FSM</b>	152,000	116,000	1,200,000		203,576	<b>1,671,576</b>
<b>Fiji</b>	412,000	118,800	187,200		170,476	<b>888,476</b>
<b>Kiribati</b>	190,000	100,000	1,200,000		394,656	<b>1,884,656</b>
<b>Marshall Is</b>	282,000	200,000	3,600,000		753,608	<b>4,835,608</b>
<b>Nauru</b>	152,000	40,000	320,000		106,392	<b>618,392</b>
<b>Niue</b>	22,000	80,000	40,000		105,344	<b>247,344</b>
<b>Palau</b>	87,000	380,000	90,000	200,000	108,416	<b>865,416</b>
<b>PNG</b>	1,490,000	375,840	5,760,000	6,912,000	1,134,120	<b>15,671,960</b>
<b>Samoa</b>	282,000	400,208	40,000		137,396	<b>859,604</b>
<b>Solomon Is</b>	412,000	126,454	520,800		197,396	<b>1,256,650</b>
<b>Tonga</b>	240,000	80,000	220,234		126,200	<b>666,434</b>
<b>Tuvalu</b>	282,000	104,000	240,000		182,104	<b>808,104</b>
<b>Vanuatu</b>	412,000	964,000	480,000		601,989	<b>2,457,989</b>
<b>Total</b>	<b>4,567,000</b>	<b>3,125,302</b>	<b>13,998,234</b>	<b>7,112,000</b>	<b>4,350,445</b>	<b>33,152,980</b>

10. Estimates of co-financing by country were initially developed in the design work in 2010, including the national missions, and have since been updated in collaboration with countries. They are still indicative and will be discussed at the Workshop.

### **Letters of Endorsement**

11. The GEF requires formal endorsement by national GEF focal points of the proposed co-financing by each Co-financing partner including from all countries participating in the Project. In the past, this has not been easy. The form of the letter of endorsement will be discussed at the Consultation.