THIRD-PARTY PEMSEA ASSESSMENT REPORT

1.0 Project Background and Context

1.1 To support PEMSEA’s continuing efforts as it transforms into a fully self-sustaining international organization, the 8th EAS Partnership Council Meeting (July 2016) requested:
   a. An assessment of PEMSEA’s progress to transform into a fully self-sustaining international organization; and
   b. Recommendations on delivery of services, development of new business, mechanisms for financial sustainability, and establishment of the PRF as a regional / global hub for coastal and ocean governance and blue economy development.

1.2 In accordance with this directive, an external consultant was contracted to develop working documents, conduct research and analysis and provide an independent third-party evaluation of PEMSEA’s progress towards becoming a self-sustaining international organization.

1.3 The principal output from this consultancy, a third-party assessment report, was reviewed by the 19th Executive Committee Meeting and endorsed to the 9th EAS Partnership Council.

2.0 Outstanding Questions Arising from the Third-Party Assessment

2.1 Through the conduct of the Third-Party Assessment, it became increasingly clear that achieving financial sustainability would require decisions that PEMSEA Country Partners must answer for themselves, for which the PRF cannot make a decision on its own. These questions are:

1. **Do you find sufficient value in an ongoing PEMSEA such that you will financially support its secretariat?** Research and analysis strongly support the need for member countries to fund PEMSEA’s secretariat, at least a significant portion of it, such that it can provide secretariat services to countries. At this point in PEMSEA’s lifecycle, this question cannot go unanswered any longer and must be resolved.

2. **Do you believe that PEMSEA is the most effective mechanism to achieve sustainable development of the common seas of East Asia?** More than just providing sufficient value, the larger question is whether or not Country Partners believe PEMSEA is the *most effective* mechanism available. If not, is there a more effective mechanism that can be used? If it is not, how can PEMSEA transform itself to become the most effective mechanism? This is
crucial because future project funding strongly depends on countries designating PEMSEA as their implementing mechanism of choice.

3. **What outcome(s) should PEMSEA seek to achieve?** Research and analysis highlight the importance of having clearly defined outcomes. Integrated coastal management (ICM), which PEMSEA is known for, is regarded as an effective tool. The question is, to what end? Which of the many international commitments should PEMSEA prioritize (e.g., Sustainable Development Goal 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development)? Defining the outcomes will allow PEMSEA to better guide its assistance to countries, develop projects and report on its achievements.

4. **What type of work do you believe PEMSEA should be doing, and in what areas, to best complement its secretariat role?** While the Executive Committee has previously suggested that PEMSEA should continue to be more than a coordinating body, there are a number of other recommendations pertaining to the type of work PEMSEA should undertake. These need to be reaffirmed, such as continuing to engage in capacity building, knowledge management, networking and convenings. Conducting these has implications for the secretariat’s funding requirements. While the Executive Committee has similarly agreed that PEMSEA should continue to engage in project work, the question becomes, more specifically, in what areas should these projects focus (e.g., climate change, biodiversity, marine pollution, ICM)?

5. **Do you understand and agree with the audited financials?** After decisions on PEMSEA’s value and outcomes are made, but before contributions can be discussed, it is necessary that there is agreement pertaining to the accuracy and appropriateness of PEMSEA’s audited financials. In this regard, it is important that member countries affirm the financials that have been presented.

6. **How much of secretariat funding requirements should voluntary contributions cover? How should contributions be structured? What amount of Trust Fund balance buffer should PEMSEA maintain?** These three questions are listed together because they are inherently linked. While research and analysis offer recommendations on how these questions might be answered, ultimately, the decision on what to do rests with Country Partners. Thus far, the Executive Committee has agreed that contributions should continue to be voluntary.

### 3.0 Actions requested of the Intergovernmental Session

3.1 The Intergovernmental Session is invited to consider the results of the Third-Party Assessment, and to comment accordingly.

3.2 Partner Countries are invited to respond to the six questions that were raised during discussions with the Executive Committee. In particular, question 6 requires further input from Country Partners.
3.3 The Intergovernmental Session is invited to approve the Third Party Assessment Report.

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