

ADB GEF PROJECT IMPLEMENTATION REPORT (PIR)

(This report covers implementation period from July1,2023 to June30,2024 including recently closed projects covering the reporting period)

ADB Official Project Title: Partnerships for Coral Reef Finance and Insurance in Asia and the Pacific

ADB Project Number: 10431

I. GEF PROJECT SUMMARY**Project Ratings:**

Development Objective Rating (DO):

Moderately Satisfactory

Implementation Progress Rating (IP):

Moderately Satisfactory

Risk Rating:

Modest Risk

Information on Progress, challenges and outcomes on project implementation activities

The project experienced significant delays from the procurement of the implementing firm, Landell-Mills Incorporated, to the contract signing (August 2023) and the project's kick-off inception workshop (November 2023). It was only after these stages that government consultations and meetings could begin, delaying the start of actual project implementation. The delays were caused by several factors:

- 1) Internal administrative procedures within ADB, particularly related to procurement and firm selection;
- 2) External political factors, such as changes in key personnel and restructuring of partner ministries/agencies in the project countries;
- 3) Changes in the government implementing agencies and project sites;
- 4) A prolonged endorsement process for working on-site.

Specific challenges were noted in the four project DMCs: In Fiji, the government underwent a merger of agencies and staffing changes. The Philippines had to adjust the geographical scope from the original project sites in northwest Palawan to southeast Siargao Island. In Indonesia, a decision had to be made between two ministries for the main executing agency, while in the Solomon Islands, approval was required from the Arnavon Community Marine Park (ACMP) amid tensions with an international NGO partner on-site.

The initial scoping assessment by the firm was based on the ADB Baseline studies for the four countries. The results, which included climate-related natural catastrophe modeling and a prioritization assessment, were presented separately to each DMC. After consultations with governments and key stakeholders, 1-2 High Opportunity Sites were agreed upon:

- Indonesia in February 2024 with Klungkung and Rote Ndao Regencies,
- Fiji in April 2024 with Suva Reef and Denarau,
- Philippines in April 2024 with General Luna, Siargao,
- Solomon Islands in March 2024 with the Arnavon Islands.

Due to the delays, on-site assessments, data collection, and surveys also began later than planned. Indonesia has completed its assessments and data collection for both High Opportunity Sites, including site visits, consultations with local stakeholders, and surveys on coral reef vulnerability. The Philippines and Solomon Islands are currently conducting their data collection and surveys, while Fiji is scheduled to begin in October 2024.

Information on Progress, challenges and outcomes on Environment and Social Safeguards

The environmental and social safeguards, along with gender inclusion considerations, will be addressed in the latter stages of the project for each High Opportunity Site. These aspects will be incorporated into the business case and the analysis of coral reef restoration plans, ensuring that they are integrated into the final phases of project implementation across the four countries.

Information on Progress, challenges and outcomes on stakeholder engagement

The project engages a wide range of stakeholders, including government bodies, civil society organizations, local communities/indigenous peoples, and the private sector. These stakeholders play various roles, such as co-executors, consultants, or members of project bodies (e.g., advisory or management committees). Fiji and Indonesia are collaborating primarily with government ministries, while the Philippines and Solomon Islands are working closely with protected area management boards to ensure effective project implementation and inclusive decision-making processes.

Information on Progress on gender-responsive measures

The Gender Action Plan will be developed as part of the business case and coral reef restoration plan for each selected High Opportunity Site. This process will begin during the latter stages of the project, ensuring that gender considerations are integrated into the overall strategy for each country.

Knowledge activities/ Products

A consolidated Knowledge Management approach for the project was developed in Q1 2024. As part of this, an explainer video will be produced to introduce the concept of parametric insurance as a tool for financing coral reef resilience. The video will address key questions and enhance understanding through expert interviews and case studies, informed by the gap analysis completed in Q2 2024. Additionally, three more knowledge products are planned to further support knowledge building and dissemination throughout the project.

Grievances

None as of this reporting.

GEO LOCATION INFORMATION

Location Name (Name of the geographic locations in which the activity is taking place.)	Latitude (WGS84 Format)	Longitude (WGS84 Format)	GEO Name ID	Location Description (Text description that qualifies in a sentence or so the location in which an activity is taking place, such as for example “mini-grid energy system” or “park ranger site”.)	Activity Description (Text description that qualifies in a sentence or so the activity taking place at the location, for example, “Installing a mini-grid energy system”.)
Denarau – Nadi – Mamanuca (Fiji) Denarau	-17.77141,	177.37024	2199913		
Denarau – Nadi – Mamanuca (Fiji) Nadi	-17.80309	177.41617	2202064		
Denarau – Nadi – Mamanuca (Fiji) Mamanuca	-17.60283	176.96163	11499014		
Suva Reef – Navakavu	-18.13683,	178.42531	2198148		
Rote Ndao Regency, Indonesia	-10.73617,	123.12054	9165782		
Klungkung Regency, Indonesia	8.55	-, 115.41667	1639849		
General Luna Municipality, Philippines	9.78845,	126.13213	1713048		
Arnavon Community Marine Park, Solomon Islands	-7.44967,	157.98325	2109756		

Project map and coordinates

Please see Attachment 1 for all the project site maps.

PROJECT MINOR CHANGE IN SCOPE/MINOR AMMENDMENTS

- Results framework
- Components and cost
- Institutional and implementation arrangements
- Financial management
- Implementation schedule
- Executing Entity
- Executing Entity Category
- Minor project objective change
- Safeguards
- Risk analysis
- Increase of GEF project financing up to 5%
- Co-financing
- Location of project activity
- Other

Result Framework – While there are no major changes to the overall project results, some adjustments have been proposed regarding the phrasing and additions to the outputs and outcomes in the Design Monitoring Framework (DMF). These updates are intended to refine the language and clarify the expected results. Please refer to Attachment 2 for the proposed changes to the project DMF by LMI.

Institutional and implementation arrangements –There have been significant changes within partner government agencies, such as the Ministry of Environment in Fiji, including changes in the heads of ministries during the scoping and initial stages of the project. These changes may impact the implementation and oversight of the project.

Executing Entity – While the main Government execution has remained with the Department of Environment and Natural Resources, Biodiversity Management Bureau in the Philippines, there have been changes in the sub-implementing arrangements at the site level. In the Philippines. Due to the change of sites, main responsibility has shifted from the Palawan Council for Sustainable Development (PCSD) to the Siargao Islands Protected Landscape and Seascape-Protected Area Management Office (SIPLAS-PAMO). In Indonesia, the executing agencies remain as both the Ministry of Marine Affairs and Fisheries (MMAF) and the Ministry of Environment and Forestry (MOEF). However consultations are ongoing as to which will actually ‘lead’ with MMAF being the likely agency for this given that the sites are within their jurisdiction.

Minor project objective change – No significant changes to the objectives were made, only revisions to the wording and text following the inception phase. Please refer to Attachment 2 for the proposed changes to the project DMF by LMI.

Location of project activity – The project site in the Philippines has shifted from Palawan Island, as identified during the baselining stage, to Siargao Island. Siargao Island faces the Pacific Ocean and is at the forefront of storms as they enter Philippine jurisdiction.

FOR SCCF/LDCF INDICATORS: Not applicable as of this reporting period

CORE INDICATOR 1: Total Number of Direct Beneficiaries	Male: Female:
CORE INDICATOR 2: Area of land managed for climate resilience (ha)	
CORE INDICATOR 3: Total no. of policies/plans that will mainstream climate resilience	
CORE INDICATOR 4: Total number of people trained	Male: Female:

Project Profile

1. General Information	1	GEF ID	10431
	2	Focal Area(s)	Climate Change
	3	Region	Regional
	4	Country	Fiji, Indonesia, Philippines, Solomon Islands
	5	GEF Project Title	Partnerships for Coral Reef Finance and Insurance in Asia and the Pacific
	6	Project Size (FSP; MSP)	MSP
	7	Trust Fund (GEFTF; SCCF; LDCF)	SCCF/ LDCF
2. Milestone Dates	8	GEF CEO Endorsement Date (mm/dd/yy)	10/28/2021
	9	ADB Approval Date if the GEF Fund (mm/dd/yy)	6/30/2021
	10	GEF Grant Signing of the GEF Fund (mm/dd/yy)	9/27/2022
	11	Implementation Start Date of the Project and of the GEF Component (mm/dd/yy)	9/27/2022
	12	Date of 1st GEF Grant Disbursement (mm/dd/yy)	12/18/2023
	13	Final date of GEF Grant Disbursement (mm/dd/yy)	N/A
	14	Proposed/Revised Implementation End (mm/dd/yy)	5/31/2025
	15	Actual/Proposed Implementation End (mm/dd/yy)	N/A
3. Funding	16	Actual/Proposed Financial Closure Date (mm/dd/yy)	12/31/2025
	17	PPG/PDF Funding (USD)	N/A
	18	GEF Grant (USD)	837,139 (SCCF) 441,400 (LDCF)
	19	Total GEF Fund Disbursement as of 30 June 2024(USD)	82,611.00 (SCCF) 44,482.00 (LDCF)
	20	Confirmed Co-Finance at CEO Endorsement (USD)	
	21	Materialized Co-Finance at project mid-term (USD)	N/A
4. Evaluations	22	Materialized Co-Finance at project completion (USD)	N/A
	23	Actual/Proposed Mid-term date (mm/dd/yy)	10/31/2024
	24	Actual Mid-Term date - if applicable (mm/dd/yy)	N/A
	25	Proposed Terminal Evaluation date (mm/dd/yy)	N/A
	26	Actual Terminal Evaluation Date (mm/dd/yy)	N/A

II. Project Implementation

A. Project Description:

TA-6742 REG: Building Coastal Resilience through Nature-Based and Integrated Solutions - Risk Financing and Insurance Solutions for Coastal Resilience (54212-001).

This GEF project focuses on the Coral Triangle in Southeast Asia, which includes Indonesia, the Philippines, Solomon Islands, and Fiji, encompassing 27% of the world's coral reefs. These vital ecosystems face numerous threats, including unsustainable practices that degrade their health and value, resulting in significant loss and damage to coastal communities and economies. Part of the broader ADB technical assistance (KSTA) titled "Building Coastal Resilience through Nature-Based and Integrated Solutions," this project falls under Output 4: Establishing and operationalizing risk financing solutions and transfer mechanisms to enhance coastal resilience across four developing member countries (DMCs).

The project aims to demonstrate a coral reef finance, insurance, and risk management model in high-opportunity sites across four ADB member countries: Fiji, Indonesia, the Philippines, and the Solomon Islands. It involves assessment, preparation, knowledge sharing, research, and policy advice to implement this innovative model. This model will facilitate large-scale finance to bolster the climate resilience of coastal businesses, communities, and livelihoods. The GEF funds will address climate-induced events and disasters, exploring parametric insurance as a potential solution. For successful implementation, several conditions must be met: stakeholders must understand the value of coral reefs, be willing to invest in and maintain coral reef insurance, the regulatory environment must support financial mechanisms and transparent governance, training must be provided for reef repair, and the insurance industry must be open to offering coral reef insurance policies.

The project will build a solid environmental, social, and economic case for coral reef protection by providing robust evidence that supports the view of coral reefs as crucial for reducing coastal damage costs and ensuring resilience. It will assess sustainable financing and risk management models, complementing limited public funds for coral reef protection and restoration, and explore leveraging public and private sector finance. Lessons learned from the project will inform the scaling of this model to other Asia-Pacific sites. Over time, it is anticipated that nature-based insurance policies will proliferate throughout the region, enhancing the climate resilience of both coral reefs and the communities dependent on them.

The outcomes will include: a comprehensive business case highlighting the protective value of coral reefs; identification of potential insurance purchasers and providers; identification of financial mechanisms and institutional arrangements for insurance and payouts; design and sale of insurance products; and development of post-storm response capacities.

B. Implementation Progress (IP) Rating:

LMI's main approach as the project implementor involves selecting one high-opportunity site per country in Fiji, Indonesia, and the Philippines, while the site for the Solomon Islands has been established in the Arnavons Islands (see Attachment 3 LMI Project Approach). Coral reef damage modeling and other assessments will be conducted at these selected sites to develop a comprehensive business case. This case will outline the suitability of and opportunities provided by the enabling conditions for effective coral reef finance and insurance. It will include ecosystem valuation assessments and cost-benefit analyses for reef restoration, incorporating a range of data—environmental, social, economic, gender, demographic, and biophysical. The approach will remain flexible to accommodate varying progress rates and iterative activities across countries, with the goal of tailoring solutions to specific country and site conditions while transferring lessons learned between locations.

Since the project's commencement, close collaboration has been maintained with key national and local stakeholders, coastal communities, and technical experts. A prioritization assessment of candidate sites has identified the high-opportunity sites in Fiji, Indonesia, and the Philippines. This assessment employed desk-based climate risk modeling to rank the sites based on their exposure, the coral reef benefit value to local populations (ecosystem services), threat levels from natural hazards and anthropogenic disturbances, and their suitability for sustainable financing and risk management. Disaster and climate risk modeling, using Swiss Re's proprietary CatNet and Climate Risk Scores, has been aligned with the government stakeholders' assessments in Fiji, Indonesia, and the Philippines. Field surveys and consultations are ongoing to enhance the coral reef damage models, which will assess exposure related to coral reefs and estimate potential damage costs, as well as evaluate the environmental, social, and economic effectiveness of coral reef protection measures.

Overall, the project has made significant progress in its approach during the first year of implementation. However, substantial delays in project commencement due to administrative processes, government partner issues, and on-site matters have impacted the timeline. Consequently, the implementation of activities has been rescheduled, necessitating an extension of the project to mid-2025 at no additional cost.

a. GEF Grant Disbursement

The GEF grant will fund activities that will establish/operationalize risk financing solutions and transfer mechanisms for the management of risks and maintenance of coral reef ecosystems.

As of 30 June 2024, of the total \$1.278 million, \$0.127 million has been disbursed.

b. Stakeholders Engagement

There is no formal Stakeholders Engagement Plan for this project. However, various stakeholders—including government agencies, civil society organizations, local communities and indigenous peoples, and the private sector—are either co-executors, consulted parties, or members of project bodies (e.g., advisory or management committees).

In Fiji, the partnership with the Ministry of Environment has experienced delays due to internal governance and staffing re-arrangements. This has necessitated a period of re-familiarization with the project by government departments, causing significant delays. Further complications arose from the limited availability of government stakeholders for the next prioritization workshop scheduled for April 2024.

In the Philippines, there was a change in the executing entity from the Palawan Council for Sustainable Development (PCSD) to the Siargao Islands Protected Landscape and Seascape Protected Area Management Board (SIPLAS-PAMB), as formalized by a board resolution. This shift involved moving from the original Palawan Island sites to new Siargao Island sites.

Similarly, in the Solomon Islands, project commencement was delayed pending approval from the ACMP Board, which meets only twice a year. Approval is contingent upon finalizing terms and conditions, such as engaging the ACMP Finance Manager as the project liaison.

In Indonesia, there has been a jurisdictional issue between the Ministry of Marine Affairs and Fisheries (MMAF) and the Ministry of Environment and Forestry (MOEF), the latter being the GEF focal agency. The two high-opportunity sites fall under MMAF's purview. This issue is currently being resolved by ADB and LMI in collaboration with the Indonesian government.

c. ---Gender Action Plan Implementation Status

The Gender Action Plan will be developed as part of the coral reef restoration plan for each selected High Opportunity Site in each country. This activity will begin once a High Opportunity Site is chosen in each country, which is anticipated to occur as part of the business case development in Q4 2024.

d. Social and Environmental Safeguard Plan Implementation Status

Safeguard considerations will be integrated into the coral reef restoration plan for each selected High Opportunity Site. This process will begin once a High Opportunity Site is selected in each country, which is expected to occur as part of the business case development in Q4 2024.

C. Global Environmental Benefits (GEB) Objective/ Development Objective (DO) Rating:

Overall, the project is approximately 30% complete after its first year of implementation. While the progress percentage may seem low, the project is advancing well in terms of its approach, despite being constrained by delayed start-up. Key areas of progress include:

- Enabling Conditions: These are nearly halfway completed.
- Modelling Aspects: Progress is being made, with workshops conducted to inform stakeholders about coral reef financing.

However, the development of the business case is contingent upon identifying one high-opportunity site, which is currently pending. This site is subject to several assessments that have not yet commenced as of this reporting period.

D. Risk Rating:

The project's rating based on the agreed milestones and corresponding key activities is detailed in Attachment 4. This matrix, aligned with the project outcomes, outputs, and key indicators outlined in the project DMF, utilizes a straightforward rubric.

Key activities contributing to each project milestone are rated according to their stage of implementation, supported by relevant indicators such as reports or workshops. A collaborative exercise was conducted to determine these ratings, with both ADB and the LMI implementer agreeing on the ratings and providing justifications for each.

E. Overall Rating of the Project:

30%. Moderately Satisfactory.

F. Good Practices And Lessons Learned:

As of this report, no lessons or good practices have been collected, as the project is still in its early stages.

G. Knowledge activities / products:

The project approach to knowledge management has been developed and submitted. Additionally, a Gap Analysis has been completed to identify the key knowledge products needed. As a result, the first knowledge product being developed is a video explaining parametric insurance. This video has been submitted to ADB for approval.

As of this reporting, no Knowledge Management materials have been completed.

The final specific knowledge management products are still under discussion.

The development of the project story with GEF journalist Sarah Edmonds is ongoing. Discussions have been completed, and materials and photos have been shared for the article.

H. Location Data:

High Opportunity Sites in Fiji

Denarau – Nadi – Mamanuca

Denarau

Feature name: Denarau Island

Feature ID: 2199913

Coordinates: -17.77141, 177.37024 / S 17°46'17" E 177°22'13"

Nadi

Feature name: Nadi

Feature ID: 2202064

Coordinates: -17.80309, 177.41617 / S 17°48'11" E 177°24'58"

Mamanuca

Feature name: Mamanuca Reef

Feature ID: 11499014

Coordinates: -17.60283, 176.96163 / S 17°36'10" E 176°57'42"

Suva Reef – Navakavu

Feature name: Suva

Feature ID: 2198148

Coordinates: -18.13683, 178.42531 / S 18°08'13" E 178°25'31"

High Opportunity Sites in Indonesia:

Klungkung Regency

Feature name: Kabupaten Klungkung

Feature ID: 1639849

Coordinates: -8.55, 115.41667 / S 8° 33' 0", E 115° 25' 0"

Rote Ndao Regency

Feature name: Kabupaten Rote Ndao

Feature ID: 9165782

Coordinates: -10.73617, 123.12054 / S 10°44'10" E 123°07'14"

High Opportunity Site in Philippines:

General Luna Municipality

Feature name: General Luna

Feature ID: 1713048

Coordinates: 9.78845, 126.13213 / N 9°47'18" E 126°07'56"

High Opportunity Site in Solomon Islands:

Arnavon Conservation Area

Feature name: Arnavon Islands

Feature ID: 2109756

Coordinates: -7.44967, 157.98325 / S 7°26'59" E 157°59'00"

ANNEX a. Project Contacts

ADB CRI TEAM

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ANNEX B: DEFINITION OF RATINGS

Implementation Progress Ratings

Highly Satisfactory (HS): Implementation of **all** components is in substantial compliance with the original/formally revised implementation plan for the project. The project can be presented as “good practice”.

Satisfactory (S): Implementation of **most** components is in substantial compliance with the original/formally revised plan except for only a few that is subject to remedial action.

Moderately Satisfactory (MS): Implementation of **some** components is in substantial compliance with the original/formally revised plan with **some** components requiring remedial action.

Moderately Unsatisfactory (MU): Implementation of **some** components is not in substantial compliance with the original/formally revised plan with **most** components requiring remedial action..

Unsatisfactory (U): Implementation of **most** components is not in substantial compliance with the original/formally revised plan.

Highly Unsatisfactory (HU): Implementation of **none** of the components is in substantial compliance with the original/formally revised plan.

Global Environment Objective/Development Objective Ratings

Highly Satisfactory (HS): Project is expected to achieve or exceed **all** its major global environmental objectives, and yield substantial global environmental benefits, without major shortcomings. The project can be presented as “good practice”.

Satisfactory (S): Project is expected to achieve **most** of its major global environmental objectives, and yield satisfactory global environmental benefits, with only minor shortcomings.

Moderately Satisfactory (MS): Project is expected to achieve **most** of its major relevant objectives but with either significant shortcomings or modest overall relevance. Project is expected not to achieve **some** of its major global environmental objectives or yield some of the expected global environment benefits.

Moderately Unsatisfactory (MU): Project is expected to achieve of its major global environmental objectives with major shortcomings or is expected to achieve only **some** of its major global environmental objectives.

Unsatisfactory (U): Project is expected **not** to achieve **most** of its major global environment objectives or to yield any satisfactory global environmental benefits.

Highly Unsatisfactory (HU): The project has failed to achieve, and is not expected to achieve, **any** of its major global environment objectives with no worthwhile benefits.

Risk Rating

Risk ratings will assess the overall risk of factors internal or external to the project which may affect implementation or prospects for achieving project objectives. Risks of projects should be rated on the following scale:

High Risk (H): There is a probability of greater than 75% that assumptions may fail to hold or materialize, and/or the project may face high risks.

Substantial Risk (S): There is a probability of between 51% and 75% that assumptions may fail to hold and/or the project may face substantial risks.

Modest Risk (M): There is a probability of between 26% and 50% that assumptions may fail to hold or materialize, and/ or the project may face only modest risks.

Low Risk (L): There is a probability of up to 25% that assumptions may fail to hold or materialize, and/ or the project may face only modest risks.