

Public-Private Partnerships (PPPs) for Coral Reef Insurance in Asia and the Pacific

Review PIF and Make a recommendation

Basic project information

GEF ID

10431

Countries

Regional (Fiji, Indonesia, Philippines, Solomon Islands)

Project Name

Public-Private Partnerships (PPPs) for Coral Reef Insurance in Asia and the Pacific

Agencies

ADB

Date received by PM

11/12/2019

Review completed by PM

3/24/2020

Program Manager

Fareeha Iqbal

Focal Area

Climate Change

Project Type

MSP

PIF

Part I – Project Information

Focal area elements

1. Is the project/program aligned with the relevant GEF focal area elements in Table A, as defined by the GEF 7 Programming Directions?

Secretariat Comment at PIF/Work Program Inclusion

GEFSEC 26Nov2019:

Cleared.

GEFSEC 18Nov2019:

Adjustment is requested.

1) Please note that the GEF-7 CCA Strategy states that it is primarily CCA Objective 1 that corresponds to the Challenge Program (see para 101). Therefore, please enter Objective 1 in Table A. An additional objective may (optionally) be entered if relevant. Objective 3 may be particularly relevant for SCCF Funds, which includes focus on "enhanced private sector engagement".

2) In the Countries line of the Project Information section of the PIF, please also enter the names of the individual countries that will be supported by the Challenge grant, next to the term 'Regional' that has already been entered.

Agency Response

1) Done. And also recalculated the GEF grant without the Agency Fee

2) Done (as above)

Indicative project/program description summary

2. Are the components in Table B and as described in the PIF sound, appropriate, and sufficiently clear to achieve the project/program objectives and the core indicators?

Secretariat Comment at PIF/Work Program Inclusion

GEFSEC 6FEB20

Cleared, thank you.

GEFSEC 31JAN20:

Not yet.

1) Please re-include the names of the participating countries in the 'Project Information' section.

2) As Component 2 of Table B covers activities for both the Philippines and Solomon Islands, it will need to be mapped to both the LDCF and the SCCF. Please enter an additional row for Component 2 so that each fund (and associated co-finance) can be separated. Please assess whether any other of the Component rows of Table B need to be similarly split.

GEFSEC 26Nov2019:

Yes for PIF stage. Please see CEO Endorsement stage comments.

GEFSEC 18Nov2019:

Further information is requested:

1. What is the status of discussions with stakeholders (Government and private sector) in each country specifically with regard to willingness and ability to pay into insurance premiums?
2. There is the possibility that the highest value reefs (in terms of tourism revenue) are not the most vulnerable to impacts of coastal storms with associated risks to the population. In such a case -- if a significant motivation for private sector and/or government to pay into insurance premiums is tourism value (as is the example in Mexico), is there a risk that less climate vulnerable reefs are selected as "priority" areas by the entities taking out the insurance policy? With this in mind, at least in the case of Indonesia, how will the determination be made of which coral reefs to insure, to ensure focus on climate vulnerability and resilience? This will be useful to mention further in the PIF, and expand on in the full proposal please.
3. The PIF mentions a focus on insuring against damage to reefs from typhoons. Will damage from coral bleaching also be considered (for coverage), which can be caused (among other factors) by an event of sustained rise in ocean temperature over some weeks? Further to this, is there potential to consider insuring against slower onset coral bleaching over years?
4. In addition to typhoons, the PIF discusses a focus on risks posed by tsunamis. Please note that as most tsunamis are associated with earthquakes and not climate (change) related hazards, any additional costs associated with tsunami-resilience related activities will need to be supported by the co-finance and not the SCCF/LDCF grant.

Agency Response

ADB response 04 Feb 2020:

- 1) Countries have been re-inserted in the Portal version of PIF
- 2) Additional rows for LDCF and SCCF have been inserted accordingly in Table B.

=====

- 1) Given the accelerated time frame it has been challenging to conduct meaningful stakeholder consultations in all four countries. The main consultations have taken place with the lead and secondary Government Agencies that would be responsible for biodiversity, coastal and marine management and/or climate change adaptation. This said, willingness to pay has come up briefly in the discussions, and will continue to be explored in the context of project preparation and implementation. We have included a statement on this matter on page 20, as part of the Alternative Scenario Outcome 1 with Indonesia focus
- 2) We have addressed this with narrative on as part of the Alternative Scenario Outcome 1 with Indonesia focus.
- 3) There was a short reference to 'slow onset' events in the initial PIF (in narrative and also one of the Annexes on Loss and Damage). We have added some narrative as part of the Alternative Scenario Outcome 1 with Indonesia focus. This is an area for continued discussion, especially with the insurance industry.
- 4) This is noted. References to tsunami have been qualified in the revised document. This will not be considered under GEF support, although in the framing of insurance products, this risk may be included in the protection.

Co-financing

3. Are the indicative expected amounts, sources and types of co-financing adequately documented and consistent with the requirements of the Co-Financing Policy and Guidelines, with a description on how the breakdown of co-financing was identified and meets the definition of investment mobilized?

Secretariat Comment at PIF/Work Program Inclusion

GEFSEC 26Nov2019:

Cleared.

GEFSEC 18Nov2019

Please enter indicative form of co-financing for UNDP in Table C. Please note that if grant or loan co-finance is expected, it is considered "investment mobilized" as per the GEF's Cofinancing Policy. If, however, in-kind co-finance is expected, it would be considered "recurrent expenditure".

Please also clarify how the \$3.2M co-finance from ADB is being provided/mobilized -- e.g., through which project or other area of support?

Agency Response

We have modified Table C as "in kind" and "recurrent expenditure". However we anticipate mobilization of additional co-finance from UNDP in future.

Additional explanation on the ACliFF is added in the relevant section.

GEF Resource Availability

4. Is the proposed GEF financing in Table D (including the Agency fee) in line with GEF policies and guidelines? Are they within the resources available from (mark all that apply):

Secretariat Comment at PIF/Work Program Inclusion

GEFSEC 31JAN20:

Yes.

GEFSEC 23Jan2020:

Not yet. As previously discussed, please revise the budget to reflect a split of funds from the LDCF and SCCF. Kindly provide the split as follows: \$483,333 from LDCF; \$916,667 from SCCF (inclusive of all fees).

(Please disregard review comment of Nov. 18, below.)

GEFSEC 18Nov2019:

Yes, this project is drawing on SCCF resources under the CCA Challenge Program.

Agency Response Thank for this observation. We have updated Part 1 of the PIF. This includes a shift to "Multi-Trust Fund" and then the distribution of GEF financing across the LDCF and SCCF as requested. We did have some challenges with the Portal however and had to experiment with different ways to input the figures. The only way we could "Save and Validate" was to make the Co-financing PMC amount "zero". Hope this is acceptable for now. We can revise this during project preparation? Please confirm.

The STAR allocation?

Secretariat Comment at PIF/Work Program Inclusion

N/A

Agency Response

The focal area allocation?

Secretariat Comment at PIF/Work Program Inclusion

N/A

Agency Response

The LDCF under the principle of equitable access

Secretariat Comment at PIF/Work Program Inclusion

Yes. It should be noted that LDCF resources used toward the Challenge Program are not counted toward the GEF-7 per-country \$10 million LDCF access cap.

Agency Response

The SCCF (Adaptation or Technology Transfer)?

Secretariat Comment at PIF/Work Program Inclusion

Yes

Agency Response

Focal area set-aside?

Secretariat Comment at PIF/Work Program Inclusion

N/A

Agency Response

Impact Program Incentive?

Secretariat Comment at PIF/Work Program Inclusion

N/A

Agency Response

Project Preparation Grant

5. Is PPG requested in Table E within the allowable cap? Has an exception (e.g. for regional projects) been sufficiently substantiated? (not applicable to PFD)

Secretariat Comment at PIF/Work Program Inclusion

GEFSEC 18Nov2019:

PPG has not been requested.

Agency Response

Core indicators

6. Are the identified core indicators in Table F calculated using the methodology included in the correspondent Guidelines? (GEF/C.54/11/Rev.01)

Secretariat Comment at PIF/Work Program Inclusion

GEFSEC 6FEB20:

Cleared.

GEFSEC 31JAN20:

Further information is requested. Given that this is a MSP MTF project using both LDCF and SCCF funds, please ensure that two Excel worksheets are submitted for the project indicators, i.e., one for the LDCF and the other for the SCCF. The indicator values for each may be assigned using the same ratio as the LDCF to SCCF grant request for the project.

GEFSEC 21JAN20:

Yes.

GEFSEC 08JAN20:

Not yet. Please see comment pertaining to Core Indicators for Part II, item 6, below.

GEFSEC 26Nov2019:

Not as yet. Please submit the CCA excel files containing project metadata and core indicator information for the LDCF/SCCF impact framework.

GEFSEC 18Nov2019:

Not yet. Please submit the CCA excel files containing project metadata and core indicator information for the LDCF/SCCF impact framework.

Agency Response

ADB Response 04 Feb 2020:

Separate core indicator worksheets have been prepared for LDCF and SCCF - using the distribution formula requested. Please refer to annexes.

+++++

The CCA excel file has been completed with provisional data and included in the submission

Project/Program taxonomy

7. Is the project/ program properly tagged with the appropriate keywords as requested in Table G?

Secretariat Comment at PIF/Work Program Inclusion

GEFSEC 26Nov2019:

Cleared.

GEFSEC 18Nov2019:

Adjustment is requested. Please include relevant taxonomy terms, such as climate change adaptation, resilience, coral reefs, coastal, etc.

Agency Response Included in the online format

Part II – Project Justification

1. Has the project/program described the global environmental / adaptation problems, including the root causes and barriers that need to be addressed?

Secretariat Comment at PIF/Work Program Inclusion

GEFSEC 18NOV19:

Yes.

Agency Response

2. Is the baseline scenario or any associated baseline projects appropriately described?

Secretariat Comment at PIF/Work Program Inclusion

GEFSEC 26Nov2019:

Cleared.

GEFSEC 18NOV19:

The baseline scenario has been adequately described. However, please clearly identify/describe the baseline projects.

Agency Response Some additional narrative on baseline projects / programs has been provided.

3. Does the proposed alternative scenario describe the expected outcomes and components of the project/program?

Secretariat Comment at PIF/Work Program Inclusion

GEFSEC 18NOV19:

Yes.

Agency Response

4. Is the project/program aligned with focal area and/or Impact Program strategies?

Secretariat Comment at PIF/Work Program Inclusion

GEFSEC 18NOV19:

Yes.

Agency Response

5. Is the incremental / additional cost reasoning properly described as per the Guidelines provided in GEF/C.31/12?

Secretariat Comment at PIF/Work Program Inclusion

GEFSEC 18NOV19:

Yes.

Agency Response

6. Are the project's/program's indicative targeted contributions to global environmental benefits (measured through core indicators) reasonable and achievable? Or for adaptation benefits?

Secretariat Comment at PIF/Work Program Inclusion

GEFSEC 21JAN20:

Thank you. Cleared.

GEFSEC 08JAN20:

Thank you for submitting the Metadata and Core Indicators file. Regarding Core Indicator #4 (number of people trained), could you please clarify:

- a) if this includes trainings for community members and/or other stakeholders beyond professional technical government or other staff in the three countries, in which case we would expect the number across the three countries to be higher than 120 total; and
- b) if this includes people trained by web-based courses and webinars, in which case, again, we would expect the number to be higher than provided. Given the south-south knowledge-sharing potential of this project, we hope such web-based trainings or knowledge sharing activity could be undertaken at least at the project-end stage.

GEFSEC 18NOV19:

Review comment is pending submission of excel file with CCA Core Indicators and Metadata.

Agency Response

Thank you for this input. We have modified the Core Indicator #4 - with revised Excel worksheet annexed.

- a) The approach to training and capacity development has been 'unpacked' a bit to allow for more accurate estimates. The narrative in the PIF has also been modified to correspond to this. The changes are in yellow highlight. The rationale and breakdown for these estimates is as follows:

Local management committees on governance and risk assessment. (Please note that the committees are formed per location and not per brigade)

10 per country. Total 40.

Reef brigades:

25 per country, including trainers. Total 100.

Community reef supporters:

10 in each country: Total 40.

Reef restoration training combining online tools together with coaching.

30 per country. Total 120.

Grand total: 300

b) We have included more precision in the Alternative Scenario and KM section on the outreach / S-S sharing and transfer. The project will support multimedia approaches, which will include, but not be limited to, a quite of structured webinars and online offerings. This will be explored more in project preparation. As a side note, this project in Asia and the Pacific will also benefit from learnings from experience in the Meso-America / Caribbean, where reef resilience insurance initiatives are also starting up. There will be a two-way flow of knowledge!

7. Is there potential for innovation, sustainability and scaling up in this project?

Secretariat Comment at PIF/Work Program Inclusion

GEFSEC 18NOV19:

Yes, potential for innovation and scale up is high.

Agency Response

Project/Program Map and Coordinates

Is there a preliminary geo-reference to the project's/program's intended location?

Secretariat Comment at PIF/Work Program Inclusion

GEFSEC 18NOV19:

Yes, potential locations have been provided for Indonesia and Philippines. Locations for Solomon Islands and Fiji (the latter is not covered by the Challenge Program resources) will be determined during project preparation.

Agency Response

Stakeholders

Does the PIF/PFD include indicative information on Stakeholders engagement to date? If not, is the justification provided appropriate? Does the PIF/PFD include information about the proposed means of future engagement?

Secretariat Comment at PIF/Work Program Inclusion

GEFSEC 18NOV19:

Sufficient for PIF stage. Consultations with relevant government agencies have been undertaken in all four countries, and will also be held with civil society organizations, private sector and academia.

Agency Response

Gender Equality and Women's Empowerment

Is the articulation of gender context and indicative information on the importance and need to promote gender equality and the empowerment of women, adequate?

Secretariat Comment at PIF/Work Program Inclusion

GEFSEC 18NOV19:

Yes for PIF stage. A Gender Action Plan will be developed during project preparation.

Agency Response

Private Sector Engagement

Is the case made for private sector engagement consistent with the proposed approach?

Secretariat Comment at PIF/Work Program Inclusion

GEFSEC 18NOV19:

Yes.

Agency Response

Risks

Does the project/program consider potential major risks, including the consequences of climate change, that might prevent the project objectives from being achieved or may be resulting from project/program implementation, and propose measures that address these risks to be further developed during the project design?

Secretariat Comment at PIF/Work Program Inclusion

FI, 4/16/20:

Cleared. The agency has provided information on environmental and social risks in the online PIF template.

PPO comment, April 3, 2020:

Further information is requested relating to Environmental and Social Safeguards.

This PIF mentions that the project will integrate results-based management, gender equality, environmental and social safeguard considerations. It does not, however, include any environmental and social risk information in the risk section. We recognize that the project is about managing climate change risks, but ADB should be able to, at this stage, provide a preliminary environmental and social screening in line with ADB's Safeguard Policy Statement. ADB is requested to clarify whether this screening has taken place and if so to provide the report. If the report is not available at this stage, ADB should provide a justification or some additional information on the preliminary overall risk classification of the project, the types of risks identified and any preliminary measures to address these identified risks/potential impacts.

GEFSEC 26Nov2019:

Yes. We note that the Risks table proposes subsidization of premiums as a measure when stakeholders are reluctant to pay premiums. Please note that SCCF resources cannot be used toward subsidizing premiums; please explore co-finance resources toward this end, if needed.

GEFSEC 18NOV19:

Yes.

Agency Response

Thank you. We have confirmed that GEF resources will **not** be used to subsidize insurance premiums.

ADB Response: 14 April 2020

Additional narrative on Environmental and Social Safeguards has been provided in the risks section of the revised PIF.

Coordination

Is the institutional arrangement for project/program coordination including management, monitoring and evaluation outlined? Is there a description of possible coordination with relevant GEF-financed projects/programs and other bilateral/multilateral initiatives in the project/program area?

Secretariat Comment at PIF/Work Program Inclusion

GEFSEC 18NOV19:

Yes for PIF stage.

Agency Response

Consistency with National Priorities

Has the project/program cited alignment with any of the recipient country's national strategies and plans or reports and assessments under relevant conventions?

Secretariat Comment at PIF/Work Program Inclusion

GEFSEC 18NOV19:

Yes, it is aligned with national climate change adaptation plans and disaster risk management action plans in the four countries.

Agency Response

Knowledge Management

Is the proposed “knowledge management (KM) approach” in line with GEF requirements to foster learning and sharing from relevant projects/programs, initiatives and evaluations; and contribute to the project's/program's overall impact and sustainability?

Secretariat Comment at PIF/Work Program Inclusion

GEFSEC 26Nov2019:

Yes for PIF stage.

GEFSEC 18NOV19:

Please provide further information on the nature and breadth of anticipated KM activities, as well as potential beneficiaries of the KM actions.

This has high potential to be an innovative adaptation initiative. Thus it will be of immense value to capture and share knowledge and experience emerging from the conceptualization, design, implementation and monitoring of this project, including challenges faced and emerging lessons. Please ensure that the KM plan allows for this.

Agency Response The targets and beneficiaries of KM actions have been identified. Point is well taken and we have added to this section in the PIF, with a view to more systematic approach to be articulated during project preparation.

Part III – Country Endorsements

Has the project/program been endorsed by the country’s GEF Operational Focal Point and has the name and position been checked against the GEF data base?

Secretariat Comment at PIF/Work Program Inclusion

GEFSEC 08JAN20:

Cleared. Agency has submitted letters of endorsement from the OFP of each participating country. (LoE from Fiji is not required as the LDCF/SCCF funds will not be supporting project activities in Fiji, which will be covered by co-finance.)

GEFSEC 18NOV19:

Please submit letters of endorsement from the OFP of each participating country.

Agency Response

21 February 2020: Fiji will not be receiving support from GEF Funds for this project, as clarified in the PIF document. It is our understanding that in this case the GEF OFP letter of endorsement is not required. We appreciate your clarification and hopefully, concurrence on this matter. Thank you.

+++++

Given the short time frame it has been a challenge to secure complete 'buy in', 'ownership' and country drivenness as this is a new concept that requires a good amount of socialization. Nevertheless, in view of the significance of this type of project, the GEF OFP letters of endorsement for the 3 countries have been provided.

Termsheet, reflow table and agency capacity in NGI Projects

Does the project provide sufficient detail in Annex A (indicative termsheet) to take a decision on the following selection criteria: co-financing ratios, financial terms and conditions, and financial additionality? If not, please provide comments. Does the project provide a detailed reflow table in Annex B to assess the project capacity of generating reflows? If not, please provide comments. After reading the questionnaire in Annex C, is the Partner Agency eligible to administer concessional finance? If not, please provide comments.

Secretariat Comment at PIF/Work Program Inclusion

N/A

Agency Response

GEFSEC DECISION

RECOMMENDATION

Is the PIF/PFD recommended for technical clearance? Is the PPG (if requested) being recommended for clearance?

Secretariat Comment at PIF/Work Program Inclusion

FI, 4/16/2020:

Yes.

Update, April 9, 2020:

Not yet. Please see PPO comment in Risks section.

GEFSEC 18FEB20:

Yes.

GEFSEC 31JAN20:

Not yet. Please address comments for items 2 and 6 of Part I of the review sheet.

GEFSEC 23JAN20:

Not yet. Please address comment for review item 4 of Part 1 (GEF Financing).

GEFSEC 08JAN20:

Not yet. Please see comment for item 6 of Part II of the review sheet.

GEFSEC 26Nov2019:

Not yet. Please submit the files for CCA core indicators and metadata. Please also submit letters of endorsement from the OFP of each participating country.

GEFSEC 18NOV19:

Not yet. Please address GEF Sec comments provided on Nov 18th 2019.

ADDITIONAL COMMENTS

Additional recommendations to be considered by Agency at the time of CEO endorsement/approval.

Secretariat Comment at PIF/Work Program Inclusion

GEF SEC, 26 Nov. 2019:

At CEO Endorsement stage, please elaborate on:

1. The status of discussions with stakeholders (Government and private sector) in each country, particularly with regard to willingness and ability to pay into insurance premiums;
2. How the determination will be made of which coral reefs to insure, to ensure focus on climate vulnerability and resilience. A significant motivation for private sector and/or government to pay into insurance premiums is tourism revenue; how will the risk be avoided that less climate-vulnerable reefs are selected as "priority" areas by the entities taking out the insurance policy? Please expand on this in the full proposal.
3. Coral bleaching does not necessarily have to be slow-onset; it can occur quickly with sustained high ocean temperatures over a period of days/weeks. Please discuss whether this critically-important climate hazard will be covered by the insurance as well.
4. This project has potential to be highly innovative. Thus it will be of immense value to capture and share knowledge and experience emerging from the conceptualization, design, implementation and monitoring of this project, including challenges faced and emerging lessons. Please ensure that the KM plan allows for this.

Review Dates

	PIF Review	Agency Response
First Review		
Additional Review (as necessary)		
Additional Review (as necessary)		
Additional Review (as necessary)		
Additional Review (as necessary)		

PIF Recommendation to CEO

Brief reasoning for recommendations to CEO for PIF Approval

This \$1.27 million ADB proposal is one of the nine winning entrants of the 2019 Adaptation Challenge Program. It will explore a public-private partnership model for coral reef insurance for coastal sites in the Philippines, Indonesia, and the Solomon Islands*, of which the latter is a Pacific LDC SIDS. Natural hazards such as typhoons, to which the Asia-Pacific region is susceptible, can wreak immense damage on coastal ecosystems and shorelines, business and infrastructure, and community safety and livelihood. Healthy reefs play a major role in dissipating wave energy and thus mitigating the potential full impact of coastal storms. They also support marine biodiversity and are tourism attractions. With climate change projected to exacerbate extreme climate events, effect sea level rise and contribute to ocean warming events, reef vulnerability is increasing. This project seeks to build resilience of coastal communities and businesses dependent on coral reefs by insuring selected reefs and, in the event of a damaging event, repairing it.

A reef insurance model will be developed and implemented in Indonesia and then extended to the other participating countries. In Indonesia, potential sites have been identified that contain high coral cover and marine biodiversity, and are located in areas prone to unusually large sea swells. The GEF financing will enhance the policy, legal and regulatory environment for reef insurance; make the business case for reef insurance; secure buy-in from stakeholders; and structure the (parametric) insurance product and establish the financial mechanism. Post-storm reef repair capacity will be built, to be undertaken by government authorities. The project will also support assessments in selected areas for economic valuation of the reef, institutional arrangements, and expected cost of repair, and places significant emphasis

on south-south knowledge-sharing. It is expected to provide direct climate resilience benefits to 132,690 people and 134,260 ha of land, mainstream climate resilience in four policies/plans, and train 300 people in identifying and managing climate risks to coral reefs.

This project will be a first of its kind in the Asia-Pacific region and is highly innovative, as it insures a natural asset (coral reefs) that is typically viewed as a public good. It has high potential for scale-up. It is expected to catalyze further innovation for insuring natural assets with protective functions that can deliver multiple benefits, such as climate resilience, biodiversity, and livelihoods. Projects of this nature can also support the insurance industry by stimulating the creation of increasingly sophisticated and comprehensive models for insuring natural assets and the ecosystem services they provide.

*Also Fiji, which is not receiving GEF support in this project.