

# Enhancing National Development through Environmentally Resilient Islands (ENDhERI)

Review CEO Endorsement and Make a recommendation

## Basic project information

**GEF ID**

9668

**Countries**

Maldives

**Project Name**

Enhancing National Development through Environmentally Resilient Islands (ENDhERI)

**Agencies**

UNEP

**Date received by PM**

5/28/2019

**Review completed by PM**

3/27/2020

**Program Manager**

Jean-Marc Sinnassamy

**Focal Area**

Biodiversity

**Project Type**

FSP

**PIF** ☐

**CEO Endorsement** ☐

**Project Design and Financing**

**1. If there are any changes from that presented in the PIF, have justifications been provided?**

### **Secretariat Comment at CEO Endorsement**

The Agency took into account comments made at PIF level by the GEFSEC and the STAP, reducing the number of outputs, simplifying the language, and adding a component on KM. The changes are explained, and justifications provided.

Cleared.

### **Response to Secretariat comments**

**2. Is the project structure/ design appropriate to achieve the expected outcomes and outputs?**

**Secretariat Comment at CEO Endorsement** Yes.

**Response to Secretariat comments**

**3. Is the financing adequate and does the project demonstrate a cost-effective approach to meet the project objective?**

**Secretariat Comment at CEO Endorsement** Addressed.

**Response to Secretariat comments**

**4. Does the project take into account potential major risks, including the consequences of climate change, and describes sufficient risk response measures? (e.g., measures to enhance climate resilience)**

**Secretariat Comment at CEO Endorsement**

The project is very ambitious for a relatively limited budget. We recommend by precaution to include this point as a risk and propose mitigation measures in relation to cofinancing, partnerships, and coordination with other initiatives.

7/1/2019

Addressed.

**Response to Secretariat comments**

**20/6/2019**

This point has been added as a new risk (Risk 6) in *Table 3.5.2. Table of Project-related Risks and Mitigation Measures* in Section 3.5 of the Project Document, including mitigation measures. The same addition has been made to p25 of the CEO ER document.

**5. Is co-financing confirmed and evidence provided?**

**Secretariat Comment at CEO Endorsement** Yes.

**Response to Secretariat comments**

**6. Are relevant tracking tools completed?**

**Secretariat Comment at CEO Endorsement**

In GEF7, the number of proposed indicators has been reduced, but it is mandatory to provide targets at CEO endorsement.

So, for the indicator 2 on marine protected areas created or under improved management (2.1 and 2.2), use your best guess based on the mapped information you have and include a number in the appropriate section in the portal. Thanks.

7/1/2019 - Addressed.

**Response to Secretariat comments**

**20/6/2019**

Approximate area targets for each of the five proposed protected areas have been added to CEO ER document Part I E (and notes), Annex A Project Results Framework, and Annex F Core Indicators Worksheet. In the Project Document, the same additions are reflected in paragraphs 157 and 174 as well as the GEF Core Indicator Worksheet in Appendix 4a (and its Notes) and Results Framework Objective indicator O.2 in Appendix 4.

**7. Only for Non-Grant Instrument: Has a reflow calendar been presented?**

**Secretariat Comment at CEO Endorsement** NA

**Response to Secretariat comments**

**8. Is the project coordinated with other related initiatives and national/regional plans in the country or in the region?**

**Secretariat Comment at CEO Endorsement**

Coordination of Ministries and national agencies is mainstreamed in the project design and arrangements. The project will coordinate with other initiatives and projects.

Cleared.

**Response to Secretariat comments**

9. Does the project include a budgeted M&E Plan that monitors and measures results with indicators and targets?

**Secretariat Comment at CEO Endorsement** Yes. See item 6 though.

**Response to Secretariat comments**

20/6/2019

See response to item 6 above.

10. Does the project have descriptions of a knowledge management plan?

**Secretariat Comment at CEO Endorsement** Yes, a fourth component on KM was added.

**Response to Secretariat comments**

Agency Responses

11. Has the Agency adequately responded to comments at the PIF stage from:

GEFSEC

**Secretariat Comment at CEO Endorsement** Addressed.

**Response to Secretariat comments**

**STAP**

**Secretariat Comment at CEO Endorsement** Addressed.

**Response to Secretariat comments**

**GEF Council**

**Secretariat Comment at CEO Endorsement**

Germany supported STAP's review.

Addressed.

**Response to Secretariat comments**

**Convention Secretariat**

**Secretariat Comment at CEO Endorsement** NA

## **Response to Secretariat comments**

### **Recommendation**

#### **12. Is CEO endorsement recommended?**

### **Secretariat Comment at CEO Endorsement**

The project cannot be recommended yet. Please, provide a target for the indicator 2 related to marine protected areas and see the item 4 on risks.

July 1st, 2019

All points are addressed: the project is recommended for CEO endorsement.

However, please check in the portal and correct the classification of executing partners: You mentioned "Foundation" under the item "Executing Partner", and included "Ministry of Env't and Energy" under the item "Other Executive Partners". Based on the implementation arrangements, it seems that the main executing partner should be the Ministry, and under Other Executive Partners, and under the "Other Executive Partners", you may include "Local governments, NGOs, foundations... Please, correct.

July 11, 2019

Point taken.

The project is recommended for CEO endorsement.

September 5, 2019

PPO comments:

- Core Indicators: Project's target for sub-indicator 5.1 "Number of fisheries that meet national or international third-party certification (86,153 hectares) should be moved directly under core indicator 5 "Area of marine habitat under improved practices to benefit biodiversity", as is also indicated in the up-loaded core indicator worksheet.

- Also, project's results framework notes that the final target for this indicator is " 86,153 ha reef and lagoon habitats in Laamu Atoll included in Sustainable Development plans, of which at least 18,000 ha benefiting from direct project interventions". Please consider revising the target hectares to 18,000 (directly benefit from project interventions).

- The Institutional arrangements show UNEP is to perform some executing functions: 1) The documentation presented at CEO Endorsement must include an explicit request signed by the GEF OFP(s) of the participant country(ies) indicating the specific roles and responsibilities of all partners, including any execution activities provided by a GEF Agency; 2) The request should provide a sound justification for the execution activities that the GEF Agency may perform. Hence, the Agency needs to obtain such letter; 3) Once the full documentation is presented, the GEF Program Manager will assess the justification and consult with GPU Management on whether to approve it or not. Based on the available elements, we recommend to UNEP to find a third entity to avoid endorsing both implementing and executing functions.

October 8, 2019

The Quality Control highlighted the following comment:

Appendix 1 – Budget (one of the documents attached in Portal): the salaries for Project Manager, Project Coordinator, Assistant Manager, Communications and Stakeholder Engagement Officer and Accounting Coordinator are partially or totally charged to the Project's components – project's personnel salaries should be totally changed to the Project Management Cost (PMC). This project's PMC amounts to \$718,237 and the co-financing and nearly 20.7 out of 22.9 million in co-financing is in grants, therefore there is room to pay the project's personnel salaries from the PMC. Please ask the Agency to amend.

Thanks to correct.

**November 25, 2019**

Thanks for the responses.

- It is unfortunate, to say the least, and difficult to believe that no resources from the \$22.9 million cofinancing cannot be mobilized to participate to project management costs. In a project with a cofinancing ratio of 1:6.5, and more than 20 million in grants, we would expect some flexibility. We request that the project's positions that were moved to consultancies should be paid by cofinancing, or at least with a comparable ratio than the cofinancing (1:6.5). There is no reason for the GEF grant to pay for all these positions alone.

- We also take note of the intention to finance the Project Manager (PM) and the Assistant for Administrative and Finance under the project management costs (PMC). However, the budget (appendix 1) shows a different information: \$60,000 are still assigned under the C1 to finance the PM. The cofinancing ratio being around 1:3.2 for the management costs, we suggest to assign \$15,000 to the project management costs, and affect \$45,000 to the cofinancing to maintain a similar ratio.

- We take note on the intention to present the Project Implementation Unit in Laamu (PIU) as an outcome of the project, with the development of a permanent management structure for the Marine Managed Area/Biosphere Reserve (MMA/RB) for Laamu Atoll and selected islands, and to not count the PIU as a project management unit (which should in this case be financed under the PMC). With this logic, we are doing all our possible to understand the budget items under the



technical components, including 1) the transformation of the coordinators/advisors, NC specialists and communication positions into consultancy positions (#1201, #1202, #1205-#1209), 2) equipment and consumable supplies under technical components (#4102, #4202), 3) travels (\$182,000 under C1, C2, C3, and C4, and 4) \$26,000 of cellphone costs for the Laamu PIU (#5302).

- Please, clarify the budget item #1300 of \$60,000 for "project administrative support": without more information, we would like to see this amount assigned under the project management costs, and not to C1 and C2. Please, correct or clarify.

- On the same line, it is difficult to accept the item #4301 (\$12,000) to rent the Laamu PIU Office under the C1. Here again, cofinancing or contributions from the government would be the preferred solution. Another solution might be to transfer this item into the project management costs. If this option is selected, we would like to see a breakdown of 1:3 with the cofinancing (\$3,000/\$9,000). You will also need to explain the sustainability of the management structure for the MA/RB if the government does not participate into this activity at this stage.

## **February 19, 2020**

1. We take note on the rationale provided for the different project's positions. In the future, we invite the writer to propose a coherent GEF reasoning from the baseline situation, cofinancing opportunities, and a justification of the GEF added value for global environment benefits. A more robust reasoning would have been a way to avoid a stand-alone GEF grant without strong connections with the cofinancing.

2. (about the wrong budget): Point taken

3. Expenses related to project management should stay in the project management costs. There is a wrong application of the 5% "ceiling" policy. We understand that in some situations, it is difficult to maintain pmc under the 5% ceiling, but it is more important for us to stay coherent in the classification of expenses, even if the ceiling may be exceeded. Please, maintain the expenses related to pmc in the pmc and do not disseminate them into the technical components.

4. (#1300): modest or not, expenses related to project management should stay in the project management costs. This item should be covered by pmc. Please, correct.

5. (#4301): We take note of your response and regret the lack of flexibility from cofinancing. Without anticipating PPO's comments, this item should be transferred to the project management costs.

Synthesis of comments: expenses related to project management should stay in the project management costs. We understand that in some situations, the 5% ceiling is low, but it is important to stay coherent in the classification of expenses, even if the ceiling may be exceeded. After taking note of your responses, we still request the transfer of the items #1301 (\$60,000), #4102 (\$51,393), and #4301 (\$12,000) to the project management costs. The pmc will then reach \$291,628, or 8.25%. Due to the project management conditions in Maldives, we support this overrun. Please, note that these observations may be further completed by PPO. Thanks for your understanding.

*March 13, 2020*

All points are addressed. However, we were just able to check the modifications in the excel annex and the request for CEO endorsement. Please, provide a full package including the revised project document.

March 19, 2020

Addressed. The project is recommended for CEO endorsement.

May 12, 2020

With the increase of the GEF contribution to the project management costs (from \$168,237 to \$291,630), and the decrease of cofinancing to the same pmc noted from first submissions (from \$718,237 to 550,000), the cofinancing ratio has decreased from 1:4.27 to 1:1.88. We invite the GEF Agency to increase the cofinancing contribution to the pmc to restore a similar ratio.

Upon submission of a revised package (portal/CEO endorsement request + project document), we will be pleased to recommend the project for CEO endorsement.

May 22, 2020

Cofinancing related to pmc have been increased up to \$1,425,000, for a ratio back to 1:4.27. The correction is reflected in the portal, the request for CEO endorsement, as well as the budget annex in the prodoc. The project is recommended for CEO endorsement.

## **Response to Secretariat comments**

**20/6/2019**

Both points 4 and 6 have been responded to through revisions to the project document package.

**09/07/2019**

We cannot edit the "Executing Partner Type" from our end as the option is disabled; The GEF / WB IT team edited the "Executing Partner Type" from Foundation to Government for us.

Thank you

## **12 Sep 2019 Responses:**

### **UNEP Response 12 Sept to issue with Core Indicators:**

>> The re-submitted documents have the target of 86,153 hectares directly under Core Indicator 5.

>> The Results Framework indicator 0.1 and GEF Core Indicator 5 target of 86,153 ha reef and lagoon habitats has been retained as we believe it is consistent with the guidance provided for Core Indicator 5[1]<sup>1</sup>, given that the entire target area under sustainable development plans will also be subject to MMA management plan implementation, including zoning of land/sea uses, governance arrangements and staffing, sustainable financing and community engagement. We expect that the project will have a profound influence on the overall management of the lagoon, reefs and other coastal and marine habitats in Laamu Atoll to benefit biodiversity. The earlier reference to 18,000 ha under direct intervention referred to the estimated area subject to related sustainable use pilot interventions under the project that will reduce pressures on coral reefs. These will still go ahead as planned; and in line with the GoM policy and government programs for decentralised governance on NR management. Under the current favourable political climate for environmental protection in the Maldives we feel the project could be bit ambitious. We trust this clarifies.

**UNEP Response 12 Sept to 'executing functions by UNEP':** Whilst this modality was indeed suggested during the PPG process and included as such in the Project Documents, it has been discussed once more with the NEA (Ministry of Environment) and it was agreed that the NEA will take on this responsibility and coordinate and implement all work related to natural capital accounting. UNEP would not assist in procurements, implementation or direct quality control, yet would advise the NEA on selecting and contracting the best quality consultants and institutions to perform the work. The related changes have been made in the ProDoc – section 4 on institutional framework (CEO ER does not need any correction in text on management structure), as well as in the GEF budget (Appendix 1 to the ProDoc). We trust this clarifies the matter.

### **Changes made to and resubmitted documents:**

**Re-submitted Appendix 4 (RF)** – We added clarification that the total area under SD plans is also subject to MMA management plan implementation including zoning of land/sea uses, governance arrangements and staffing, sustainable financing and community engagement. This provides the qualitative description in line with the guidance. Note that the target area is marginally smaller than the proposed MMA/BR in Indicator 1.1.1 because it excludes the terrestrial land (Core Indicator 5 only covers marine territory).

We have deleted the reference to 18,000 ha benefiting from direct project interventions. In fact, the project will have a profound influence on the overall management of the lagoon, reefs and other coastal and marine habitats to benefit biodiversity. The earlier reference to 18,000 ha under direct intervention refers to the estimated area subject to related sustainable use pilot interventions under the project that will reduce pressures on coral reefs. These will still go ahead as planned.

**Re-submitted Appendix 4a (Core Indicator Worksheet)** – No change

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**Re-submitted CEO ER:**

- Page 7 explanation for Core Indicator 5
- Page 18 - GEBs
- Annex A – as for RF above

**Re-submitted Prodoc** – changes related to point 2 above on removing ‘UNEP executing functions’.

**Re-submitted Appendix 1 GEF Budget to ProDoc** – reference to UNEP BLs removed.

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[1] GEF guidance on Core Indicator 5. “*Area of marine habitat under improved practices to benefit biodiversity (hectares; excluding protected areas)* *Definition: This indicator captures the area of marine habitat under improved management to benefit biodiversity **and/or for which management plans have been prepared and endorsed and are under implementation.***”

*Details: For the purpose of the indicators, the GEF defines marine area as the living resources, natural infrastructure, and a range of important habitats such as mangroves, coral reefs, seagrass beds, coastal tidal marshes, seamounts, thermal vents, and cold water corals that are crucial for human well-being and sustainable development. This indicator can include implementation of one or more of the following approaches: **marine habitat under Integrated Coastal Management, Locally Managed Marine Area, Marine Spatial Plan, and/or Large Marine Ecosystem (LME).** The project should also **qualitatively describe the benefits provided to biodiversity through change in management.** Finally, while not required, projects should ideally provide GIS files showing the extent of the ocean under this improved management”.*

**4 Nov 2019**

**UNEP response to Oct 8 review:**

Unfortunately, all (cash) co-financing of the government is already allocated to other costs and not available to meet staffing costs on the GEF project.

**Appendix 1 GEF Budget:**

The staffing structure of the project and related budget lines have been adjusted in order to conform with the guidance provided on GEF Project Management Cost as described below.

Changes to staffing and budget structure:

- ‘Project Manager’ – all costs for project management are now included in the PMC part of the GEF budget. Technical inputs formerly allocated under the Project Manager have now been split off to a separate consultancy position with the title of ‘Senior Technical Advisor on Marine Resource Management’ under Components 2, 3 and 4.
- ‘Assistant Manager for Administration and Finance’ – all costs for project management are now included in the PMC part of the GEF budget.
- ‘Laamu Project Coordinator’ – this position has now been changed to ‘Marine Resource Management Advisor – Laamu’, and will be issued as a Consultancy contract under Component 1.
- ‘Communications & Stakeholder Engagement Officer’ – this position has now been changed to ‘Communications & Stakeholder Engagement Specialist’, and will be issued as a Consultancy contract under Components 1,2 and 4.
- ‘Natural Capital Accounting Coordinator’ – this position has now been changed to ‘Natural Capital Accounting Specialist’, and will be issued as a Consultancy contract under Components 1,2 and 3.

#### **Notes:**

In correcting the Output Budget, we found an error in the total for Output 2.1.1 (Cell C94). The GEF budget was consequently 15,000 over limit. Cuts have been made in the same Output to bring the budget back on track. All highlighted.

#### **Changes made to the Project Document**

Para 188, edits to Laamu PIU staffing

P104, Fig 4.1 – as above (same diagram, but more detail in App 10)

P105, para 57 edits to Laamu PIU staffing

#### **Changes made to Appendix 10 of ProDoc - Management Diagram**

PMU – removed NCA Coordinator

PIU Laamu – changed Laamu Project Coordinator to Marine Resource Management Advisor – Laamu; changed Communications and Stakeholder Engagement Officer to Specialist

Project Support – added subcontracted and co-financed inputs

#### **Changes made to Annex 11 of ProDoc - staff and consultant TORs**

Project Staff:

NPD – No change

PM – Only minor edits

Assistant Manager for Administration and Finance – No change

#### **Key Consultant Positions:**

New consultant position: Senior Technical Advisor on Marine Resource Management under Components 2, 3 and 4. Same qualifications/experience requirements as PM; new responsibilities derived from PM TOR and in support of the technical components

Laamu Project Coordinator >> Marine Resource Management Advisor – Laamu; coordination aspects rephrased

Communications and Stakeholder Engagement Coordinator >> Specialist; coordination aspects rephrased

Natural Capital Accounting Coordinator >> Specialist; coordination aspects rephrased

#### **Changes made to CEO ER**

P31 – edits to PMU and PIU staffing

P45 – edit to Laamu MMA/BR - Green Growth Stakeholder Platform meetings and reports row, and Annual Project Stakeholder Forum Meetings and reports row

Figure 3 – as for App 10 / Fig 4.1 above

**UNEP 28 January 2020:**

*- It is unfortunate, to say the least, and difficult to believe that no resources from the \$22.9 million cofinancing cannot be mobilized to participate to project management costs. In a project with a cofinancing ratio of 1:6.5, and more than 20 million in grants, we would expect some flexibility. We request that the project's positions that were moved to consultancies should be paid by cofinancing, or at least with a comparable ratio than the cofinancing (1:6.5). There is no reason for the GEF grant to pay for all these positions alone.*

**UNEP 28 January 2020:**

We have checked with the Government of Maldives and made the case for identifying new cash co-finance contributions to the costs of PMU staff. Whilst being fully committed to supporting and executing the project – e.g. through the co-financed Project Director, national policy and political support for a decentralised NRM program in Laamu Atoll, as well as the related baseline programs, the GoM has stated that it does not have any cash resources freely available for project staff costs, nor for the technical expert consultant posts mentioned below. The large amount of cash investment listed under GoM co-finance contributions (22.9M) do concern ‘parallel co-financing’, which sources are not unusual with GEF projects.

Also, the Government of Maldives has consulted with GEFSEC on the request to provide cash co-finance in meeting (part of) the project management expenditures during the Dec 2019 Council meeting, and during these talks it was acknowledged that their position is in line with the GEFSEC Co-finance Policy. Additionally, it has been learned that these types of project management or expert consultancies’ expenditures are extremely hard to fund through government budgets or programs - and which also require advance planning to secure funds in the related government budgets one or more years ahead.

Moreover, the technical expert positions moved from the PMU staff posts to the consultants’ budget (the SEEA NC accounting expert & the Communications & Stakeholder Engagement Specialist) or those now funded through a combination of PMC and technical component budgets (the Project Manager / Senior Technical Advisor on Marine Resource Management & the Laamu Project and Marine Resource Management Coordinator) are all highly essential to the successful technical implementation and quality of deliverables enabled through GEF incremental support to the set project outputs. Putting these – even partially, through co-financed inputs including cash resources yet to be secured during project implementation, would be a too large a risk for the overall delivery of the project. We trust that GEFSEC understands these realities of project implementation in the Maldives and the need to be pragmatic in resource allocation instead of overly rigid. In UNEP’s experience – and as captured in co-finance delivery evaluations commissioned by the GEF EO, co-finance is chiefly secured through the technical alignment of GEF projects with co-financed programs and budgets; yet seldom through actual cash flow into the GEF project accounts for meeting GEF project or staff costs or the mechanisms of shared staff posts.

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*- We also take note of the intention to finance the Project Manager (PM) and the Assistant for Administrative and Finance under the project management costs (PMC). However, the budget (appendix 1) shows a different information: \$60,000 are still assigned under the C1 to finance the PM. The cofinancing ratio being around 1:3.2 for the management costs, we suggest to assign \$15,000 to the project management costs, and affect \$45,000 to the cofinancing to maintain a similar ratio.*

**UNEP 28 January 2020:**

Sorry for our mistake in submitting the wrong budget version at 2nd response. Following discussions at the December 2019 GEF Council between the UNEP Global GEF Coordinator and GEFSEC, it was clarified that it is in fact possible to have project staff positions that embrace both project management and technical roles financed from the project management costs and project technical components for their respective inputs. Consequently, the Project Manager / Senior Technical Advisor on Marine Resource Management, and Laamu Project and Marine Resource Management Coordinator have been budgeted in this manner and their Terms of Reference elaborated to clearly show their project management and technical inputs. Without secured and available cash co-finance by the Government of Maldives we do not see another funding mechanism for these key project positions.

Both the ProDoc, CEO ER, Appendix 10 Organisational Flowchart, Appendix 11 on project staff ToR, as well as GEF Budget (Appendix 1) have been adjusted to these latest responses.

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*- We take note on the intention to present the Project Implementation Unit in Laamu (PIU) as an outcome of the project, with the development of a permanent management structure for the Marine Managed Area/Biosphere Reserve (MMA/RB) for Laamu Atoll and selected islands, and to not count the PIU as a project management unit (which should in this case be financed under the PMC). With this logic, we are doing all our possible to understand the budget items under the technical components, including 1) the transformation of the coordinators/advisors, NC specialists and communication positions into consultancy positions (#1201, #1202, #1205-#1209), 2) equipment and consumable supplies under technical components (#4102, #4202), 3) travels (\$182,000 under C1, C2, C3, and C4, and 4) \$26,000 of cellphone costs for the Laamu PIU (#5302).*

**UNEP 28 January 2020:**

The PIU Laamu has a largely technical role to play in facilitating stakeholder engagement and providing technical assistance for planning before it can evolve into a permanent management structure for the Marine Managed Area/Biosphere Reserve (MMA/RB) for Laamu Atoll; yet importantly it will also be the local arm of the PMU with regard to coordinating all project interventions, consultancies and sub-contractors active in the Laamu Atoll. As such a small part of the responsibilities and costs are management related. This is again a case of the 'field reality of GEF project implementation' where a PIU often has a mix of both technical, governance as well as management tasks and expenditures. Putting everything under PMC is both not appropriate and impossible given the 5% PMC ceiling. The fact that this project has been very transparent in presenting its resource allocations under the technical component budgets and/or PMC budget meets the GEFSEC criteria of transparency, optimal use of GEF resources, as well as a sound and realistic project design. We feel that these are important criteria and realities that need to be balanced with GEF policy on resource allocation for PMC.

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*- Please, clarify the budget item #1300 of \$60,000 for "project administrative support": without more information, we would like to see this amount assigned under the project management costs, and not to C1 and C2. Please, correct or clarify.*

**UNEP 28 January 2020:**



The costs budgeted for a modest level of ‘project administrative support’ under #1300 or #4301 (\$12,000) for office rent Laamu (see below), are part of that budgeting principle described above. The administrative support for the PIU will assist the staff based in Laamu to consult and coordinate with diverse local stakeholders including related local government bodies, the private sector, community representatives, and technical experts from universities, NGOs, related projects, farmers, fishermen, etc – all spread out on a great number of remote islands.. The admin support will also assist the functioning of Local Task Forces and the Green Growth Stakeholder Platform by providing supporting information, assisting with meetings, arranging logistics, etc. Cellphones are essential for effective communications as Laamu Atoll consists of some 99 islands, 10 of which are inhabited, and the project staff will be highly mobile during implementation. The actual time inputs demanded of the Laamu Atoll Council and different Island Councils staff to participate in the local project activities (green growth strategy development, MMA/BR planning, Local Task Forces and the Green Growth Stakeholder Platform, etc) will be significant and should be recognized.

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*- On the same line, it is difficult to accept the item #4301 (\$12,000) to rent the Laamu PIU Office under the C1. Here again, cofinancing or contributions from the government would be the preferred solution. Another solution might be to transfer this item into the project management costs. If this option is selected, we would like to see a breakdown of 1:3 with the cofinancing (\$3,000/\$9,000). You will also need to explain the sustainability of the management structure for the MMA/BR if the government does not participate in this activity at this stage.*

**UNEP 28 January 2020:**

With the ceiling set at 5% for PMC and inability of the Government of Maldives to put in cash co-finance to PMC and/or technical consultants, there is very little space to move cost items. During PPG it was intended to have the office rental for the Laamu PIU office fully co-financed through the planned establishment of the National University of Maldives – Laamu Local Campus and Knowledge Centre, yet at conclusion of the PPG it was confirmed that the Campus development had been seriously delayed due to planning approval issues and was clearly unlikely to happen soon. Therefore, we were forced to negotiate available office space options with the Atoll Council and were provided with a low-cost option that would allow implementation to proceed without major delay at the onset of the project. The ground reality is that Maldives local government operates on a shoestring and is currently unable to absorb these costs. GEFSEC can see that we do not budget any other large government costs made for the input of local government through the project, except local (boat) travel and communications (Mobile phone) which are both essential and expensive in the context of the remote Maldives Atolls. On additional cash co-finance – the Government of Maldives is not in a position to be able to take part of these costs.

With regards ‘sustainability’: The planning and capacity development for establishment of the MMA/Biosphere Reserve on Laamu Atoll involves the development of a sustainable financing mechanism (i.e. Laamu Atoll Conservation Fund) to support operational management of the MMA/BR informed by learning from comparable sites in the Maldives (eg Baa Atoll BR) and elsewhere and including support from the national Green Fund.

Secondly, the proposed Headquarters / Environment Office for Laamu Atoll MMA/BR will include permanent management staff from the Ministry of Environment (we propose at least a Manager, Technical Officer, Communications/Education Officer and Admin/Finance staff in place by Year 3). This is based on a similar funding model and decision taken by government on Baa Atoll BR.

Thirdly, local-led activities in support of MMA/BR and LMMA development will support implementation of the Atoll and Island Development Plans through project small grants, seed funding from ME Green Fund and facilitating public-private partnerships (e.g. with tourist resorts and guesthouses) to contribute towards site management (e.g. installation of information boards, fencing and walkways; waste collection facilities).

**UNEP Response: 28 February 2020**

Much thanks for the understanding and advice to put the costs items #1301, # 4102 and #4301 under PMC, giving a total of PMC of USD 291,630 or 8.25%. Relevant corrections have been made in the ProDoc Appendix 1 - GEF budget tables, indicated in yellow (Budget by UNEP Cost Codes). Also, the Component and PMC allocations in the CEO ER have been corrected.

The reasons for this include: (i) to stay coherent in the classification of expenses related to project management, even if the ceiling may be exceeded. These concern additional budget items #1301 (\$60,000), #4102 (\$51,393), and #4301 (\$12,000) to the project management costs; and (ii) extraordinary administrative support, materials, and office rent costs for the satellite management unit in Laamu Atoll (which we hope during the establishment of the permanent management structure for the Marine Managed Area/Biosphere Reserve (MMA/RB) for Laamu Atoll as well as a related trust fund these costs could be taken over by government through co-finance).”

**UNEP Response: 18 March 2020**

Project document and its annexes have been uploaded in the portal

**UNEP Response 13 May 2020:**

To come along with the increased GEF costs to the PMC as well as attaining a similar co-finance ratio as overall on the project, we have raised the co-finance to PMC to a total of USD 1,245,000 in-kind resources. This would be contributed during the life of the project through e.g. the Ministry of Environment as well as the Laamu Atoll Council to e.g. the costs and functions of the PIU in Laamu Atoll - in being the local arm of the PMU with regard to coordinating all project interventions, consultancies and sub-contractors active in the Laamu Atoll; as well as to the proposed Headquarters / Environment Office for Laamu Atoll MMA/BR which will include permanent management staff from the Ministry of Environment. As a result some the PMC commitments may evolve as cash co-finance by the end of the project. The necessary changes have been made in the CEO ER, as well as Appendix 2 of the ProDoc.

**Review Dates**

**Secretariat Comment at CEO Endorsement**

**Response to Secretariat comments**

|   | Secretariat Comment at CEO Endorsement | Response to Secretariat comments |
|---|--|----------------------------------|
| <b>First Review</b>                     |  |                                  |
| <b>Additional Review (as necessary)</b> |  |                                  |
| <b>Additional Review (as necessary)</b> |  |                                  |
| <b>Additional Review (as necessary)</b> |  |                                  |
| <b>Additional Review (as necessary)</b> |  |                                  |

#### CEO Recommendation

#### Brief Reasoning for CEO Recommendations

#### Context

The Maldives is a coral island nation consisting of 26 natural atolls and an estimated 1,192 islands spread over 859,000 km<sup>2</sup> in the Indian Ocean, of which an estimated 21,300 km<sup>2</sup> comprises atolls. The reef ecosystem of the Maldives is the seventh largest in the world and the fifth most biodiverse. Its atolls are by far the largest group of coral reefs in the Indian Ocean, with a total reef area of 4,513 km<sup>2</sup>, included in the Maldives, Chagos and Lakshadweep Atolls Global 200 Ecoregion. The Maldives has a diversity of coastal habitats including mangroves, seagrass beds, intertidal flats and lagoons in addition to the coral reefs supporting a highly diverse marine fauna.

The Maldives society and economy (largely based on tourism and fisheries) – are highly dependent on marine natural capital (NC). Coral reef and beach experiences underpin the tourism industry, earning revenue of about USD 420 million in 2016 from over 1.3 million visitors. The fisheries sector contributed 6% to GDP and tuna catches in 2016 had an export value of over USD140 million. Overall, Maldives natural capital including biological diversity is estimated to contribute 71% to employment, 89% to GDP and 98% to exports.

Marine biodiversity is under significant pressure from a range of stressors, notably climate change impacts (e.g. coral bleaching episodes), infilling of lagoons, coral flats and mangroves for development, damage to reefs from fishing and recreational activities, over-exploitation of reef fisheries, and localized land-based pollution

from sewage, agro-chemicals, leachates and solid waste including plastics). Clearance of natural vegetation for agriculture and development and introduction of invasive alien species are impacting island habitats and fauna, while collection of turtle eggs and bird trapping have direct impacts on species.

The proposed project aims to tackle the following barriers: 1) ineffective local governance of natural resources and insufficient experience with sustainable alternatives to current livelihood practices; 2) poor understanding among key local, national and sector stakeholders of their dependence on natural capital and the options available to sustainably use biodiversity to improve livelihoods; and 3) limited integration of NC and biodiversity values in national policies, planning and regulations and in the operations of economic sectors dependent on natural resources.

### **The project**

The project provides a unique support to the government of the Maldives to transition towards a Green Growth Strategy, sustaining marine Natural Capital and strengthening the resilience and recovery of reef ecosystems.

The project is based on the following components and outcomes: 1) increase the sustainability of marine and coastal resource management under a Green Growth Strategy for Laamu Atoll (Outcome 1.1) and achieve a reduction in stressors impacting Laamu Atoll reefs through increased Green Growth and Integrated Coastal Zone Management practices in key sectors (Outcome 1.2); 2) Increase understanding of the values and dependencies on marine NC and biodiversity and ecosystem services that supports improved livelihoods and sustainable development on Laamu (Outcome 2.1), 3) Achieve increased institutional capacity, clarified mandates and integration of NC accounting in marine biodiversity conservation policy and programs (Outcome 3.1); Enhance protection of coral reefs and other marine NC through actions by corporate sectors (Outcome 3.2); And strengthen inter-sectoral coordination and spatial planning that incorporates NCA support sustainable development in the fisheries and agriculture, tourism and construction sectors (Outcome 3.3), and 4) KM.

### **Global Environment Benefits**

The project will deliver new marine protected areas (944 ha) and will improve management on 86,153 ha of non-protected marine areas.

### **GEF Strategies**

The project is developed under the Biodiversity objectives 3.6 and 4.10, respectively on national capital accounting and the protection of coral reef ecosystems.

### **Innovation, Sustainability and Scaling up**

The Natural Capital approach and the Green Growth Strategy for Laamu applied to a proposed Biosphere Reserve and Local Marine Management Areas are innovative. The proposed institutional mechanisms (multi-stakeholder platforms) are embedded into government policies and systems for sustainability. There is a strong potential for replication to other atolls.

