

## STAP Screen: 11323

GEF ID	11323
Project title	Indonesia Coral Bond
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### 1. Summary of STAP's views of the project

The objective of this project is to protect coral reefs in Indonesia through improved marine protected areas management. Building on experience with the 'Rhino Bond,' the proposed Coral Bond introduces several innovations such as focusing on ecosystems, rather than species, and measuring enabling conditions such as good governance, sound design and planning, and effective management, in addition to biodiversity outcomes.

The strength of this project lies in its innovative approach that uses a market-based financial vehicle to raise non-sovereign capital for conservation. If successful, this blended finance can serve as an outcome-based financial model to support important environmental objectives. STAP is pleased to see that this project has absorbed lessons learned from the Rhino Bond project (e.g., need for robust performance metrics, clearly defined project activities, an outcome payer and reputable channeling and safeguards).

However, while this is a good example of the GEF taking greater risk using new financial instruments, it is not entirely clear from this PIF the extent to which private sector finance is being directed towards achieving global environmental benefits (GEBs), nor is there a full explanation of the tradeoff or reduced risk to GEF vs return (i.e. GEBs) – this should be clarified in the next iteration.

*Note to STAP screeners: a summary of STAP's view of the project (not of the project itself), covering both strengths and weaknesses.*

#### STAP's assessment\*

- Concur - STAP acknowledges that the concept has scientific and technical merit
- X** **Minor - STAP has identified some scientific and technical points to be addressed in project design**
- Major - STAP has identified significant concerns to be addressed in project design

Please contact the STAP Secretariat if you would like to discuss.

### 2. Project rationale, and project description – are they sound?

See annex on STAP's screening guidelines.

The project proposal provides a strong rationale for a Coral Bond, including the political, sectoral, institutional, and environmental context within which it would take place. Providing additional information on trends and how they may intersect to create different future narratives to show how the outcomes from this project will be durable would be useful. Climate change impacts will be critical; however, little specific data connecting impacts to people and ecosystems is provided. Scientifically verified baseline information, including for the proposed indicators (live coral cover and reef fish) will be critical to the success of this project.

The structure of this project is sensible, and the project components support the overall objective; however the theory of change (ToC) diagram could be improved by more clearly linking the barriers with outputs and

outcomes. Currently the barriers are combined in one list; however, it's not clear how each of them corresponds with specific proposed actions. In particular, the proposal identifies lack of funding as the main constraint to achieving conservation goals – in Indonesia and in general. However, other barriers such as a lack of legal or institutional mechanisms are also quite relevant and can themselves prevent sustainable funding and financing. These and other barriers should be assessed more comprehensively during the PPG phase.

In addition, the project outcomes and outputs are somewhat general, particularly Component 1 which refers to improved management effectiveness, yet the outputs largely focus on monitoring, stakeholder mapping, business plan development, etc. – all of which are important aspects of improved management effectiveness but likely not sufficient.

It is important to describe how other aspects not covered by this project (e.g., the required legal basis, institutional capacity, political willingness, etc.) will be addressed, including elements outside of the project's sphere of influence. This information will also be crucial for monitoring outcomes and impact – particularly important for scaling and sharing lessons more broadly.

In terms of gender, the project assumes that improved MPA management benefits everyone, but how will the project ensure that women will benefit equally, especially considering gender inequalities surrounding access to marine resources, benefits from marine management, etc.?

*Note: provide a general appraisal, asking whether relevant screening guideline questions have been addressed adequately – not all the questions will be relevant to all proposals; no need to comment on every question, only those needing more attention, noting any done very well, but ensure that all are considered. Comments should be helpful, evaluative, and qualitative, rather than yes/no.*

### **3. Specific points to be addressed, and suggestions**

During PPG phase, STAP recommends that project proponents:

1. Include more detailed information about future trends and how they may impact coral and other marine resources in Indonesia, particularly anticipated climate change impacts on ecosystems and affected populations. See the [STAP Brief on Simple Future Narratives: helping to ensure the durability of GEF investments](#) and the [STAP advisory document A decision tree for adaptation rationale](#) for guidance.
2. Revise the project Theory of Change to provide a more thorough assessment of all barriers that may prevent improved MPA management and protection of coral reefs, including activities that may be beyond the scope of this proposed project, but which are necessary to achieve success. See STAP's [Theory of Change Primer](#) for more information. This includes providing additional detail for each of the Components and a more thorough explanation of monitoring and reporting of progress – also to inform future efforts.
3. Provide a fuller explanation, including the overarching logic, regarding how private sector financing is supporting the attainment of GEBs as part of the rationale and project description.

*Note: number key points clearly and provide useful information or suggestions, including key literature where relevant. Completed screens should be no more than two or three pages in length.*

\*categories under review, subject to future revision

## ANNEX: STAP'S SCREENING GUIDELINES

1. How well does the proposal explain the problem and issues to be addressed in the context of the **system** within which the problem sits and its drivers (e.g. population growth, economic development, climate change, sociocultural and political factors, and technological changes), including how the various components of the system interact?
2. Does the project indicate how **uncertain futures** could unfold (e.g. using simple **narratives**), based on an understanding of the trends and interactions between the key elements of the system and its drivers?
3. Does the project describe the **baseline** problem and how it may evolve in the future in the absence of the project; and then identify the outcomes that the project seeks to achieve, how these outcomes will change the baseline, and what the key **barriers** and **enablers** are to achieving those outcomes?
4. Are the project's **objectives** well formulated and justified in relation to this system context? Is there a convincing explanation as to **why this particular project** has been selected in preference to other options, in the light of how the future may unfold?
5. How well does the **theory of change** provide an "explicit account of how and why the proposed interventions would achieve their intended outcomes and goal, based on outlining a set of key causal pathways arising from the activities and outputs of the interventions and the assumptions underlying these causal connections".
  - Does the project logic show how the project would ensure that expected outcomes are **enduring** and resilient to possible future changes identified in question 2 above, and to the effects of any conflicting policies (see question 9 below).
  - Is the theory of change grounded on a solid scientific foundation, and is it aligned with current scientific knowledge?
  - Does it explicitly consider how any necessary **institutional and behavioral** changes are to be achieved?
  - Does the theory of change diagram convincingly show the overall project logic, including causal pathways and outcomes?
6. Are the project **components** (interventions and activities) identified in the theory of change each described in sufficient detail to discern the main thrust and basis (including scientific) of the proposed solutions, how they address the problem, their justification as a robust solution, and the critical assumptions and risks to achieving them?
7. How likely is the project to generate global environmental benefits which would not have accrued without the GEF project (**additionality**)?
8. Does the project convincingly identify the relevant **stakeholders**, and their anticipated roles and responsibilities? is there an adequate explanation of how stakeholders will contribute to the

development and implementation of the project, and how they will benefit from the project to ensure enduring global environmental benefits, e.g. through co-benefits?

9. Does the description adequately explain:

- how the project will build on prior investments and complement current investments, both GEF and non-GEF,
- how the project incorporates **lessons learned** from previous projects in the country and region, and more widely from projects addressing similar issues elsewhere; and
- how country policies that are contradictory to the intended outcomes of the project (identified in section C) will be addressed (**policy coherence**)?

10. How adequate is the project's approach to generating, managing and exchanging **knowledge**, and how will lessons learned be captured for adaptive management and for the benefit of future projects?

**11. Innovation and transformation:**

- If the project is intended to be **innovative**: to what degree is it innovative, how will this ambition be achieved, how will barriers and enablers be addressed, and how might scaling be achieved?
- If the project is intended to be **transformative**: how well do the project's objectives contribute to transformative change, and are they sufficient to contribute to enduring, transformational change at a sufficient scale to deliver a step improvement in one or more GEBs? Is the proposed logic to achieve the goal credible, addressing necessary changes in institutions, social or cultural norms? Are barriers and enablers to scaling be addressed? And how will enduring scaling be achieved?

12. Have **risks** to the project design and implementation been identified appropriately in the risk table in section B, and have suitable mitigation measures been incorporated? (NB: risks to the durability of project outcomes from future changes in drivers should have been reflected in the theory of change and in project design, not in this table.)