



# REQUEST FOR CEO ENDORSEMENT

PROJECT TYPE: FULL-SIZED PROJECT

TYPE OF TRUST FUND: GEF TRUST FUND

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## PART I: PROJECT INFORMATION

Project Title: Enhancing the Protected Area System in Sulawesi (E-PASS) for Biodiversity Conservation			
Country(ies):	Indonesia	GEF Project ID: <sup>1</sup>	4867
GEF Agency(ies):	UNDP	GEF Agency Project ID:	4392
Other Executing Partner(s):	Ministry of Forestry	Submission Date:	December 6, 2013
		Resubmission Date:	December 27, 2013
		2 <sup>nd</sup> Resubmission Date:	January 20, 2014
GEF Focal Area (s):	Biodiversity	Project Duration(Months)	60
Name of Parent	N/A	Agency Fee (\$):	626,500

### A. FOCAL AREA STRATEGY FRAMEWORK<sup>2</sup>

Focal Area Objectives	Expected FA Outcomes	Expected FA Outputs	Trust Fund	Grant Amount (\$)	Cofinancing (\$)
BD-1	Outcome 1.1: Improved management effectiveness of existing and new protected areas	Outputs 1.1: New protected areas (1) and coverage (80,000 ha) of unprotected ecosystems Output 1.2: New protected areas (1) and coverage (80,000 ha) of unprotected threatened species (number). <sup>3</sup>	GEF TF	4,720,000	37,642,298
	Outcome 1.2: Increased revenue for protected area systems to meet total expenditures required for management	Outputs 1.3: Sustainable financing plans (1)	GEF TF	1,250,000	4,000,000
Sub-total				5,970,000	41,642,298
Project management cost			GEF TF	295,000	2,057,702
<b>Total project costs</b>				<b>6,265,000</b>	<b>43,700,000</b>

### B. PROJECT FRAMEWORK

**Project Objective:** To strengthen the effectiveness and financial sustainability of Sulawesi's protected areas system to respond to threats to the globally significant biodiversity

Project Component	Grant Type	Expected Outcomes	Expected Outputs	Trust Fund	Grant Amount (\$)	Confirmed Cofinancing (\$)
1. Enhanced systemic and institutional capacity for	TA	<ul style="list-style-type: none"> <li>Core operation of the terrestrial PA system on Sulawesi covering 1,600,480 ha</li> </ul>	1.1 Capacity of the Ministry of Forestry strengthened to fully operationalise the "Resort-based management" <sup>4</sup> system for	GEF TF	1,200,000	9,800,000

<sup>1</sup> Project ID number will be assigned by GEFSEC.

<sup>2</sup> Refer to the [Focal Area/LDCF/SCCF Results Framework](#) when completing Table A.

<sup>3</sup> Although PA system expansion is within the scope of the project, it does not necessarily include new PAs – i.e. some will be extension of the existing PAs. The numbers in the focal area strategy framework are tentative. The exact locations and area size for expansion will depend on the outcome of the terrestrial PA system consolidation plan, which will be developed in the first year of the project, preceded by the general scoping assessment during the PPG to identify potential areas. The plan will be based on ecological requirements including adaptation needs, as well as carbon benefit potential and existing opportunities in the local context

<sup>4</sup> Resort Based Management (RBM) programme of the Ministry of Forestry aims to increase the management effectiveness of the national parks. RBM focuses on improving the working of the smallest units based within national parks called "resort". It tries to increase the resort's effectiveness, develop better accountability, and to achieve national parks system management that is responsive to the actual situations and needs of different management units in the field.

<p>planning and management of Sulawesi PA system</p>		<p>strengthened, leading to reduction of threats from forest loss, encroachment and poaching, indicated by:</p> <ul style="list-style-type: none"> <li>- Using PHKA RBM scoring system (see page 22), at least 70% of resorts across the island have achieved Stage 6 level of implementation</li> <li>- Intelligence-based anti-poaching has become a well-known feature of PA management, affecting incentives in measurable ways (surveys)</li> </ul> <p>Users across Sulawesi, Indonesia and beyond are able to upload to and access historic data on biodiversity and protected areas, generated by multiple sources, using a platform created by the project</p> <p>Increased coverage of Sulawesi's terrestrial PA system from the current 1,600,480 ha, with increased coverage of under-represented vegetation types and essential corridors, indicated by:</p> <ul style="list-style-type: none"> <li>- 210,000 ha, or 6.7% of remaining lowland forest type, representing a 60% increase in coverage</li> </ul>	<p>implementation in the national, and particularly in Sulawesi's, PA system including all categories of PAs, and providing for: (i) PA management standards and PA and individual performance monitoring system for different categories of PAs; (ii) tools and training for enhanced law enforcement; (iii) clear, official, well-tested guidelines for community engagement and co-management; (iv) clear capacity development strategies and action plans for increasing management effectiveness of the PA system; and (vi) incentive mechanisms for resort-level innovation.</p> <p>1.2 An island-wide system for biodiversity, key species and habitat condition monitoring established with science-based survey mechanisms, protocols for monitoring, robust biodiversity indicators, and with all necessary tools and capacity installed within the Directorate of Biodiversity Conservation and partner organisations.</p> <p>1.3 Intelligence-based poaching and wildlife trade surveillance system operationalised through establishment and operations of a Sulawesi-based unit</p> <p>1.4 Spatial arrangement of the Sulawesi PA system improved based on the terrestrial PA system consolidation plan (including corridors, area expansion and boundary rationalization) for Sulawesi and integration of the plan into the provincial land use plans. The PA system consolidation plan will be based on biodiversity importance, need for climate change adaptation and connectivity, as well as carbon benefit potential. The new areas will be gazetted.</p>			
<p>2. Financial sustainability of the Sulawesi PA system</p>	<p>TA</p>	<ul style="list-style-type: none"> <li>▪ The Sulawesi PA system financing plan is developed and operationalised, articulating PA financing needs and</li> </ul>	<p>2.1 An environmental economic case is made for increased investment in the PA system by quantifying the value of Sulawesi's PAs in terms of tourism and other use and non-use values, including</p>	<p>GEF TF</p>	<p>1,250,000</p>	<p>4,000,000</p>

		<p>providing for concrete steps for meeting the financing needs, indicated by:</p> <ul style="list-style-type: none"> <li>- <u>Financial scorecard</u>: Component 1 – 50%; Component 2 – 50% Component 3 – 50%</li> <li>- An-island-wide PA system financing plan developed and operationalised, articulating PA financing needs and providing for concrete steps for meeting any financing gaps.</li> <li>- 25% increase in Government budgetary allocations, to \$15.4 million</li> <li>- At least two new sustainable financing mechanisms for PA management established, providing a minimum of US\$ 1 million per year for PA management.</li> </ul>	<p>the economic rate of return on investment in the PA system, and comparative cost-benefit analysis with other types of land uses including forestry and agriculture/ plantation.</p> <p>2.2 Sulawesi island-wide PA System Financing Plan is developed, projecting the financial needs for PA management and expansion over the next 10 years and outlining the strategies for meeting these needs from both cost and revenue points of view. This will be based on the management needs-based park business plans developed for the 3 target PAs, identifying PA management costs and defining non-state appropriated revenue options and mobilising market opportunities. Implementation of the above financing plan will be supported.</p> <p>2.3 Financing sources for PA management are diversified, including new sustainable financing systems such as: (i) tourism concession system establishment to enable the private sector and others to invest in PA management (informed by a proper market analysis); (ii) REDD Plus and other climate change related financing mechanisms.</p>			
3. Threat reduction and collaborative governance in the target PAs and buffer zones	TA INV	<ul style="list-style-type: none"> <li>▪ Improved management effectiveness of individual PAs covering at least 500,000 ha - Lore Lindu NP (217,992 ha), Bogani Nani Wartabone NP (285,115 ha), and Greater Tangkoko Conservation Area (8,665 ha), indicated by: <ul style="list-style-type: none"> <li>- <u>METT scores</u>: LLNP – 70 BNWNP – 70 Tangkoko – 70</li> <li>- <u>Threat index</u>: LLNP – 15 BNWNP – 20 Tangkoko – 20</li> <li>- <u>Ecosystem health</u></li> </ul> </li> </ul>	<p>3.1 An integrated land use plan, including PA alignment, developed and implemented in two districts (the plan will mainstream biodiversity and carbon management, and will be based on opportunity cost analysis, responsiveness to existing threats to PAs, and compatibility of land uses).</p> <p>3.2 PA site operation is strengthened to address existing threats to biodiversity, through: (i) operationalisation of the resort based management at the site level for restoring staff ethic and operational efficiency; (ii) clear park boundary demarcation for decreasing encroachment; (iii) strengthening of enforcement (patrol, surveillance, interception of</p>	GEF TF	3,520,000	27,842,298

	<p><u>index:</u> LLNP – .75 BNWNP – .75 Tangkoko – .75</p> <p>- <u>Indicator population species maintained or increasing; appropriate population structure</u></p> <p><u>LLNP</u> – Mountain anoa, babirusa, maleo, <i>Papilio blumei</i></p> <p><u>BNWNP</u> – Maleo, babirusa, mountain anoa</p> <p><u>Tangkoko Batuangas NR</u> – Macaca nigra, Sulawesi civet, maleo, lowland anoa</p> <p>- Zero increase in net levels of active encroachment</p> <p><u>Community Conservation Areas (CCAs)</u></p> <p>- At least 45 Community Conservation Areas (CCAs) on the island, including some at each project demonstration site</p> <p>- 70% of above CCAs are operating at an agreed baseline level of functionality</p> <p>- 35% of above CCAs are rated as ‘highly functional’ (rating system to be developed and applied during inception phase)</p>	<p>malfeasance and prosecution) targeting illegal harvesting, poaching, mining, and encroachment; (iv) restoration of habitats fragmented and degraded by mining or encroachment; (v) staff training tailored to improve knowledge and skills of PA staff and local partners to manage specific threats to the PAs; (vi) management infrastructure consolidation (signage, patrol camps, equipment etc).</p> <p>3.3 Joint PA/buffer zone governance and management structure put in place in, and around, the target PAs, with clear rules, roles and responsibilities established for co-managers. The co-management agreement will define mechanisms for reducing pressures and maintaining biodiversity patterns and processes, as well as mechanisms for securing alternative livelihoods, including realisation of the benefits from the REDD plus system in critical ecosystems and corridor areas.</p>			
Subtotal				5,970,000	41,642,298
Project management Cost (PMC) <sup>5</sup>			GEF TF	295,000	2,057,702
<b>Total project costs</b>				<b>6,265,000</b>	<b>43,700,000</b>

### C. SOURCES OF CONFIRMED COFINANCING FOR THE PROJECT BY SOURCE AND BY NAME (\$)

Please include letters confirming cofinancing for the project with this form

Sources of Co-financing	Name of Co-financier (source)	Type of Cofinancing	Cofinancing Amount (\$)
National Government	Ministry of Forestry	Cash	40,000,000

<sup>5</sup> PMC should be charged proportionately to focal areas based on focal area project grant amount in Table D below.

National Government	Ministry of Forestry	In-kind	1,500,000
CSO	Selamatkan Yaki	Cash	200,000
GEF Agency	UNDP	Cash	2,000,000
<b>Total Co-financing</b>			<b>43,700,000</b>

**D. TRUST FUND RESOURCES REQUESTED BY AGENCY, FOCAL AREA AND COUNTRY<sup>1</sup>**

GEF Agency	Type of Trust Fund	Focal Area	Country Name/ Global	(in \$)		
				Grant Amount (a)	Agency Fee (b) <sup>2</sup>	Total c=a+b
UNDP	GEF TF	Biodiversity	Indonesia	6,265,000	626,500	6,891,500
<b>Total Grant Resources</b>				<b>6,265,000</b>	<b>626,500</b>	<b>6,891,500</b>

<sup>1</sup> In case of a single focal area, single country, single GEF Agency project, and single trust fund project, no need to provide information for this table. PMC amount from Table B should be included proportionately to the focal area amount in this table.

<sup>2</sup> Indicate fees related to this project.

**F. CONSULTANTS WORKING FOR TECHNICAL ASSISTANCE COMPONENTS:**

Component	Grant Amount (\$)	Cofinancing (\$)	Project Total (\$)
International Consultants	463,000	100,000	563,000
National/Local Consultants	894,500	40,000	934,500

**G. DOES THE PROJECT INCLUDE A “NON-GRANT” INSTRUMENT? N/A**

**PART II: PROJECT JUSTIFICATION**

**A. DESCRIBE ANY CHANGES IN ALIGNMENT WITH THE PROJECT DESIGN OF THE ORIGINAL PIF<sup>6</sup>**

A.1 National strategies and plans or reports and assessments under relevant conventions, if applicable, i.e. NAPAS, NBSAPs, national communications, TNAs, NCSA, NIPs, PRSPs, NPFE, Biennial Update Reports, etc. N/A

A.2. GEF focal area and/or fund(s) strategies, eligibility criteria and priorities. N/A

A.3 The GEF Agency’s comparative advantage: N/A

A.4. The baseline project and the problem that it seeks to address: The PPG process enabled a much improved and deepened understanding of the baseline project, persisting barriers and the problem that the project seeks to address. However, no substantial discrepancies with the picture drawn in the PIF were identified.

A. 5. Incremental /Additional cost reasoning: describe the incremental (GEF Trust Fund/NPIF) or additional (LDCF/SCCF) activities requested for GEF/LDCF/SCCF/NPIF financing and the associated global environmental benefits (GEF Trust Fund) or associated adaptation benefits (LDCF/SCCF) to be delivered by the project: During the project preparation, the following minor changes have been made based on the new findings. Given the limited

<sup>6</sup> For questions A.1 –A.7 in Part II, if there are no changes since PIF and if not specifically requested in the review sheet at PIF stage, then no need to respond, please enter “NA” after the respective question

project funding/duration, as well as highly difficult accessibility of the site, Nantu Wildlife Reserve, the project will focus on three sites as opposed to the originally suggested 4 sites. The preparatory phase identified the new development of gazettement a new protected area in lowland tropical forest of West Sulawesi, named Ganda Dewata. The project will support gazettement and development of this new 79,342 ha national park as part of the project support for PA expansion for improving the vegetation type coverage of the PA system.

A.6 Risks, including climate change, potential social and environmental risks that might prevent the project objectives from being achieved, and measures that address these risks: N/A

A.7. Coordination with other relevant GEF financed initiatives: N/A

## **B. ADDITIONAL INFORMATION NOT ADDRESSED AT PIF STAGE:**

B.1 Describe how the stakeholders will be engaged in project implementation.

During the project preparation stage, a preliminary stakeholder analysis was undertaken in order to identify key stakeholders, assess their interests in the project and define their roles and responsibilities in project implementation. The following table describes the major categories of stakeholders identified, and the level of involvement envisaged in the project. For more information, please refer to the Project Document Section IV – Part V Stakeholder Involvement Plan.

<b>STAKEHOLDER</b>	<b>OVERALL ROLES AND RESPONSIBILITIES</b>	<b>INTEREST / ROLE IN PROJECT</b>
Ministry of Forestry	Responsible for biodiversity conservation, protected area and wildlife management, as well as forest management.	<ul style="list-style-type: none"> <li>• Primary implementer of the project at national level and at local level through its subsidiary agencies.</li> <li>• Major beneficiary of capacity building</li> </ul>
BAPPENAS	National government agency responsible for national economic and development planning, as well as development of strategies and policies in determining financial allocations for the various sectors of the national economy.	<ul style="list-style-type: none"> <li>• Participant and beneficiary of planning and financing component</li> </ul>
Ministry of Environment	National government agency responsible for environmental management and for reporting to the Convention on Biological Diversity; hosts the National GEF Secretariat office.	<ul style="list-style-type: none"> <li>• PA threat removal activities associated with pollution control</li> </ul>
Ministry of Culture and Tourism	Responsible for conservation and culture development based on cultural values and for development and promotion of tourism resources and destination marketing.	<ul style="list-style-type: none"> <li>• Partner for nature tourism development and revenue management, in the context of efforts to establish a sustainable PA financing system.</li> </ul>
National Parks Agencies	Subsidiary units of the Ministry of Forestry, responsible for managing individual national parks. Both Lore Lindu and Bogani Nani Wartabone National Parks have their own agencies based at the provincial capital.	<ul style="list-style-type: none"> <li>• These agencies and their subsidiary units will be the primary implementer of the site demonstration activities at provincial and local levels.</li> </ul>
Indonesian Institute of Sciences (LIPI)	Governmental authority for science and research in Indonesia, consisting of 47 research centers in fields ranging from social to natural sciences. MoF collaborates with LIPI for species conservation work.	<ul style="list-style-type: none"> <li>• Partner for the systematic biodiversity monitoring strengthening component of the project.</li> </ul>
Provincial agencies for Natural Resource	Provincial unit of the Ministry of Forestry, and they are responsible for managing the protected areas except for national parks, including nature reserves, wildlife sanctuaries, nature recreation parks and	<ul style="list-style-type: none"> <li>• Beneficiary of capacity-building support in North Sulawesi (East Minahasa landscape)</li> <li>• Key overall roles in PA system realignment and expansion</li> </ul>

STAKEHOLDER	OVERALL ROLES AND RESPONSIBILITIES	INTEREST / ROLE IN PROJECT
Conservation	hunting parks.	
Provincial agencies for Watershed Management	Provincial unit of the Ministry of Forestry responsible for watershed management.	<ul style="list-style-type: none"> <li>Stakeholders in provincial and local level project activities.</li> </ul>
Provincial Forestry Agencies	Agency under the provincial government in charge of planning and management of the production and protection forests.	<ul style="list-style-type: none"> <li>Primary stakeholder for the provincial level activities and should be part of the project steering committee</li> </ul>
Provincial development and planning agencies	Agency under the provincial government responsible for provincial development planning.	<ul style="list-style-type: none"> <li>Primary stakeholder for the provincial level activities and should be part of the project steering committee</li> <li>Critical stakeholders for land use plan and financing plan development and implementation</li> </ul>
District Governments in Sulawesi	72 district governments in Sulawesi are responsible for local development and land use planning, service provision and natural resource management in their own areas. They are therefore	<ul style="list-style-type: none"> <li>Critical stakeholders for project activities related to land use plan development and implementation.</li> </ul>
Central Sulawesi REDD + Working Group	Chaired by the Provincial Governor, the working group comprises provincial government institutions, universities, NGOs, CSOs, the private sector and the provincial level implementing units of the Ministry of Forestry.	<ul style="list-style-type: none"> <li>The working group has a key role in ensuring the synergetic impact between the planned REDD plus work and the envisaged project interventions in and around Lore Lindu National Park</li> </ul>
Police	Law enforcement	<ul style="list-style-type: none"> <li>Important stakeholder for trade surveillance and law enforcement and compliance monitoring of the project.</li> </ul>
Local communities and indigenous people	Key users and beneficiaries of forest biodiversity.	<ul style="list-style-type: none"> <li>Critical participants of the project at the local level.</li> <li>Targets of efforts to change reduce unsustainable activities including hunting and encroachment</li> <li>Potential major role in local habitat conservation, controlling of poaching, and natural resource management.</li> <li>Beneficiaries of alternative livelihood strategies</li> </ul>
Selamatkan Yaki	Selamatkan Yaki has been actively supporting conservation efforts at the Greater Tangkoko Conservation Area (see above). It provides co-financing of US\$ 200,000 to the project.	<ul style="list-style-type: none"> <li>Yaki has been identified during the PPG as a co-financing implementing partner of the project activities at the Greater Tangkoko Conservation Area</li> </ul>
Other international NGOs	Several NGOs have been supporting protected area management in Sulawesi: (i) TNC has a long history working to support co-management in and around Lore Lindu NP and Morowali Nature Reserve; (ii) WCS has been active in the Bogani Nani Wartabone NP focusing on maleo conservation; (iii) Adudu-Nantu Conservation Foundation (YANI) is active in and around Greater Tangkoko Conservation Area in North Sulawesi Province.	<ul style="list-style-type: none"> <li>Sources of knowledge, experiences and lessons learned</li> <li>Potential sub-contractors of specific activities at project demonstration sites</li> </ul>
CBOs	Support to socio-economic and environmental needs of local populations surrounding PAs CBOs will be a primary stakeholder at the local level interventions of the project.	<ul style="list-style-type: none"> <li>Sources of knowledge, experiences and lessons learned</li> <li>Potential implementers of site-level activities focusing on community-based activities and participation.</li> </ul>
Private sector	Logging and plantation concessionaires, tourism concessionaires, private business owners	<ul style="list-style-type: none"> <li>Sources of capital for biodiversity-friendly</li> </ul>

STAKEHOLDER	OVERALL ROLES AND RESPONSIBILITIES	INTEREST / ROLE IN PROJECT
		investments and livelihood creation <ul style="list-style-type: none"> <li>• Targets of efforts to reduce environmentally destructive and unsustainable activities</li> </ul>

B.2 Describe the socioeconomic benefits to be delivered by the Project at the national and local levels, including consideration of gender dimensions, and how these will support the achievement of global environment benefits (GEF Trust Fund/NPIF) or adaptation benefits (LDCF/SCCF):

Strengthening the PA system in Sulawesi will have significant socioeconomic benefits at both national and provincial levels. Nationally, it means safeguarding the highly unique natural heritage for the benefit of current and future generations and ensuring continued supply of ecosystem services for Indonesia. It will also prevent the enormous cost, both in terms of asset loss and human lives, of possible natural disasters including floods and landslides.

Locally, PA system provides necessary resources that are essential for their livelihoods. These include non-timber forest products (NTFP) such as fuel wood, honey, rattan, bamboo agathis trees and tapping of palm trees (*Arenga pinnata*) for liquid sap to produce palm sugar, as well as water and tourism resources. By strengthening the PA management, the PAs will continue to be able to provide these resources to local communities in a sustainable manner. Sulawesi's economy depends to an important extent on small-scale agriculture and seafood / fishing. Key crops include coconuts, cacao, nutmeg, soy, coffee, cloves and rice. In Central Sulawesi, agricultural households still earn about 60% of their income from farming and overall some 40-50% of the province's GDP is generated by the sector.<sup>7</sup> The economic activities of communities surrounding many PAs also revolve mainly around agriculture, with a large proportion of the land designated for agricultural purposes. Much of the farming remains at a subsistence or semi-commercial level. Incomes within these communities tend to be fairly low. There are 186 villages in and around the LLNP with an estimated population of 105,000. There are 5 villages (circa 10,000) people 4 villages (circa 7,500 people) in the immediate vicinity of the Greater Tangkoko and the Bogani Nani Wartabone National Park respectively. It is estimated that at least 20,000 members of impoverished communities living in PA buffer zones will benefit directly and indirectly from economic activity associated with grants to be provided. Corresponding biodiversity benefits associated with threat reduction are also expected to be substantial.

Recognizing that PA management strengthening in Sulawesi is not possible without local communities seeing benefits of conservation, the project will support development of co-management agreements, the establishment, operations and financial sustainability of Community Conservation Areas (CCAs) as the critical mechanism for delivering socio-economic benefits while simultaneously conserving natural capital. Based on the estimated total population of villages surrounding the three pilot sites of 122,500, and based on the average income of US\$ 50 per household, and assuming an average household size of 5 persons, a total annual GDP for the project site buffer zones amounts to US\$14.7 million. Under the project baseline scenario, communities living in areas surrounding the three pilot protected areas are placing increasingly unsustainable pressure on a declining resource base. This represents a declining spiral of natural capital, and of ecosystem services benefitting human welfare, including those associated with incomes. Protected areas are slowing, but not eliminating, these trends. In addition, while generating long-term benefits related to ecosystem service provision and maintenance of natural assets, PAs are probably causing net income losses in the short term by restricting local community access to natural resources. The project aims to alter the above dynamic in a way that both conserves biodiversity and associated resources while having a net positive impact, in both the short- and long-term, on local welfare and incomes. This latter impact will occur in part through a micro-grant mechanism being established under Output 3.3, which will support the establishment and/or expansion of micro-enterprises within communities covered under CCAs. Targeted sectors include sustainable and biodiversity-friendly agriculture enterprises such as honeybee keeping, palm nuts harvesting, small-scale cacao plantation, as well as conservation-oriented jobs and tourism ventures. The project

<sup>7</sup> UN.REDD Indonesia. 2012. Social-economic analysis and REDD+ locations at Sub-District level in Central Sulawesi, Indonesia.



plans to provide approximately US\$400,000 (after accounting for costs of administering the programme locally and providing technical support to grantees) in micro-enterprise grants over a three-year period, or some \$135,000 per year. The total amount invested will be on the order of 1% of the area's GDP, though it will be equivalent to a significantly larger percentage of annual net capital investment in these villages, perhaps 10-15% or more. Members of beneficiary groups will be most directly impacted; as such, special efforts will be made to ensure a high level of participation by women within such groups. In addition to income increases, communities will benefit from conserved ecosystem services associated with reduced levels of degradation of local resources.

In addition, efforts under the project's PA financing component will include attempts to ensure that financing also addresses the need for technical and financial support to bordering communities. Exact benefits associated with new PA financing mechanisms will be less direct, less easy to quantify at this stage and will depend in particular upon the specific mix of instruments being created. Policies and instruments designed to increase tourism would be most likely to benefit local communities through opportunities for home stay, guiding, etc. REDD+ also has the potential, through benefit-sharing mechanisms, to have a positive impact on local communities, particularly in areas where baseline levels of PA encroachment and buffer zone deforestation and degradation are highest.

In order to ensure socioeconomic benefits and their sustainability, local level activities will be carried out with full participation of local stakeholders, with highest consideration given to gender dimensions. The project will ensure that communities will continue to be able to benefit from access to an improved forest resource base, including NTFP and tourism resources. Safeguards will be put in place for continued access, through full participation of community members in the PA management operation, with agreed sustainable use regimes and monitoring mechanisms. Many local level activities will be implemented by local stakeholders themselves. There are already a number of successful livelihood support activities in place which have been supported by various NGOs. These include planting of palms by the Maleo nesting beach as a cash crop to support local livelihoods and the deployment of community guards in the beach in Gorontalo purchased and managed by a local NGO with support of the WCS. The project will build on these successes and lessons learned.

Following the UNDP and GEF gender policies and strategies special attention will be placed on gender equity, and in particular ensure full participation of women in consultations on integrated natural resource management and land-use planning processes. A recent study which focused on community livelihood systems in forestry and agroforestry in South and Southeast Sulawesi,<sup>8</sup> identified mixed-gardens, irrigated paddy field and horticulture as the most important land-based livelihood sources for women. Careful attention will be paid to ensuring that women are benefitting appropriately from various revenue generation mechanisms and from project support in general.

### B.3. Explain how cost-effectiveness is reflected in the project design:

According to MoF, resort-based management (RBM) has the potential to deliver substantial cost savings over traditional management methods. The extent of such savings and how to maximize them, will be investigated under the financial sustainability component

The project contributes directly towards larger national policy, regulatory, fiscal, data management and communications goals in support of biodiversity conservation and an effectively managed national PA system through up-scaling of its demonstration activities and approaches. The project implementation arrangements include a direct link between island and national levels to ensure that this potential will be realized.

At a technical level, investments in law enforcement, monitoring and information management will be cost-effective investment in terms of project impact as well as for subsequent operations. The project's approaches in

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<sup>8</sup> Mulyoutami, Elok, Endri Martini, Noviana Khusiyah, Isnurdiansyah and Suyanto. 2012. Agroforestry and Forestry in Sulawesi Series: gender, livelihoods and land in South and Southeast Sulawesi. Working paper 158. Bogor Indonesia: World Agroforestry Centre (ICRAF) Southeast Asia Regional Program.

building support from across multiple sectors, stakeholders including local communities, and building capacity of the local management authorities are expected to lead to cost-effective PA management that avoids duplication of work, reduces biodiversity degradation and loss of ecosystem services from incompatible development practices, and ensures the sharing of timely information and resources.

The total GEF investment of \$6.265 million for this project will leverage a minimum of \$43.7 million in cofinancing from Government, UNDP and other donors, a highly cost-effective ratio of 7:1. The overall GEF investment in strengthening overall management effectiveness for Sulawesi's terrestrial PA system will average less than US\$2 per hectare per year for pilot sites alone, a small fraction of the likely value of the ecosystem services being conserved.

Finally, the receipt of GEF resources channeled through a UN implementing agency is a source of pride for provincial government agencies in Indonesia, which often facilitates their ability to achieve the necessary political commitment to take difficult decisions on issues such as upgrading PA protection status, inter-agency coordination to reduce external pressures on PAs, the adoption of more environmentally friendly practices in related sectors, and concessions on land uses; a particularly cost-efficient means to an end.

### **C. DESCRIBE THE BUDGETED M & E PLAN:**

#### **MONITORING AND REPORTING<sup>9</sup>**

Project monitoring and evaluation will be conducted in accordance with established UNDP and GEF procedures and will be provided by the project team and the UNDP Country Office (UNDP-CO) with support from the UNDP/GEF Regional Coordination Unit in Bangkok. The Strategic Results Framework in Section II provides performance and impact indicators for project implementation along with their corresponding means of verification. The BD-1 Tracking Tool incorporating METT forms and Financial Sustainability Scorecard (see Annex 1), Capacity Assessment Scorecard (see Annex 3) and Ecosystem Health Index (see Annex 4) will all be used as instruments to monitor progress in PA management effectiveness. The M&E plan includes: inception report, project implementation reviews, quarterly and annual review reports, and mid-term and final evaluations. The following sections outline the principal components of the Monitoring and Evaluation Plan and indicative cost estimates related to M&E activities. The project's Monitoring and Evaluation Plan will be presented and finalized in the Project's Inception Report following a collective fine-tuning of indicators, means of verification, and the full definition of project staff M&E responsibilities.

#### **INCEPTION PHASE**

A Project Inception Workshop will be conducted with the full project team, relevant government counterparts, cofinancing partners, the UNDP-CO and representation from the UNDP-GEF Regional Coordinating Unit as appropriate. A fundamental objective of the Inception Workshop will be to assist the project team to understand and take ownership of the project's goals and objectives, as well as finalize preparation of the project's first Annual Work Plan (AWP) on the basis of the Strategic Results Framework. This will include updating of baseline situations and review of the logframe (indicators, means of verification, assumptions), imparting additional detail as needed. Baseline for all the indicators needs to be determined during the inception phase where needed. On the basis of this exercise, the AWP will be finalized with precise and measurable performance indicators, and in a manner consistent with the expected outcomes for the project. Additionally, the purpose and objective of the Inception Workshop (IW) will be to: (i) introduce project staff to the UNDP-GEF team which will support the project during its implementation, namely the CO and responsible Regional Coordinating Unit staff; (ii) detail the roles, support services and complementary responsibilities of UNDP-CO and RCU staff vis à vis the project team; (iii) provide a detailed overview of UNDP-GEF reporting and monitoring and evaluation (M&E) requirements, with particular emphasis on the Annual Project Implementation Reviews (APIRs) and related documentation, the Annual Review Report (ARR), as well as mid-term and final evaluations. Equally, the IW will provide an opportunity to inform the project team on UNDP project related budgetary planning, budget reviews, and mandatory budget re-phrasings. The IW will also provide an opportunity for all parties to understand their roles,

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<sup>9</sup> As per GEF guidelines, the project will also be using the BD 1 Management Effectiveness Tracking Tool (METT). New or additional GEF monitoring requirements will be accommodated and adhered to once they are officially launched.

functions, and responsibilities within the project's decision-making structures, including reporting and communication lines, and conflict resolution mechanisms. The Terms of Reference for project staff and decision-making structures will be discussed again, as needed, in order to clarify for all, each party's responsibilities during the project's implementation phase.

## **MONITORING RESPONSIBILITIES AND EVENTS**

A detailed schedule of project review meetings will be developed by the project management, in consultation with project implementation partners and stakeholder representatives and incorporated in the Project Inception Report. Such a schedule will include: (i) tentative time frames for Project Steering Committee Meetings and (ii) project related Monitoring and Evaluation activities. Day-to-day monitoring of implementation progress will be the responsibility of the Project Manager based on the project's Annual Work Plan and its indicators. The Project Manager will inform the UNDP-CO of any delays or difficulties faced during implementation so that the appropriate support or corrective measures can be adopted in a timely and remedial fashion. The Project Manager will fine-tune the progress and performance/impact indicators of the project in consultation with the full project team at the Inception Workshop with support from UNDP-CO and assisted by the UNDP-GEF Regional Coordinating Unit. Specific targets for the first year implementation progress indicators together with their means of verification will be developed at this Workshop. These will be used to assess whether implementation is proceeding at the intended pace and in the right direction and will form part of the Annual Work Plan. Targets and indicators for subsequent years will be defined annually as part of the internal evaluation and planning processes undertaken by the project team.

Measurement of impact indicators related to global biodiversity benefits will occur according to the schedules defined in the Inception Workshop, using METT and EHI scores. The measurement of these will be undertaken through subcontracts or retainers with relevant institutions. Periodic monitoring of implementation progress will be undertaken by the UNDP-CO through quarterly meetings with the Implementing Partner, or more frequently as deemed necessary. This will allow parties to take stock and to troubleshoot any problems pertaining to the project in a timely fashion to ensure smooth implementation of project activities.

Annual Monitoring will occur through the Project Board Meetings . This is the highest policy-level meeting of the parties directly involved in the implementation of a project. The project will be subject to Project Board Meetings at least two times a year. The first such meeting will be held within the first six months of the start of full implementation.

The Project Manager in consultations with UNDP-CO and UNDP-GEF RCU will prepare a UNDP/GEF PIR during the months of June-August. In addition, the Project Manager, in consultation with UNDP-CO will prepare an ARR by the end of January and submit it to PSC members at least two weeks prior to the Project Board Meeting for review and comments. The ARR will be used as one of the basic documents for discussions in the Project Board Meeting. The Project Manager will present the ARR (and if needed the PIR) to the Project Board Meeting, highlighting policy issues and recommendations for the decision of the Project Board Meeting participants. The Project Manager also informs the participants of any agreement reached by stakeholders during the PIR/ARR preparation on how to resolve operational issues. Separate reviews of each project component may also be conducted if necessary. The Project Board has the authority to suspend disbursement if project performance benchmarks are not met. Benchmarks will be developed at the Inception Workshop, based on delivery rates, and qualitative assessments of achievements of outputs.

The terminal Project Board Meeting is held in the last month of project operations. The Project Manager is responsible for preparing the Terminal Report and submitting it to UNDP-CO and UNDP-GEF RCU. It shall be prepared in draft at least two months in advance of the terminal PSCM in order to allow review, and will serve as the basis for discussions in the Project Board Meeting. The terminal meeting considers the implementation of the project as a whole, paying particular attention to whether the project has achieved its stated objectives and contributed to the broader environmental objective. It decides whether any actions are still necessary, particularly in relation to sustainability of project results, and acts as a vehicle through which lessons learnt can be captured to feed into other projects under implementation or formulation.

UNDP Country Offices and UNDP-GEF RCU as appropriate, will conduct yearly visits to project sites based on an agreed upon schedule to be detailed in the project's Inception Report/Annual Work Plan to assess at first hand project progress. Any other member of the Project Board Meeting can also accompany these visit.

## **PROJECT REPORTING**

The Project Manager in conjunction with the UNDP-GEF extended team will be responsible for the preparation and submission of the following reports that form part of the monitoring process. The first six reports are mandatory and strictly related to monitoring, while the last two have a broader function and the frequency and nature is project specific to be defined throughout implementation.

A Project Inception Report will be prepared immediately following the Inception Workshop. It will include a detailed Biennial Work Plan divided in quarterly time-frames detailing the activities and progress indicators that will guide implementation during the first year of the project. This Work Plan will include the dates of specific field visits, support missions from the UNDP-CO or the Regional Coordinating Unit (RCU) or consultants, as well as time-frames for meetings of the project's decision making structures. The Report will also include the detailed project budget for the first full year of implementation, prepared on the basis of the Annual Work Plan, and including any monitoring and evaluation requirements to effectively measure project performance during the targeted 12 months time-frame. The Inception Report will include a more detailed narrative on the institutional roles, responsibilities, coordinating actions and feedback mechanisms of project related partners. In addition, a section will be included on progress to date on project establishment and start-up activities and an update of any changed external conditions that may effect project implementation. When finalized, the report will be circulated to project counterparts who will be given a period of one calendar month in which to respond with comments or queries. Prior to this circulation of the IR, the UNDP Country Office and UNDP-GEF's Regional Coordinating Unit will review the document.

An Annual Review Report (ARR) shall be prepared by the Project Manager and shared with the Project Steering Committee. As a self-assessment by the project management, it does not require a cumbersome preparatory process. As a minimum requirement, the Annual Review Report shall consist of the Atlas standard format for the Project Progress Report (PPR) covering the whole year with updated information for each element of the PPR as well as a summary of results achieved against pre-defined annual targets at the project level. As such, it can be readily used to spur dialogue with the Project Board and partners. An ARR will be prepared on an annual basis prior to the Project Steering Committee meeting to reflect progress achieved in meeting the project's Annual Work Plan and assess performance of the project in contributing to intended outcomes through outputs and partnership work. The ARR should consist of the following sections: (i) project risks and issues; (ii) project progress against pre-defined indicators and targets and (iii) outcome performance.

The Project Implementation Review (PIR) is an annual monitoring process mandated by the GEF. It has become an essential management and monitoring tool for project managers and offers the main vehicle for extracting lessons from ongoing projects. Once the project has been under implementation for a year, a Project Implementation Report must be completed by the CO together with the project team. The PIR should be participatorily prepared in July and discussed with the CO and the UNDP/GEF Regional Coordination Unit during August with the final submission to the UNDP/GEF Headquarters taking place in the first week of September.

Quarterly Progress Monitoring through UNDP ATLAS: Progress made shall be monitored in the UNDP Enhanced Results Based Management Platform. A Combined Delivery Report (CDR) summarizing all project expenditures, is mandatory and should be issued quarterly following the finalization of the quarterly. The Project Manager should send it to the Project Steering Committee for review and the Implementing Partner should certify it. The following logs should be prepared and updated: (i) The Issues Log is used to capture and track the status of all project issues throughout the implementation of the project. It will be the responsibility of the Project Manager to track, capture and assign issues, and to ensure that all project issues are appropriately addressed; (ii) the Risk Log is maintained and updated throughout the project to capture potential risks to the project and associated measures to manage risks. Risks become critical when the impact and probability are high. It will be the responsibility of the Project Manager to maintain and update the Risk

Log, using Atlas; and (iii) the Lessons Learned Log is maintained throughout the project to capture insights and lessons based on good and bad experiences and behaviour. It is the responsibility of the Project Manager to maintain and update the Lessons Learned Log. Project Progress Reports (PPR) can be generated in the Executive Snapshot. Other ATLAS logs can be used to monitor issues, lessons learned etc. The use of these functions is a key indicator in the UNDP Executive Balanced Scorecard.

Project Terminal Report: During the last three months of the project the project team will prepare the Project Terminal Report. This comprehensive report will summarize all activities, achievements and outputs of the Project, lessons learnt, objectives met, or not achieved, structures and systems implemented, etc. and will be the definitive statement of the Project's activities during its lifetime. It will also lay out recommendations for any further steps that may need to be taken to ensure sustainability and replicability of the Project's activities.

Periodic Thematic Reports: As and when called for by UNDP, UNDP-GEF or the Implementing Partner, the project team will prepare Specific Thematic Reports, focusing on specific issues or areas of activity. The request for a Thematic Report will be provided to the project team in written form by UNDP and will clearly state the issue or activities that need to be reported on. These reports can be used as a form of lessons learnt exercise, specific oversight in key areas, or as troubleshooting exercises to evaluate and overcome obstacles and difficulties encountered. UNDP is requested to minimize its requests for Thematic Reports, and when such are necessary will allow reasonable timeframes for their preparation by the project team.

Technical Reports are detailed documents covering specific areas of analysis or scientific specializations within the overall project. As part of the Inception Report, the project team will prepare a draft Reports List, detailing the technical reports that are expected to be prepared on key areas of activity during the course of the Project, and tentative due dates. Where necessary this Reports List will be revised and updated, and included in subsequent APRs. Technical Reports may also be prepared by external consultants and should be comprehensive, specialized analyses of clearly defined areas of research within the framework of the project and its sites. These technical reports will represent, as appropriate, the project's substantive contribution to specific areas, and will be used in efforts to disseminate relevant information and best practices at local, national and international levels.

Project Publications such as knowledge products and compilations of lessons learned will form a key method of crystallizing and disseminating the results and achievements of the Project. These publications may be scientific or informational texts on the activities and achievements of the Project, in the form of journal articles, multimedia publications, etc. These publications can be based on Technical Reports, depending upon the relevance, scientific worth, etc. of these Reports, or may be summaries or compilations of a series of Technical Reports and other research. The project team will determine if any of the Technical Reports merit formal publication, and will also (in consultation with UNDP, the government and other relevant stakeholder groups) plan and produce these Publications in a consistent and recognizable format. Project resources will need to be defined and allocated for these activities as appropriate and in a manner commensurate with the project's budget.

### **Independent Evaluations, Audits and Financial Reporting**

The project will be subjected to at least two independent external evaluations as follows: An independent Mid-Term Review will be undertaken at exactly the mid-point of the project lifetime. The Mid-Term Review will determine progress being made towards the achievement of outcomes and will identify course correction if needed. It will focus on the effectiveness, efficiency and timeliness of project implementation; will highlight issues requiring decisions and actions; and will present initial lessons learned about project design, implementation and management. Furthermore, it will review and update the ESSP report. Findings of this review will be incorporated as recommendations for enhanced implementation during the final half of the project's term. The organization, terms of reference and timing of the mid-term review will be decided after consultation between the parties to the project document. The Terms of Reference for this Mid-term review will be prepared by the UNDP CO based on guidance from the UNDP-GEF Regional Coordinating Unit.

An independent Final Evaluation will take place three months prior to the terminal Project Steering Committee meeting, and will focus on the same issues as the mid-term evaluation. The final evaluation will also look at impact and sustainability of results, including the contribution to capacity development and the achievement of global environmental goals. The Final Evaluation should also provide recommendations for follow-up activities. The Terms of Reference for this evaluation will be prepared by the UNDP CO based on guidance from the UNDP-GEF Regional Coordinating Unit.

### **Learning and Knowledge Sharing**

The project will develop a communications strategy in the first year, which will be updated annually and implementation supported by a communications, education and awareness specialist. This will include capturing and disseminating lessons learned, for review at Project Board meetings in order to inform the direction and management of the project, and will be shared with project stakeholders as appropriate. A full colour popular style project completion report will document the project's stories, achievements and lessons learned at the end of the project.

Results from the project will also be disseminated within and beyond the project intervention zone through a number of existing information sharing networks and forums. In addition, the project will participate, as relevant and appropriate, in UNDP/GEF sponsored networks, organized for Senior Personnel working on projects that share common characteristics. UNDP/GEF Regional Unit has established an electronic platform for sharing lessons between the project coordinators. The project will identify and participate, as relevant and appropriate, in scientific, policy-based and/or any other networks, which may be of benefit to project implementation though lessons learned. The project will identify, analyze, and share lessons learned that might be beneficial in the design and implementation of similar future projects. Identifying and analyzing lessons learned is an on- going process, and the need to communicate such lessons as one of the project's central contributions is a requirement to be delivered not less frequently than once every 12 months. UNDP/GEF shall provide a format and assist the project team in categorizing, documenting and reporting on lessons learned.

### **Communications and Visibility Requirements**

Full compliance is required with UNDP's Branding Guidelines and guidance on the use of the UNDP logo. These can be accessed at <http://web.undp.org/comtoolkit/reaching-the-outside-world/outside-world-core-concepts-visual.shtml>. Full compliance is also required with the GEF Branding Guidelines and guidance on the use of the GEF logo. These can be accessed at [http://www.thegef.org/gef/GEF\\_logo](http://www.thegef.org/gef/GEF_logo). The UNDP and GEF logos should be the same size. When both logs appear on a publication, the UNDP logo should be on the left top corner and the GEF logo on the right top corner. Further details are available from the UNDP-GEF team based in the region.

Full compliance is also required with the GEF's Communication and Visibility Guidelines (the "GEF Guidelines"). The GEF Guidelines can be accessed at: [http://www.thegef.org/gef/sites/thegef.org/files/documents/C.40.08\\_Branding\\_the\\_GEF%20final\\_0.pdf](http://www.thegef.org/gef/sites/thegef.org/files/documents/C.40.08_Branding_the_GEF%20final_0.pdf)

Amongst other things, the GEF Guidelines describe when and how the GEF logo needs to be used in the case of project publications, vehicles, supplies and other project equipment. The GEF Guidelines also describe other GEF promotional requirements regarding press releases, press conferences, press visits, visits by Government officials, productions and other promotional items.

Where other agencies and project partners have provided support through co-financing, their branding policies and requirements should be similarly applied.

### **Audit Clause**

The Government will provide the Resident Representative with certified periodic financial statements, and with an annual audit of the financial statements relating to the status of UNDP (including GEF) funds according to the established procedures set out in the Programming and Finance manuals. The Audit will be conducted according to UNDP financial regulations, rules and audit policies by the legally recognized auditor of the Government, or by a commercial auditor engaged by the Government.

**TABLE: M&E ACTIVITIES, RESPONSIBILITIES, BUDGET AND TIME FRAME**

Type of M&E activity	Responsible Parties	Budget (US\$)	Time frame
Inception Workshop (IW)	Project Manager Ministry of Forestry and Water Affairs, General Directorate of Forestry, UNDP, UNDP-GEF	30,000 (based on experience of UNDP CO)	Within first two months of project start up
Inception Report	Project Team Project Board, UNDP CO	None	Immediately following IW
Measurement of Means of Verification for Project Results	Project Manager will oversee the hiring of specific studies and institutions, and delegate responsibilities to relevant team members	To be finalized in Inception Phase and Workshop. . Indicative cost: 20,000.	Start, mid and end of project
Annual Measurement of Means of Verification for Project Progress and Performance	Oversight by Project GEF Technical Advisor, Project Manager and M&E local expert Measurements by Forest Enterprise Directors	To be determined as part of the Annual Work Plan's preparation. Cost to be covered by field survey budget.	Annually prior to APR/PIR and to the definition of annual work plans
APR/PIR	Project Team Project Board UNDP-RTA UNDP-GEF	None	Annually
QPR	Project Team (including M&E local expert)	None	Quarterly
Steering Committee meetings	Project Manager	None	Following IW and annually thereafter.
Technical and periodic status reports	Project team Hired consultants as needed	15,000	TBD by Project team and UNDP-CO
Mid-term External Review including ESSP review and update	Project team Project Board UNDP-GEF RCU External Consultants (evaluation team)	40,000	At the mid-point of project implementation.
Final External Evaluation	Project team, Project Board, UNDP-GEF RCU External Consultants (evaluation team)	40,000	At the end of project implementation
Terminal Report	Project team Project Board External Consultant	None	At least one month before the end of the project
Audit	UNDP-CO Project team	10,000	Yearly
Visits to field sites (UNDP staff travel costs to be charged to IA fees)	UNDP-CO, UNDP-GEF RCU Government representatives	None	Yearly average one visit per year
TOTAL (indicative) COST (Excluding project and UNDP staff time costs)		155,000	

### **PART III: APPROVAL/ENDORSEMENT BY GEF OPERATIONAL FOCAL POINT(S) AND GEF AGENCY(IES)**


- A. RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT(S) ON BEHALF OF THE GOVERNMENT(S):** (Please attach the [Operational Focal Point endorsement letter\(s\)](#) with this form. For SGP, use this [OFP endorsement letter](#)).

NAME	POSITION	MINISTRY	DATE (MM/dd/yyyy)
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Dana A. Kartakusuma GEF Operational Focal Point	Special Adviser	Ministry of Environment	03/15/2012
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**B. GEF agency(ies) certification**

This request has been prepared in accordance with GEF/LDCF/SCCF/NPIF policies and procedures and meets the GEF/LDCF/SCCF/NPIF criteria for CEO endorsement/approval of project.

<b>Agency Coordinator, Agency Name</b>	<b>Signature</b>	<b>Date (MM/dd/yyyy)</b>	<b>Project Contact Person</b>	<b>Telephone</b>	<b>Email Address</b>
Adriana Dinu, UNDP/GEF Executive Coordinator and Director a.i.		January 20, 2014	Midori Paxton, Regional Technical Advisor, EBD, UNDP	+66- 818787510	midori.paxton@ undp.org



## ANNEX A: PROJECT RESULTS FRAMEWORK

**Project's Development Goal:** Effectively managed system of protected areas that is well integrated into its surrounding landscape contributing to sustainable, inclusive and equitable development in Sulawesi.

Objective/ Outcome	Indicator	Baseline	End of Project target	Source of Information	Risks and assumptions
<b>Objective:</b> To strengthen the effectiveness and financial sustainability of Sulawesi's protected area system to respond to threats to globally significant biodiversity	Institutional capacity scores for: - PHKA (Jakarta) - LLNP - Bogani Nani NP North Sulawesi BKSDA	- PHKA (Jakarta): 66% - LLNP: - Bogani Nani NP: - North Sulawesi BKSDA: 41%	- PHKA (Jakarta): 75% - LLNP: - Bogani Nani NP: - North Sulawesi BKSDA: 55%	Scorecards	Enhanced institutional capacities will not be overwhelmed by potentially increasing, external threat factors associated with population growth, etc.
	Annual levels of deforestation and forest degradation within Sulawesi's terrestrial PAs and buffer zones	- Approximately 56,505 ha of forest loss within PAs from 2000-2008 Levels within buffer zones TBD	25% reduction in annual forest carbon emissions within PAs and buffer zones combined between baseline years (2000-2010) and last three years of project (2016-19).	Satellite imagery	Availability of fine-grained data suitable for making comparisons  Leakage does not substantially counterbalance project efforts
1. Enhanced systemic and institutional capacity for planning and	Extent of implementation of RBM	- RBM has begun to be implemented at all NPs and several other PAs (exact # TBD), but remains incomplected throughout	- Using PHKA RBM scoring system (see page 22), at least 70% of resorts across the island have achieved Stage 6 level of implementation	PHKA surveys	Continued support at Ministerial level for RBM reforms
	Effectiveness of anti-poaching efforts	- Very limited implementation of anti-poaching laws across Sulawesi	- Intelligence-based anti-poaching has become a well-known feature of PA management, affecting incentives in measurable ways (surveys)	Surveys conducted within buffer zone communities	No interest to, or unable to, mislead surveyors on the part of interviewees
	Operational island-wide biodiversity monitoring system	No integrated monitoring	Users across Sulawesi, Indonesia and beyond are able to upload to and access historic data on biodiversity and protected areas, generated by multiple sources, using a platform created by the project	Project reporting on system functionality; direct experience logging on	Willingness of multiple partners to share data

Objective/ Outcome	Indicator	Baseline	End of Project target	Source of Information	Risks and assumptions
management of Sulawesi PA system	Representation of lowland forest (key under-represented forest ecosystem types in Sulawesi's PA system)	131,000 ha, or 4.2% of total remaining habitat type	210,000 ha, or 6.7% of remaining habitat type, representing a 60% increase in coverage	Gazettelement	Site confirmed to have characteristics needed for NP status
	Representation of additional under-represented ecosystems	Karst ecosystems – 2.3% of existing ecosystem protected	100% increase in coverage	Gazettelement	
2. Financial sustainability of the Sulawesi PA system	Financial sustainability score (%) for the sub-system of Sulawesi's protected areas:			Financial scorecard	
	- Component 1 – Legal, regulatory and institutional frameworks	34 %	50 %		
	- Component 2 – Business planning and tools for cost-effective management	35 %	50 %		
	- Component 3 – Tools for revenue generation	28 %	50 %		
	Annual budget allocated to protected areas	Estimated \$13.45 million allocated annually.	25% increase, to \$16.81 million	Financial scorecard in last year of project	No negative fiscal constraints emerging
	Sustainable financing mechanisms for PAs	Government budgetary allocations / funding only	At least two new sustainable financing mechanisms for PA management established, providing a minimum of US\$ 3 million per year for PA management.		Ability to navigate any potential legal or regulatory constraints
3. Threat reduction and collaborative governance in the target PAs and buffer zones	METT scores for demonstration sites	LLNP - 61 BNWNP - 64 Tangkoko Batuangas NR - 50	LLNP - 70 BNWNP - 70 Tangkoko Batuangas NR - 70	METT surveys	Surveys are unbiased
	Threat indices at project demonstration sites	LLNP - 23 BNWNP - 28	LLNP - 15 BNWNP - 20	Threat indices	Surveys are unbiased

Objective/ Outcome	Indicator	Baseline	End of Project target	Source of Information	Risks and assumptions
		Tangkoko Batuangas NR - 31	Tangkoko Batuangas NR - 20		
	Ecosystem health index at project demonstration sites	Lore Lindu NP - .68 Bogani Nani Wartabone NP - .55 Tangkoko Batuangas NR - .48	Lore Lindu NP - .75 Bogani Nani Wartabone NP - .75 Tangkoko Batuangas NR - .75	EHI surveys	Surveys are unbiased
	Populations of selected threatened indicator species at project sites	<u>LLNP</u> – Mountain anoa, babirusa, maleo, <i>Papilio blumei</i> <u>BNWNP</u> – Maleo, babirusa, mountain anoa <u>Tangkoko Batuangas NR</u> – Macaca nigra, Sulawesi civet, maleo, lowland anoa	Indicator population species maintained or increasing; appropriate population structure	Project field surveys	Existing populations remain viable and can stabilize or recover once threat levels are reduced
	Active encroachment areas in target PAs	Encroachment levels as of 2011: LLNP 6,333 ha, BNWNP 3,436 h. Tangkoko baseline TBD.	Zero increase in net levels of active encroachment	Project field surveys	Success of CCA programme and enforcement efforts
	Existence and effectiveness of collaborative governance systems	- Approximately 30 CCAs established, currently operating at varying degrees of functionality	- At least 45 CCAs, including some at each project demonstration site - 80% of above CCAs are operating at an agreed baseline level of functionality - 40% of above CCAs are rated as 'highly functional' (rating system to be developed and applied during inception phase)	Project reports	Community interest

**ANNEX B: RESPONSES TO PROJECT REVIEWS** (from GEF Secretariat and GEF Agencies, and Responses to Comments from Council at work program inclusion and the Convention Secretariat and STAP at PIF).

Comment	Response	Reference in project document
<b>From GEFSec: Comments at PIF / Work Programme Inclusion</b>		
<p>11. Is (are) the baseline project(s), including problem (s) that the baseline project(s) seek/s to address, sufficiently described and based on sound data and assumptions?</p> <p><i>yes, the project provides strong baseline on the on-going activities with their funding and identify the major gaps. However, at the CEO endorsement phase, more details on the NGOs activities will have to be provided.</i></p>	<p>More baseline information on NGO activities are provided in the Project. This includes work by Birdlife Indonesia, Wildlife Conservation Society, The Nature Conservancy (mainly the past work) and Selamatkan Yaki. Details on Selamatkan Yaki programme activities are presented in Annex 2.1, Landscape profile for Tangkoko / East Minahasa. Highlights of the programme have included the creation of a Species Conservation Action Plan (SCAP) for <i>Macaca nigra</i>, which is a comprehensive document used to guide the conservation of the species into the long-term. By utilising previous research, performing a thorough analysis of the threats facing the macaques and their habitat, then deriving a series of conservation recommendations for the required activities to mitigate these, the creation of this document forms the evidence based strategy for the protection of <i>M. nigra</i>. The programme applies a holistic research approach to guide conservation strategies, with focus on Tangkoko as identified as critical habitat for the species. Building on this, a multi-stakeholder workshop was conducted in 2013 to provide a comprehensive framework for action for the species, and also for the Nature Reserve and its surrounds. Through formalised partnerships with the Forestry Department and other key stakeholders, PA management assessments, eco-tourism and education and awareness raising strategies have been developed and are in the process of implementation with full evaluation and monitoring.</p>	<p>Prodoc: page 27, Annex 2.1</p>
<p>14. Is the project framework sound and sufficiently clear?</p> <p><i>On the financial mechanisms and on the REDD+ scaling-up activities will be provided at the CEO endorsement phase</i></p>	<p>The PPG developed a provisional list of revenue generating mechanisms to be supported. These include: (i) ecotourism operations and concessions, (ii) user fees; (iii) REDD+ and (iv) other PES. However, it was decided that the final decisions on, and elaboration of, these mechanisms will be informed by the environmental economics work (Output 2.1) and made within the context of the island-wide PA financing strategy to be developed under Output 2.2. It is expected that one mechanism will be piloted at each of the three target sites.</p>	<p>Prodoc: Para. 136-137</p>
<p>16. Is there a clear description of: a) the socio-economic benefits, including gender dimensions, to be delivered by the project, and b) how will the delivery of such benefits support the achievement of incremental/ additional benefits?</p> <p><i>It is expected to have more detail information at the CEO endorsement</i></p>	<p>There are 186 villages in and around the LLNP with an estimated population of 105,000. There are 5 villages (circa 10,000) people and 4 villages (circa 7,500 people) in the immediate vicinity of the Greater Tangkoko and the Bogani Nani Wartabone National Park respectively. It is estimated that at least 20,000 members of impoverished communities living in PA buffer zones will benefit directly and indirectly from economic activity associated with grants to be provided. Socio-economic benefits, including gender dimensions are mostly expected in the context of</p>	<p>CEO document: Section B.3</p>

Comment	Response	Reference in project document
<i>phase.</i>	support to establishment and co-management agreements, and establishment and enhanced operations of PA co-management and Community Conservation Areas (CCAs). These will be channeled, inter alia, through a micro-grant facility which will support innovative income generating and conservation schemes within the framework of new and on-going CCAs. It is estimated that at least 20,000 members of impoverished communities living in PA buffer zones will benefit directly and indirectly from economic activity associated with grants to be provided. Corresponding biodiversity benefits associated with threat reduction are also expected to be substantial. More information is provided in Section B.3 of this document.	
17. Is public participation, including CSOs and indigenous people, taken into consideration, their role identified and addressed properly?  <i>It is expected to have more detail information at the CEO endorsement phase</i>	There are a variety of ethnic groups residing around the three target PAs. These included groups indigenous to the Lore Lindu area, such as To Lindu, To Kulawi, To Gimpu, To Pili, To Moa, To Bada, To Behoa, To Pekurehua and To Tawaeliai, and the Mongondow people in the vicinity of Boganin Nani Wartabone National Park. CSOs, indigenous people and the role of each are identified in the preliminary stakeholder involvement plan. These individuals and groups are considered key stakeholders and will be consulted frequently throughout the project implementation based on the stakeholder involvement plan. In addition, a strong effort will be made to bridge any gaps and address any conflicts between such groups and PA management authorities. A detailed public participation plan will be prepared during project inception	CEO document section B1  Prodoc: Section IV, Part V, Annex 2 – Landscape Profile
20. Is the project implementation/ execution arrangement adequate?  <i>It is expected to receive further details on the steering committee governance at the CEO endorsement phase.</i>	Suggested members of the project steering committee (Project Board) are: representations from the Directorates of Biodiversity Conservation, Conservation Area and Forest Investigation and Protection, the National Parks Agencies for Lore Lindu and Bogani Nani Wartabone, the Provincial Agencies for Natural Resource Conservation in North Sulawesi and Central Sulawesi, the Ministry of Finance, the National Development Planning Agency (BAPPENAS), and UNDP. The Board will be chaired by the Director of Biodiversity Conservation. For each of the three target protected areas, a technical committee will be established for the target sites, including the Provincial Development Agencies, Provincial Forestry Agency, NGOs, CBOs and private businesses working in the target areas, and academics and researchers to provide technical guidance and inputs to the site level activities of the project. The technical committee will also serve as a local level coordination fora for the project.	Prodoc: para 186-196, Table 22
24. Is the funding and co-financing per objective appropriate and adequate to achieve the expected outcomes and outputs? - <i>More information on investments using GEF funding will be provided at CEO Endorsement phase.</i>	Budget plan has been carefully designed and detailed in the Project Document. Please refer to the project budget and budget notes for a detailed breakdown of GEF-funded outputs and activities.	Section III of project document

Comment	Response	Reference in project document
<b>From STAP Review</b>		
<p>The baseline activities are well documented and considerable attention has been paid to the presentation of the existing baseline for project outcomes. Some of these could be updated, however, if possible. The still missing baseline values for some of the indicators will be collected during further project preparation.</p>	<p>Additional information has been presented re. baseline activities. Most indicators currently have values. However, in one or two cases, it will be necessary to update some values during Year 1 of the project.</p>	<p>Baseline – Prodoc paras. 54-107</p> <p>Indicators in Prodoc Table 11</p>
<p>Under Component 2, there may be an issue concerning the wording that should be clarified. It is stated that "In order to remove the aforementioned financial barriers and to increase the sustainability of the PA system, this component aims to increase the government budget allocation to Sulawesi PA system by at least 50% from the current estimated amount of US\$ 13.8 million per year." Since the thrust of this component is not so much to increase the government's budgetary contribution as it is to supplement it and diversify funding through the development and implementation of innovative and alternative financing mechanisms, this should be reflected in the wording. In this regard, REDD+ features quite prominently. Perhaps there may be somewhat of an over-reliance or emphasis on this mechanism? In this regard, perhaps additional focus could be directed to the other alternative proposed financing mechanisms and what would be required to implement them from a legal and institutional perspective.</p>	<p>We agree that the indicators and emphasis presented in the PIF on raising Government financing for PAs may have been too strong. Development of the Financial Scorecard has helped to illuminate other issues related to revenue generation, cost effectiveness and disbursement targets (e.g. sustainable funding of CCAs) that are equally if not more important. As a result, the target level of increased Government finance has been reduced.</p> <p>Given unexpectedly slow movement towards REDD+ payments for performance, expectations here have diminished and alternative revenue generating mechanisms, including increased user fees and ecotourism, will be piloted.</p>	<p>Prodoc. Paras. 136-139</p>
<p>The risks are real and well presented, although as usual in projects, the components of the mitigation or management strategy for climate change related risks are rather general and exhibit a certain inherent faith in the long term effectiveness of what is being proposed.</p>	<p>Risks table has been reviewed and updated.</p>	<p>Prodoc: Table 12, page 55</p>
<b>From GEF Council Member: Germany</b>		
<p>Germany requests that the following point is taken into account during the drafting of the final proposal: The implementation of an intelligence-based poaching and wildlife trade</p>	<p>Proposal has been elaborated under Output 1.3 description. The project will support establishment of a small, Sulawesi-based, intelligence-based poaching and wildlife trade surveillance unit. This unit will report directly to the Directorate of Forest Protection and Investigation in</p>	<p>Prodoc: paras. 122-124</p>

Comment	Response	Reference in project document
<p>system remains unclear. The final proposal should focus on explanations that demonstrate how this will work in detail and practice. How are the intelligence activities of the system limited to the original purpose? Constraints and potential impacts with regard to civil society should also be clarified.</p>	<p>Jakarta. The project will support development of an island-level capacity to monitor, analyse and, working in co-operation with PA management authorities, confront poaching and wildlife trade across the island. Focus of initial monitoring activities will be on the project target sites. Once the unit has reached a certain level of capacity, its technical support will be made available to PAs across the island. This innovative, island-level capacity will complement similar efforts to create decentralized, island-wide analytical capacities related to PA alignment (Output 1.4), biodiversity monitoring (Output 1.2) and PA financing (Output 2.2).</p>	
<b>Comments from the GEG Sec – December 20, 2013</b>		
<p><b>1. Is there a clear description of: a) the socio-economic benefits, including gender dimensions, to be delivered by the project, and b) how will the delivery of such benefits support the achievement of incremental/additional benefits? -</b> Based on the current average income level per household and the successful livelihood support activities in place, please give a more comprehensive description of the socio-economic benefits that can be expected from development of the Community Conservation Areas, grant mechanisms, and the new PA financing mechanisms</p>	<p>The total population of villages surrounding the three pilot sites is estimated at 122,500, about 85% of whom are located in areas surrounding Lore Lindu National Park. Average baseline incomes in these communities is estimated at some 450-500,000 IDR per month, or c. \$50 per household. Assuming an average household size of 5 persons, this suggests a total annual GDP for the project site buffer zones of US\$14.7 million.</p> <p>Under the project baseline scenario, communities living in areas surrounding the three pilot protected areas are placing increasingly unsustainable pressure on a declining resource base. This represents a declining spiral of natural capital, and of ecosystem services benefitting human welfare, including those associated with incomes. Protected areas are slowing, but not eliminating, these trends. In addition, while generating long-term benefits related to ecosystem service provision and maintenance of natural assets, PAs are probably causing net income losses in the short term by restricting local community access to natural resources.</p> <p>The project aims to alter the above dynamic in a way that both conserves biodiversity and associated resources while having a net positive impact, in both the short- and long-term, on local welfare and incomes. This latter impact will occur in part through a micro-grant mechanism being established under Output 3.3, which will support the establishment and/or expansion of micro-enterprises within communities covered under CCAs. Targeted sectors include sustainable and biodiversity-friendly agriculture enterprises such as honeybee keeping, palm nuts harvesting, small-scale cacao plantation, as well as conservation-oriented jobs and tourism</p>	<p>CEO Doc: page 8-9 as highlighted.</p> <p>ProDoc: Para 161-164 on page 58-59 as highlighted.</p>

Comment	Response	Reference in project document
	<p>ventures.</p> <p>The project plans to provide approximately US\$400,000 (after accounting for costs of administering the programme locally and providing technical support to grantees) in micro-enterprise grants over a three-year period, or some \$135,000 per year. The total amount invested will be on the order of 1% of the area's GDP, though it will be equivalent to a significantly larger percentage of annual net capital investment in these villages, perhaps 10-15% or more. Members of beneficiary groups will be most directly impacted; as such, special efforts will be made to ensure a high level of participation by women within such groups. In addition to income increases, communities will benefit from conserved ecosystem services associated with reduced levels of degradation of local resources.</p> <p>Benefits associated with new PA financing mechanisms will be less direct, less easy to quantify at this stage and will depend in particular upon the specific mix of instruments being created. Policies and instruments designed to increase tourism would be most likely to benefit local communities through opportunities for home stay, guiding, etc. REDD+ certainly has the potential, through benefit-sharing mechanisms, to have a positive impact on local communities, particularly in areas where baseline levels of PA encroachment and buffer zone deforestation and degradation are highest.</p> <p>Some of the additional information has been added to the ProDoc and CEO doc.</p>	
<p><b>2. Is the project consistent and properly coordinated with other related initiatives in the country or in the region?</b> -The main related initiatives are listed. The coordination at site level is clear and relevant. It is mentioned that the Project Board will be the organ for coordination with national initiatives, international organizations but the suggested composition does not include them, please clarify</p>	<p>The Project Board is the highest decision-making body in project management and implementation. Thus the Ministry of Forestry wishes to keep the number of board members at a reasonable level to ensure its focus. The membership includes different directorates of the Ministry of Forestry and subsidiary provincial agencies and national parks agencies from the target sites, as well as the National Development Planning Agency (BAPPENAS). With this wide representation, coordination with relevant national and international initiatives will be realised, as they are most likely be working with at least one of the Project Board members. Whenever appropriate, representatives from other national initiatives and international organisations will be invited to specific sessions of the Project Board meetings. They will also be invited to various consultation sessions which the project will</p>	<p>ProDoc: Footnote 31 was added on page 113, PART V Summary Stakeholder Involvement Plan</p>



Comment	Response	Reference in project document
	facilitate on specific thematic topics. .	
<p><b>3. Is the co-financing amount that the Agency is bringing to the project in line with its role?</b> - Yes, PNUD will contribute at a level of US\$2,000,000, in cash. For GEF grant up to 10M, agency fees ceiling is 9.5% of the grant, please adjust accordingly.</p>	The IA fee has been adjusted to 9.5%.	CEO Doc: page 1 and 4 as highlighted
<p><b>4. Have the appropriate Tracking Tools been included with information for all relevant indicators, as applicable?</b> - METT and scorecard Excel sheet have been included. As for the METT, some information is missing regarding the annual budget of PA Tangkoko. As for the scorecard, please provide a more accurate data of the donor funding. Regarding Annex1-revenue projection, please clarify the projection on entry fees and further developed projection in including the expected revenue generated by the financial mechanisms that the project will support.</p>	<p>We are afraid that an old version of the BD-1 TT was submitted earlier. We are hereby submitting the new and correct version which also addressed your comments. The annual budget of Tangkoko is reflected in this version in its METT sheet. More accurate information on the donor funding data is also provided in the financial sustainability scorecard.</p> <p>The following targets have been added to Annex I of the PA financial scorecard.</p> <p><u>User fees:</u> Based on projected increases in both fee levels and visitation, the latter due to improved facilities, estimated revenues from entry permits could increase to \$1.1 million annually, approximately \$967,000 increase over baseline.</p> <p><u>Ecotourism concessions:</u> Target of four new ecotourism concessions @ \$100,000 annual PA revenues per concession = \$400,000.</p> <p><u>REDD+:</u> Development of payment for performance tools, financed by Norway agreement, to compensate a combination of improved PA management and PA expansion leading to emissions reduction of 300,000 tCO<sub>2</sub>e per year @ \$5 per ton = \$1,500,000 (<u>Note:</u> This projected reduction is equivalent to approximately 2% of <u>only Central Sulawesi province's</u> estimated Reference Emissions Level).</p> <p>Please note that these are highly tentative and will be further investigated during the project implementation. As</p>	<p>Annex 1: METT for Tangkoko and Financial Sustainability Scorecard</p> <p>ProDoc: Para 85 on page 30 Strategic Results Framework on page 84</p> <p>CEO Doc: Strategic Results Framework on page 18</p>

Comment	Response	Reference in project document
	indicated in the results framework, the project aims to establish at least two new sustainable financing mechanisms, providing a minimum of US\$ 3 million per year for PA management.	

## ANNEX C: STATUS OF IMPLEMENTATION OF PROJECT PREPARATION ACTIVITIES AND THE USE OF FUNDS<sup>10</sup>

### A. DESCRIBE FINDINGS THAT MIGHT AFFECT THE PROJECT DESIGN OR ANY CONCERNS ON PROJECT IMPLEMENTATION, IF ANY:

A notable lack of updated information on Sulawesi's biodiversity and protected areas and limited number of local specialists made it difficult to elaborate on some elements of the project as originally hoped. This resulted in the situation whereby some of the finer activity design needs to be carried out during the inception phase of the project. In addition, it was recognized during the PPG that, given the range of challenging issues facing Sulawesi's terrestrial PA sub-system, it would be important not to spread limited resources too thinly. The least strongly justified of the originally proposed target sites, Nantu Wildlife Refuge, was removed and the number of sites was thereby reduced from 4 to 3.

### B. PROVIDE DETAILED FUNDING AMOUNT OF THE PPG ACTIVITIES FINANCING STATUS IN THE TABLE BELOW:

<b>PPG Grant Approved at PIF: USD 100,000</b>			
<b><i>Project Preparation Activities Implemented</i></b>	<b><i>GEF/LDCF/SCCF/NPIF Amount (\$)</i></b>		
	<b><i>Budgeted Amount</i></b>	<b><i>Amount Spent To date</i></b>	<b><i>Amount Committed</i></b>
Activity 1: Policy framework and institutional capacity review	6,000	5,177.20	850.00
Activity 2: Conservation Needs Assessment and PA Consolidation Planning	33,000	27,000.00	6,000.00
Activity 3: Analysis of Wildlife Trade and Law Enforcement	4,000	3,944.77	0.00
Activity 4: Assessment of baseline PA financing, together with revenue-generating and PA alignment opportunities, including plan for synergizing with on-going REDD plus process	32,000	28,072.20	4,000.00
Activity 5: Local stakeholder and gender assessment	10,000	3,978.67	6,000.00
Activity 6: Feasibility Analysis and Budget	15,000	10,144.00	4,833.00
<b>Total</b>	<b>100,000</b>	<b>78,317.00</b>	<b>21,683.00</b>

### ANNEX D: CALENDAR OF EXPECTED REFLOWS (if non-grant instrument is used): N/A

<sup>10</sup> If at CEO Endorsement, the PPG activities have not been completed and there is a balance of unspent fund, Agencies can continue undertake the activities up to one year of project start. No later than one year from start of project implementation, Agencies should report this table to the GEF Secretariat on the completion of PPG activities and the amount spent for the activities.