



# 1PROJECT IDENTIFICATION FORM (PIF)

**PROJECT TYPE: Full-sized Project**

**TYPE OF TRUST FUND: GEF Trust Fund**

## PART I: PROJECT IDENTIFICATION

<b>Project Title:</b>	<b>Enhancing the Protected Area System in Sulawesi (E-PASS) for Biodiversity Conservation</b>		
<b>Country(ies):</b>	Indonesia	<b>GEF Project ID:</b>	4867
<b>GEF Agency(ies):</b>	UNDP	<b>GEF Agency Project ID:</b>	4392
<b>Other Executing Partner(s):</b>	Ministry of Forestry	<b>Submission Date:</b>	March 29, 2012
<b>GEF Focal Area (s):</b>	Biodiversity	<b>Project Duration (months):</b>	60
<b>Name of parent program: For SFM/REDD+</b>	N/A	<b>Agency Fee (\$):</b>	626,500

### A. FOCAL AREA STRATEGY FRAMEWORK:

Focal Area Objectives	Expected FA Outcomes	Expected FA Outputs	Trust Fund	Indicative grant amount (\$)	Indicative co-financing (\$)
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>1</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 cost</b>				<b>6,265,000</b>	<b>43,700,000</b>

### B. PROJECT FRAMEWORK

<b>Project Objective: To strengthen the effectiveness and financial sustainability of Sulawesi's protected areas system to respond to threats to the globally significant biodiversity</b>						
Project Component	Grant type	Expected Outcomes	Expected Outputs	Trust Fund	Indicative Grant Amount (\$)	Indicative co-financing (\$)
1. Enhanced systemic and institutional capacity for planning and management of Sulawesi PA system	TA	<ul style="list-style-type: none"> <li>▪ Core operation of the terrestrial PA system on Sulawesi covering 1,600,480 ha strengthened, leading to reduction of threats from forest loss, encroachment and poaching, indicated by: <ul style="list-style-type: none"> <li>- A minimum of 70% reduction in the forest loss within the protected areas compared to the baseline of 56,505 ha between 2000 and 2008</li> <li>- Stable population of indicator species including anoa, babirusa, crested black macaque and maleo</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Capacity of the Ministry of Forestry strengthened to fully operationalise the "Resort-based management"<sup>2</sup> system for implementation in the national PA system including all categories of PAs, providing for: (i) PA management standards and PA and individual performance monitoring system for different categories of the PAs; (ii) clear reporting structure and methods; (iii) tools and training for enhanced law enforcement; (iv) clear official guidelines for community engagement and co-management; (v) clear capacity development strategies and action plans for increasing management effectiveness of the PA system; and (vi) incentive mechanisms for increasing motivation of field staff.</li> </ul>	GEF TF	1,200,000	9,800,000

<sup>1</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>2</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.

Project Component	Grant type	Expected Outcomes	Expected Outputs	Trust Fund	Indicative Grant Amount (\$)	Indicative co-financing (\$)																
	TA	<p><i>Baseline: Estimated population of Anoa is less than 5,000; Babirusa - 4,000; Maleo – 4,000 – 7,000 breeding pairs; and Crested black macaque - 82,500.</i></p> <ul style="list-style-type: none"> <li>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 (targets will be developed during the PPG):</li> </ul> <p><u>Vegetation type representativeness in the PA system</u></p> <table border="1"> <thead> <tr> <th>Vegetation types</th> <th>Current</th> </tr> </thead> <tbody> <tr> <td>Lowland forest</td> <td>4.2%</td> </tr> <tr> <td>Hill forest</td> <td>6.6%</td> </tr> <tr> <td>Upland forest</td> <td>11.6%</td> </tr> <tr> <td>Montane forest</td> <td>12 %</td> </tr> <tr> <td>Tropical Alpine</td> <td>13.7%</td> </tr> <tr> <td>Karst</td> <td>2.3 %</td> </tr> <tr> <td>Wetlands</td> <td>2.2 %</td> </tr> </tbody> </table>	Vegetation types	Current	Lowland forest	4.2%	Hill forest	6.6%	Upland forest	11.6%	Montane forest	12 %	Tropical Alpine	13.7%	Karst	2.3 %	Wetlands	2.2 %	<ul style="list-style-type: none"> <li>An island-wide system for biodiversity, key species and habitat condition monitoring system established with science-based survey mechanisms, protocols for monitoring, robust biodiversity indicators, with necessary tools and capacity emplaced within the Directorate of Biodiversity Conservation and partner organisations.</li> <li>Intelligence-based poaching and wildlife trade surveillance system operationalised at the field level as well as at the regional HQ level within the Directorate of Forest Protection and Investigation, the Directorate of Biodiversity Conservation, and Agencies of Natural Resources Conservation in Sulawesi.</li> <li>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.</li> </ul>			
Vegetation types	Current																					
Lowland forest	4.2%																					
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2. Financial sustainability of the Sulawesi PA system	TA	<ul style="list-style-type: none"> <li>The Sulawesi PA system financing plan is developed and operationalised, articulating PA financing needs and providing for concrete steps for meeting the financing needs. The provincial development plan of at least two provinces in Sulawesi integrates the PA system financing plan.</li> <li>50% increase in budget allocated to the protected areas compared to the baseline of US\$ 13.8 million per year through diversification of financing sources, as indicated by the financial sustainability scorecard. Currently the only budget sources are the national government allocation and occasional donor funding. At least two new sustainable financing mechanisms for PA management established, providing a minimum of US\$ 3 million per year for PA management.</li> </ul>	<ul style="list-style-type: none"> <li>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 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.</li> <li>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 5 target PAs, identifying PA management costs and defining non-state appropriated revenue options and mobilising market opportunities. Implementation of the above financing plans will be supported.</li> <li>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. <i>(target mechanisms to be defined</i></li> </ul>	GEF TF	1,250,000	4,000,000																

			<i>during the PPG.)</i>			
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 (217,991 ha), the Bogani Nani Wartabone NP (285,105 ha), Nantu WS (31,215 ha) and Tangkoko Batuangus NR (3,196ha) indicated by: <ul style="list-style-type: none"> <li>- <i>the METT assessment</i></li> <li>- <i>reduction in poaching</i></li> <li>- <i>A minimum 30% reduction of the encroachment in the protected areas compared to the baseline in 2011: LLNP 6,333 ha, BNWNP 3,436 h. Baseline will be established for Nantu and Tangkoko.</i></li> </ul> </li> <li>▪ The attitudes of local communities towards wildlife improved, indicated by knowledge, attitude and practices surveys and reduction in illegal activities. <i>Baseline figures and targets will be established / verified during the project preparation phase.</i></li> </ul>	<ul style="list-style-type: none"> <li>▪ 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).</li> <li>▪ 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 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).</li> <li>▪ 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.</li> </ul>	GEF TF	3,520,000	27,842,298
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>

#### C. INDICATIVE CO-FINANCING FOR THE PROJECT BY SOURCE AND BY NAME IF AVAILABLE, (\$)

Sources of Co-financing	Name of Co-financier	Type of Co-financing	Amount (\$)
National Government	Ministry of Forestry	Grant	40,000,000
National Government	Ministry of Forestry	In-kind	1,500,000
CSO	Wildlife Conservation Society, The Nature Conservancy	Grant	200,000
GEF Agency	UNDP	Grant	2,000,000
<b>Total Co-financing</b>			<b>43,700,000</b>

#### D. GEF RESOURCES REQUESTED BY AGENCY, FOCAL AREAS AND COUNTRY

GEF AGENCY	TYPE OF TRUST FUND	FOCAL AREA	Country name/Global	Project amount (a)	Agency Fee (b)	Total c=a+b
UNDP	GEF TF	Biodiversity	Indonesia	6,265,000	626,500	6,891,500
<b>Total GEF Resources</b>				<b>6,265,000</b>	<b>626,500</b>	<b>6,891,500</b>

## PART II: PROJECT JUSTIFICATION

### A. DESCRIPTION OF THE CONSISTENCY OF THE PROJECT WITH:

**A.1. THE GEF FOCAL AREA STRATEGIES:** The proposed project is consistent with the goals of GEF Biodiversity Objective 1 "Improve Sustainability of Protected Area Systems" (BD1) and specifically the BD1 Focal area Outcome 1.1 "Improved management

effectiveness of existing and new protected areas” and Outcome 1.2 “Increased revenue for protected area systems to meet total expenditures required for management.” The PA network in Sulawesi, as in the rest of Indonesia, is characterised by low levels of management effectiveness and the PAs are not adequately distributed across the landscape to properly represent the island’s key terrestrial ecosystems. The project seeks to strengthen PA management in the endemic- rich Sulawesi island group and reduce threats to biodiversity in the PAs by putting in place measures to ensure that the highly unique and globally important biodiversity of Sulawesi will be safeguarded from existing threats to its biodiversity. By strengthening the core PA management and increasing conservation outcomes in Sulawesi, the project will serve to increase the overall effectiveness of the national PA system in which Sulawesi plays a key part. Furthermore, the project will directly contribute to the implementation of the Programme of Work on Protected Areas (PoWPA), in particular: Goal 1.1: To establish and strengthen national and regional systems of protected areas integrated into a global network and to make a contribution to globally agreed goals; Goal 1.4: To substantially improve site-based protected area planning and management; Goal 2.1: To promote equity and benefit sharing; Goal 2.2: To enhance and secure involvement of indigenous and local communities and relevant stakeholders; Goal 3.2: To build capacity for the planning, establishment and management of PAs; Goal 3.4: To ensure financial sustainability of PAs and national and regional systems of PAs; Goal 4.1: To develop and adopt minimum standards and best practices for national and regional PA systems; and Goal 4.2: To evaluate and improve the effectiveness of PA management. The Project, furthermore, directly contributes to achievement of the Aichi Targets, in particular under the strategic goal C: To improve the status of biodiversity by safeguarding ecosystems, species and genetic diversity. It contributes to Target 11 through increasing significantly the coverage and connectivity of the PA system in important regions with high biodiversity importance and significant ecosystem services, and by increasing management effectiveness of the PA system in a way that is integrated into the wider landscapes.

**A.2. NATIONAL STRATEGIES AND PLANS OR REPORTS AND ASSESSMENTS UNDER RELEVANT CONVENTIONS:** As a signatory of the CBD and other related multilateral environmental conventions, the Government of Indonesia is committed to biodiversity conservation. The project will directly support the 2003 Indonesian Biodiversity Strategy and Action Plan (IBSAP). More specifically, it directly supports implementation of the following programmes under the IBSAP. Programme 1.3 for improving the effectiveness of conservation area management based on partnership and local community participation, namely; 1.4 for developing community capacity in biodiversity management; 2.12 for developing funding strategy for biodiversity conservation and management within the IBSAP framework; 3.11 for improvement in the effectiveness conservation area management and conservation in small islands; 4.10 for improving law enforcement to protect conservation areas, including Biosphere Reserves; 4.16 for developing capacity in biodiversity valuation for local government apparatus. In addition, the project is fully in line with the National Action Plan for PAs, covering the period 2010 – 2015, directly implementing a number of priority actions that go towards meeting the five-year objectives. These include:

- Build and strengthen long-term support for PA protection and management amongst local people and the broader community, and improve management of PAs where possible through involvement of communities and other stakeholders;
- Ensure that PA management is supported by strong institutions that are recognised as priorities in government planning and budgeting processes, and that are well coordinated at national, provincial and district levels;
- Ensure that PAs in Indonesia have adequate funding for effective management by 2014 and that systems are in place to sustain and increase this funding for the future development of the PA system;
- Well trained staff with capacity to effectively implement all PA management functions by 2014;
- Improve effectiveness of PA management through regular systematic evaluation;
- Develop a comprehensive M&E system that provides effective feedback to policy-makers and managers on lessons learned regarding management strategies and which meets local, national and international reporting requirements.

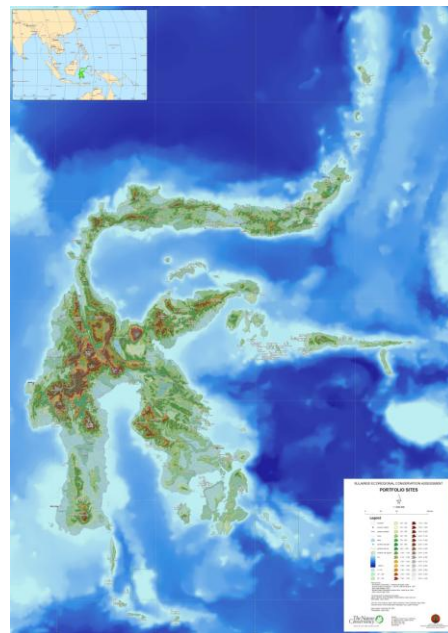
Furthermore, the project will directly contribute to achievements of the targets under the Five Year Strategic Plan of the Directorate of Forest Protection and Nature Conservation of the Ministry of Forestry covering the 2010-2014 period, including: Development of BLU (General Service Unit) in the 12UPT (Technical Implementation Unit) to support financial sustainability of national parks; 5% Reduction of conflict and pressure on protected areas; 3% increase in population of priority species compared to 2008 baseline estimates; 20% reduction in threats to biodiversity on the islands of Borneo, Sumatra and Sulawesi; and increase in nature tourism by 60% compared to the 2009 baseline.

## **B. PROJECT OVERVIEW:**

**1. DESCRIBE THE BASELINE PROJECT AND THE PROBLEM THAT IT SEEKS TO ADDRESS:** Sulawesi (17.46 million ha) is the world’s 11th largest island. Its highest peak of 3,478 metres. It is the 4th largest and 3rd most populated island in Indonesia, with a population of approximately 17 million. Sulawesi is part of Wallacea, i.e. it has a mix of both Asian and Australasian species, and subsequently has a remarkable globally significant diversity of terrestrial flora and fauna, as well as extremely rich coastal and marine life. In addition, the complicated “k” like shape of the island means that it boasts 6,000 km of coastline, which nurtures large areas of seagrass and coral reefs. These habitats are home to a variety of sea turtle species, dugongs and six of the world’s giant clam species. Terrestrially, the island covers WWF Global 200 Sulawesi Moist Forests and Central Sulawesi Lakes Ecoregions, and has a startling diversity of forest types. Eighteen different forest ecosystems have been identified<sup>3</sup>, which is one reason for the island’s high rate of endemism and biodiversity. Over 5,076 species of vascular plants also occur on the island. The percentage of endemic species is exceptionally high. Of 127 known mammal species, 72 are endemic (62%), including two wild cattle species, lowland and mountain anoa (*bubalus depressicomis* dan *bubalus quarlessi*), babirusa (*babirusa babirusa*), Sulawesi palm civet (*macrogalidia*

<sup>3</sup> The Nature Conservancy, Ecoregional Conservation Assessment (2006)

*musschenbroeckii*) and crested black macaque (*macaca tonkeana*). If bats are excluded, the rate of endemism rises to 98%. Moreover, 34 % of the nearly 1,500 bird species that have ever been recorded on the island are endemic. It is considered that there are still many species to be discovered on this heavily under-studied island. Sulawesi has 6 provinces and 72 districts, which have a relatively low human development index by country standards. More than 17% of Sulawesi's population is considered to be living in poverty, in particular in rural areas. Sulawesi is largely dependent on crops and seafood for its economy. As much as 35% of its economy is based on agriculture involving crops such as coconuts, nutmeg, cloves, soy, coffee and rice. The island is one of the world's largest producers of cacao. Fishing, and increasingly aquaculture, have become important to Sulawesi's economy. Fish ponds and shrimp farming have led to major destruction of mangroves. Other economic industries include commercial timber extraction of species such as such as teak and rattan, and tourism, which is seen as increasingly important by the government. Sulawesi receives 1.5 million tourists per year on average (2003-2010) who are mostly attracted to its unique and relatively pristine nature and amazing coral reefs and dive sites, as well as to some intriguing local cultures. Tourism currently contributes at least 5% to the island economy.



Since the 1980s, the island's natural habitat has been destroyed and degraded on a large scale, primarily due to logging and agricultural conversion. In order to conserve the island's globally significant biodiversity, since 1982, the government has established a network of 62 terrestrial PAs and 6 marine PAs on the island. The 62 terrestrial PA system covers a total area of 1,600,480 ha (or 9.17% of the total land surface), designated under the Act on Conservation of Living Resources and The Ecosystem (Act No5 of 1990)<sup>4</sup>. The terrestrial PA system comprises 5 national parks, 21 nature reserves, 16 wildlife sanctuaries, 14 nature recreation parks, 3 hunting parks and 3 forest parks.<sup>5</sup> These PAs are administered by the Ministry of Forestry (MoF), except for the forest parks and nature recreation parks that are managed by the provincial governments. At the provincial level, each national park is managed by a national park management agency which directly reports to the Ministry of Forestry. Other types of PAs are collectively managed by the Provincial Agencies for Natural Resource Conservation, which also are a subsidiary arm of the MoF. Sulawesi also has 7.5 million ha of protection forest set aside for watershed management and erosion control, as well as 4.59 million ha of production forest. These forests are managed by the Forest Agencies of the Provincial Governments, which report to the Provincial Governor.

**Threats:** Despite the government's efforts, the remaining natural habitats and rich biodiversity on the islands continue to be severely pressured by a number of human-induced threats.

- **Habitat conversion and degradation:** Approximately 11.97 million ha or around 69% of Sulawesi is classified as forested. However, the majority of the forest is considered severely degraded. As much as 95% of Sulawesi's mangrove forests and lowland forests were disturbed in the span of less than 10 years up to the early 1990s. Between 1980 and 2008, 3.49 million ha of forests were lost, accounting for nearly a 30% reduction in the forest area. The key driver for deforestation in Sulawesi is smallholder agriculture through the spontaneous spread of cash crops, mostly cacao. Smallholder cacao has led to major agrarian change over the last two decades, as rapid expansion of cacao under the "chocolate revolution" replaced subsistence-based local economies with market-integrated and cash-driven mechanisms. Encroachment by local communities for smallholder agriculture is very common on the island. In addition, logging has been an important factor for deforestation. Forest fragmentation severely undermines not only biodiversity health but also the quality and quantities of ecosystem services such as water provision and regulation, soil conservation and carbon sequestration. Residential and commercial development are also drivers of habitat conversion. This is common along PA boundaries close to villages. Infrastructure development such as roads and hydroelectric dams also leads to habitat conversion and fragmentation.
- **Overexploitation of biological resources:** There is a widespread disregard for PA boundaries and many of the natural resources are overexploited. Illegal logging (mainly small scale for timber for housing, boats and fishing equipment) and illegal harvest of forest products such as rattan, bamboo, and sugar palm sap is extremely common. These illegal activities remain the biggest threat to the integrity of the remaining forests. Bushmeat hunting and poaching is a major issue for a number of endangered species, including anoa, babirusa and black crested macaques. The endemic megapode Maleo (*Macrocephalon maleo*) is also under heavy pressure, since its eggs are poached. The sale of monkeys in Central Sulawesi province remains widespread, despite a ban by the government. In a single market in North Sulawesi up to 90,000 mammals are sold per year.
- **Pollution:** Pollution and habitat destruction from mining (gold, copper, nickel etc.) poses a threat to biodiversity and ecosystem health. Gold mining in and around the PAs in the Gorontalo and North Sulawesi provinces poses a growing threat, increasing encroachment and contaminating water.
- **Fire:** Anthropogenic fires threaten the wildlife assemblages and habitat. Hunters set fires to facilitate hunting of anoa, creating montane meadows in high altitude forest.

<sup>4</sup> Under the Act No. 5 of 1990, there are six categories of PAs; i) National Park – IUCN Category; ii) Nature Reserve – IUCN Category 1; iii) Wildlife Reserve – IUCN Category 4; iv) Hunting Park – IUCN Category 5; v) Forest Park – IUCN Category 5; vi) Nature Recreation Park – IUCN Category 5.

<sup>5</sup> Refer to Annex 1 – Map of Protected Areas.

- **Invasive Alien Species (IAS):** While IAS is a potential threat to any islands in Indonesia, actual extent of threat to agriculture, forestry and biodiversity is still not well understood.

The underlying socio-economic factors contributing to these threats include poverty in PA boundary areas, which reduces the ability of local communities to practice sustainable agriculture and natural resource use. Agricultural productivity remains low, forcing farmers to clear new land to fulfil their basic needs. Productive job opportunities – which might provide smallholders with an alternative source of livelihood – are limited.

**Baseline:** Under the Strategic Plan of the Directorate General of Forest Protection and Nature Conservation, the Ministry of Forestry (MoF) is investing approximately US\$130 million, or US\$ 26 million per year over 5 years, to implement management of conservation areas. MoF invests an estimated US\$ 14 million/annum for management of the PA system in Sulawesi to cover recurrent and investment costs through the Directorate of Conservation Areas. MoF has launched the “Resort Based Management (RBM) System” to increase the management effectiveness of the national parks. RBM focuses on improving the working of the smallest field operational units based within national parks called “resorts”<sup>6</sup>, improving their performance including field monitoring and law enforcement activities, improving leadership and work ethics on the ground, as well as putting in place a robust and effective reporting and evaluation system between the resorts and the regional and national headquarters. Official guidelines to the RBM were issued in 2011, outlining a resort-level management planning system, local level operation mechanisms and a monitoring and evaluation system. The MoF plans to extend the implementation of the RBM system to 50 national parks by 2014, including 5 national parks in Sulawesi. However, the implementation progress is slow and motivation of field staff remains low and the skills base insufficient. Essential equipment such as vehicles, motorbikes, GPS etc. is also lacking. In addition, the MoF invests USD 16 million for biodiversity and species conservation. The Directorate of Biodiversity Conservation, which has 70 staff, is charged with safeguarding biodiversity. The Directorate has selected 14 target species with three Sulawesi endemic species, namely anoa, babirusa and maleo. It is in the process of developing a species action plan for each of the 14 priority species. However, the scientific expertise within the Ministry is very weak and there is no data base nor systematic biodiversity monitoring mechanisms to implement the action plans. The Directorate of Forest Protection and Investigation is charged with law enforcement and forest crime prevention. The Directorate, comprising 70 staff at the HQ, collates reports on illegal logging, poaching, forest arson, encroachment and illegal mining cases, provides training for forest rangers and manuals for wildlife identification. Around 1,000 forest rangers work in Sulawesi of which about a half are protected area rangers. The number of rangers is not considered sufficient, the fact rangers do not have powers of arrest makes the patrolling less effective and there is a need for improving coordination with the police and the army.

Furthermore, the Government has earmarked US\$ 15 million per annum for supporting management of PAs in Sulawesi. The government’s effort has been complemented by investments from international NGOs over the past years. The Nature Conservancy (TNC) support for the Lore Lindu National Park and Morowali Nature Reserve in Central Sulawesi Province focused on development of collaborative management models and thirty community conservation agreements, local water resource management strategies, forest health monitoring systems, as well as the island-wide ecoregional planning exercise. The Wildlife Conservation Society (WCS) has been working in North Sulawesi and Gorontalo Provinces since 2001, supporting maelo conservation activities in Bogani Nani Wartabone forests including the purchase of beach front to protect the nests, as well as supporting collaborative management of the Bogani Nani Wartabone National Park, promoting environmentally beneficial alternative livelihoods, and tackling illegal exploitation of wildlife. In and around the Nantu Wildlife Sanctuary, the Adudu- Nantu Conservation Foundation (YANI) has raised US\$ 1.7 million since 1990 and has been supporting law enforcement, education and awareness programmes, and the creation of buffer zones with community alternative livelihood support.

The Indonesian Government is extremely active in preparing institutional frameworks and capacity to participate in the envisaged REDD Plus scheme. It has established a REDD Office within the President’s Office, and with support from the UN-REDD Programme, the Government has developed the national REDD plus strategy. Under the UN-REDD National Programme (2009-2012), with US\$ 4,925,000 funding, the Central Sulawesi Province has been selected as the pilot province. The Sulawesi REDD Plus Working Group was established in 2010 and the UN-REDD support to Sulawesi includes: development of Reference Emission Level and a Monitoring reporting and verification systems, socio-economic planning including opportunity cost analysis, institutional capacity building, and development of benefit distribution system options in the province. Furthermore, two communities including one adjacent to the Lore Lindu National Park will be targeted for the Free, Prior, Informed Consent (FPIC) pilot activities. The Government signed a Letter of Intent (LoI) in 2010 with the Norwegian Government, to drastically reduce emissions from deforestation and forest degradation to realize the monetization of emission reduction with the US\$ 1 billion offered by Norway. A two-year moratorium on issuing new logging or palm oil concessions was signed in May 2011. The Government is planning to carry out a number of programmes, however, none of them targets Sulawesi. Despite all these efforts, the synergy between the REDD plus process and PA system improvement has been minimum, and the biodiversity co-benefit requires increased attention in the whole process.

Although the baseline activities are significant, the threats to the globally significant biodiversity of Sulawesi are on the increase and biodiversity is on the decline. Even biodiversity within the PA system is not shielded from the afore-mentioned threats. There has been no attempt to improve the PA system in Sulawesi as a whole by targeting barriers at different levels of PA administration – at national (island-wide), provincial, local government and site levels.

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<sup>6</sup> Resorts are the smallest unit in National Parks belonging under a “section” which is part of the Area Management Division of each of the PA management agencies. A resort is in charge of management of a certain area within the PAs and normally staffed by a ranger and a technician.

**Long-term vision and barriers to achieving it:** The baseline activities, although significant, fall short of the proposed long-term solution of effective management of the protected area system in Sulawesi which secures the extremely unique biodiversity of Sulawesi. Such an improved PA system would effectively safeguard biodiversity from existing threats backed by sufficient financial resources geared towards biodiversity management. There are, however, a number of barriers to achieving this solution:

Barriers	Elaboration
Insufficient systemic and institutional capacity for managing a coherent PA system at the national level	Although the Indonesian Government has established an impressive system of national PAs, which includes the 62 terrestrial PAs in Sulawesi, management of the PA network as a coherent system geared towards biodiversity conservation remains weak. In 2010, 50 National Parks, including 8 National Parks in Sulawesi, were assessed using the Management Effectiveness Tracking Tool (METT). Even relatively well staffed and funded national parks have serious deficiency when it comes to effectiveness of PA management, resulting in constant encroachment and other illegal activities associated with high deforestation rates. Recognising the fundamental weakness of the PA system, the MoF has launched the RBM system. However, insufficient institutional capacity at the HQ level as well as at the local level hinders its effective implementation. There are no existing management standards and PA performance monitoring systems in Indonesia that can ensure that individual PAs are producing the results which are expected to contribute to the overall biodiversity conservation efforts of Sulawesi and the country as a whole. Only 8 National Parks have a park management plan. Even those that have a plan face serious capacity and financial shortages to implement it. Required operation at the field level as well as job descriptions of each staff is ill defined and there is no clear accountability system in place to monitor each unit within the PAs, or at the provincial agency and national level. There are no clear capacity development strategies and action plans for overhauling the PA management nor no incentive mechanisms targeting the field staff. In addition, there is no systematic island-wide monitoring system for biodiversity, key species and habitat conditions, supported by sound science and systematic surveys. This results in lack of reliable data for any adaptive management of the PAs and for any decision making related to PA and species management. The Directorate of Biodiversity Conservation within the MoF is understaffed and under financed, and collaboration with other scientific institutions such as the Indonesian Institute of Science (LIPI) is not systematised. Monitoring of forest crimes including poaching, encroachment, wildlife trafficking etc. is weak with the official database picking up only a fraction of incidents. Furthermore, the PA system is not necessarily representative of all the ecosystems, making it a systemically weak PA network even if the management can be done highly effectively. The recent PA gap analysis has found out that more than 94% of the lowland rain forests and 88.9% of the montane rainforest are outside the PA system. As a result, more than 59% of the lowland rainforest ecosystem has been disturbed as well as over 49% of the montane rainforest ecosystems.
Undervaluation of PA network resulting in insufficient government investment and inadequate appreciation of the PAs economic values	A recent study undertaken by the Ministry of Forestry estimates that the current funding gap for effectively managing the national PA system is more than US\$ 81 million per annum. This is in part due to the lack of recognition that PAs have a significant economic value associated with biodiversity and the range of ecosystem services the PAs generate, in addition to their inherent value for harbouring unique biological heritage. Tourism, which is the second largest foreign exchange earner for Sulawesi, for instance, is driven largely by natural attractions. The more effective the park management, the more likely there will be visitors coming to boost tourism revenue. However, there is little appreciation of this fact and also of the PA's other use and non-use values amongst decision makers, resulting in the undermining of tourism resources and essential ecosystem services in pursuit of more obvious economic gains from economic sectors such as agriculture, mining and fisheries. Moreover, the actual costs of PA management are poorly defined, resulting in arbitrary budgeting based solely on the number of staff. This in turn causes chronic under-funding of the PA system, leaving no amount for actual PA management activities. In addition, potential for revenue generation through tourism establishment and activities within PAs has remained largely untapped. Currently, there is no clear tourism concession system nor a payment for ecosystem services system which directly supports financing PA management. The park entry fees are collected but then deposited into the central government coffer, providing little incentive for park managers to increase revenue streams. Furthermore, there has been no attempt to develop a strategy for financing the Sulawesi PA system as a whole. Given that it is unlikely that all the individual PAs can be financially self-sustained, it is essential to plan sustainable financing for the PA system as a whole.
Insufficient field level PA management capacity and disconnect between PAs and local-level development and land use planning	At the site level, the PAs are characterised by weak management with inadequate budget allocation and staff numbers, as well as low level of skills among the PA field staff. This is particularly acute in "non-national-park PAs" such as nature reserves and wildlife sanctuaries. For example, in Central Sulawesi Province, there are only 96 staff and an annual management budget of US\$ 900,000 to operate 16 non-national park PAs covering over 400,000 ha, compared with US\$ 1.4 million budget and 164 staff for the Lore Lindu National Park. The Nantu Wildlife Sanctuary in Gorontalo Province only has two staff and a budget which basically only covers the staff cost. In terms of staff skills, in particular, law enforcement, habitat condition monitoring and park neighbour relations and co-management facilitation skills are lacking, resulting in very weak law enforcement. Conservation planning and management system is generally perfunctory. In addition, there is a clear disconnect between PAs and local-level development and land use planning, resulting in encroachment and illegal activities within the PAs. PA-neighbour cooperation is weak with a few exceptions in some parts of Lore Lindu where community conservation agreements have been developed with active village conservation committees. Given the large number of PA neighbouring populations and the intensity of their activities, there is a need for rapidly upscaling some of the successful models for co-management in the island, in order to ensure catalytic successes to bring about large-scale and sustained impacts. Furthermore, there are tremendous opportunities to mainstream PAs in district and provincial land use plans and development and fiscal planning processes. There is also an untapped potential for ensuring that the REDD Plus process will catalyse both the PA management effectiveness and financial sustainability for PAs, while ensuring tangible community benefits from the scheme.

**B.2. Incremental/Additional cost reasoning:** DESCRIBE THE INCREMENTAL (GEF TRUST FUND) AND THE ASSOCIATED [Global environmental benefits](#) TO BE DELIVERED BY THE PROJECT:

The **objective** of the proposed project is to **strengthen the effectiveness and financial sustainability of Sulawesi's PA system to respond to existing threats to globally significant biodiversity**

**The incremental approach can be summarised as follows:** The government of Indonesia has clearly identified biodiversity conservation as a priority and is making significant efforts to create the conditions for sustainable PA management as a key strategy to conserve biodiversity. However, despite strong commitment from the government, actions are seldom taken to concretely remove the barriers to the establishment of a sustainable PA system. In particular, in many existing PAs, pressure for land and biological resources requires urgent action in order to prevent further degradation of critical ecosystems and loss of critically endangered species. The proposed intervention is particularly timely because of the formulation of the first National Action Plan for PAs in 2010 and current efforts of Indonesia to develop capacity to meaningfully participate in REDD plus. **In the baseline situation**, a lack of capacity and resources, and an inability to upscale successful models on the ground in catalysing PA management effectiveness will mean that threats to PAs and the biodiversity they harbour will continue to grow, and will likely lead to further habitat fragmentation and destruction. **In the alternative scenario enabled by the GEF**, systemic and institutional barriers to improved PA management and sustainable financing in Sulawesi will be removed at the national, provincial and site levels, backed by thorough implementation of the RBM system ensuring sustainability of the impact. An island-wide system for biodiversity monitoring will be established for the first time and a poaching and wildlife trade surveillance system will be operationalised. The Sulawesi PA system will be consolidated through realignment and modest expansion, increasing the coverage of the PAs in under-represented vegetation types as well as including important carbon sinks and areas of ongoing deforestation / degradation. Financing sustainability will be improved through management needs-based financial planning, PA revenue diversification, and quantification of the value of the PA system. PA management capacities will be improved both on the ground and in the Sulawesi PA system and local threats will be reduced through multiple benefit planning and implementation as well as through collaborative management of PAs and buffer zones. PA expansion and financing strategies will be harmonized with the ongoing REDD Plus process currently being supported by UN-REDD and others, in order to optimize / balance potentially conflicting biodiversity, carbon and sustainable finance objectives within PA management, consolidation, threat reduction, expansion and financing efforts.

The immediate **global benefits** are improved management of Sulawesi's terrestrial PA system covering 1,600,480 ha of predominantly forested land in the tropics with an array of globally significant biodiversity including a large number of endemic species including anoa, maleo, babirusa and crested black macaque. GEF funding will secure critically important biodiversity and habitat to deliver global benefits including the realignment of the PA network and the improved conservation of the habitat of the extremely significant number of Sulawesi's endangered endemic species. It will also ensure the realization of substantial potential biodiversity benefits associated with the advent of REDD-Plus strategies for Sulawesi, which would not otherwise be fully achieved through a carbon-specific approach. Incremental benefits will be associated both with the selection of sites for PA system alignment as well as with increased financial sustainability. Moreover, the project will generate globally important lessons on strengthening a PA system and securing sustainable PA financing using the REDD plus mechanism. This will be secured through three project components.

#### **Component 1: Enhanced systemic and institutional capacity for planning and management of Sulawesi PA system**

This component will support strengthening of the PA system in Sulawesi to enable it to fulfil its objective of safeguarding the island's unique biodiversity at the island level. As the Sulawesi PA system represents part of Indonesia's national PA network and is managed by the Ministry of Forestry through its subsidiary local agencies, the project interventions under this component focus on national level work, which would also have impact on the national PA system as a whole. Capacity of the Ministry of Forestry will be strengthened at both national and provincial levels to fully institutionalise the "Resort-Based Management" system and extend the system to other PAs as well as the national parks. RBM has become the core strategy of the Ministry of Forestry to significantly enhance management effectiveness of the PA system, based on the realisation that the PA management system needs total overhauling with a bottom up approach. In other words, the working of the field based units as well as staff capacity and motivation must be tackled as a matter of priority, given that there is virtually noactivity in many PA field posts. The project support will aim to ensure that the RBM system will provide for: (i) PA management standards and PA and individual performance monitoring system for different categories of the PAs; (ii) clear reporting structure and methods; (iii) tools and training for enhanced law enforcement; (iv) clear official guidelines for community engagement and co-management; and (v) clear capacity development strategies and action plans for increasing management effectiveness of the PA system. In order to address the fundamental issues of the low level of motivation among rangers and other field staff, the project will support the establishment and internalisation of a conservation area innovation grant. It is a small grant facility to be run by the Ministry of Forestry which PA field staff can access in order to improve their work and management and conditions of their PAs. This aims to support field level management activities, providing incentives for devising local level innovative solutions to improving PA management.

In order to develop the island-wide mechanism for biodiversity monitoring and management, a species and habitat condition monitoring system will be institutionalized with a set of robust biodiversity indicators, supported by science-based monitoring protocols. Necessary capacity and tools will be put in place within the Directorate of Biodiversity Conservation to support this system such as an IT based Sulawesi biodiversity monitoring platform which will be populated with data gathered in the field with analytical functions for determining trends to inform management decisions. National Parks Agencies and the Provincial Agencies for Natural Resource Conservation will internalise the system as the main entity for inputting the data and using the information. Furthermore, in an attempt to reduce the major threat of poaching and illegal harvesting of wildlife, an intelligence-based poaching and wildlife trade surveillance system will be operationalised on the island within the Agencies of Natural Resources Conservation in Sulawesi. Complementing the baseline activities, the project will support expansion and realignment of the PA system based on a PA system consolidation plan. The plan will collate existing data and analyse biodiversity importance and threats status, vegetation types and biogeographical representatives of the PA system, and carbon sequestration potential. It will examine the current land uses and land



and resource user rights and identify opportunities for PA consolidation. It will also have a concrete action plan which will need to be vetted by relevant provinces and districts and integrated into respective land use plans.

### Component 2: Financial sustainability of the PA system

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. The project strategy for achieving this is to: (i) provide quantitative evidence on the value of Sulawesi's PAs; (ii) assess the financial needs for effective management of the PA system; (iii) diversify financing sources for PA management, including nature tourism, REDD+ and other sources. The project will support a thorough economic valuation exercise focusing on the PA system in terms of tourism and other use, and non-use, values, including the economic rate of return on investment in the PA system, and comparative cost-benefits analysis with other types of land uses including forestry and agriculture plantation. The project will support development of a Sulawesi-wide PA financing plan with a finer sub-component of provincial level financing plans for two of the Provincial Agencies for Natural Resource Conservation for targeted implementation support. Possible target provinces are the Central Sulawesi, Gorontalo and North Sulawesi provinces. The following table summarise some pertinent information on each province.

Province	Area Size (million ha)	No. of Districts	Population (million)	Total Forest Area as of 2008 (million ha)	Total Protected Areas (ha)	Total Deforestation between 2000-2008 (ha)	Deforestation within PAs between 2000-2008 (ha)
Central Sulawesi	6.18	10	2.63	3.85	986,982	305,394	19,692
Gorontalo	1.22	5	1.04	0.73	82,072	52,640	4,496
North Sulawesi	1.54	8	2.27	0.56	358,757	75,423	9,193

The financing plans will identify actual financial needs for effective management and development, based on PA management plans, and will investigate various possible means for ensuring cost effectiveness of the operation at both HQ and the field levels. The financing plans will outline the strategies and action plans for meeting these needs with thorough analysis and consultation on different possible revenue generation mechanisms. As part of the financing plan development, park business plans will be developed for at least three PAs targeted under Component 3, identifying PA management cost and defining non-state appropriated revenue options and mobilising market opportunities. The project will further support integration of the financing plan within the district, provincial and national development and fiscal planning processes. It will further support actual creation of new sustainable financing mechanisms. Building directly on the UN-REDD support in the Central Sulawesi Province and working closely with the national REDD plus office and the Central Sulawesi REDD plus working group, the project will support active participation of PA agencies in the REDD plus process with a view to developing mechanisms for the PA system that directly benefit from the REDD plus scheme, through increased PA coverage and financing for PA management. This effort will tie in closely with work under Component 1 aimed at harmonizing PA system consolidation plans with REDD+ efforts. In particular, this effort will clearly demonstrate the potential for PA expansion and enhanced management effectiveness to contribute to reduced carbon emissions while generating increased financial flows to the system, in a positive feedback loop. Other possible mechanisms include tourism concession system establishment to enable the private sector and others to invest in PA management (informed by a proper market analysis. During the PPG phase, potential of different mechanisms will be further investigated to determine the focus of the project. For identified mechanisms, the project will support their implementation. This will entail, as appropriate: development of an enabling policy/legal environment, design, negotiation and formalization and operationalisation of the mechanisms, development of a national mechanism for monitoring, reporting and verification of services, and payment distribution mechanisms; awareness and capacity building for decision makers, local government officials and local and indigenous communities, to ensure continuity of ecosystem service provision and payments, in the application of land-use to maximise ecosystem service provision and its continuity over time.

### Component 3: Threat reduction and collaborative governance in the target PAs and buffer zones

Under this component, the project will focus on ground-level support at up to four target PAs of different categories. They provisionally are: the Lore Lindu National Park (217,991 ha) 1 the Bogani Nani Wartabone National Park (285,105 ha); Nantu Wildlife Sanctuary (31,215 ha); and Tangkoko Batu Angus Nature Reserve (3,196ha). The four PAs have been provisionally selected with the following criteria in mind: (i) biodiversity importance/global significance; (ii) existing PA support initiatives; (iii) opportunities for financing diversification, including application of REDD+ <sup>7</sup> and other approaches, and (iv) potential for developing

<sup>7</sup> There are a number of REDD+ pilot projects in Indonesia supported by bilateral and multilateral donors, which are coordinated by the national REDD plus office and the Ministry of Forestry. The project builds directly on the UN-REDD Programme's Sulawesi pilot to actually demonstrate direct application of the REDD plus mechanism to increase PA management effectiveness. Under the Sulawesi pilot, the Central Sulawesi Province is currently finalising the REDD plus implementation plan and will identify priority REDD plus intervention sites within the province getting into Phase 2 of REDD Plus implementation (i.e. sub-national level implementation). GEF financing will ensure biodiversity co-benefit from REDD plus implementation in the Central Sulawesi province which is going to be the first province to enter into Phase 2 in Indonesia and one of the first in the world. The PPG will take stock of the achievements and lessons of these pilots as well as existing GEF supported projects which have REDD plus pilot components in order to ensure that the project does not reinvent wheels. In particular, synergies will be achieved with the GEF/ADB Sustainable Forest and Biodiversity Management in Borneo (GEF SEC ID 3435) that includes the establishment of some 1,000-ha conservation village models in Borneo.

unique models for co-management and integration of PA systems in local and provincial development and fiscal plans, by up-scaling the existing co-management arrangements. The table below summarises the feature of the PAs.

Through an integrated land use planning process at the district levels adjacent to the target PAs, the project will support defining and possibly realigning the boundaries of the PAs through community and district level consultations. The plan will mainstream biodiversity and carbon management and will examine responsiveness of different scenarios to existing threats to the PAs. It will analyse compatibility of land uses and opportunity costs of different land uses in tandem with the work under component 2. In Lore Lindu in particular, building on the UN-REDD work with the neighbouring communities, the project will support participatory PA boundary and land use planning, including possible creation of community managed conservation areas that could protect biodiversity and carbon rich areas and derive monetary incentive from the REDD plus and other sustainable financing schemes. It is crucial to have a clear PA boundary, as one of the reasons for encroachment by local people is that they do not see a clear boundary of the PA. The project will locally appropriate boundary creation, using locally appropriate means such as use of native salak palm with thorns as well as edible fruits to act as a thick natural boundary wall. Biodiversity mainstreaming in the rural development planning and programmes will also be supported. Two districts will be selected for implementation of this sub-component.

Name	Area, (ha)	Year Gazetted	Eco-systems Features	Biodiversity features	Primary threats	Annual Budget	Staff /resort Number
Lore Lindu National Park	217,991	1993	Montane, upland and lowland forest, lakes	The PA is the 2 <sup>nd</sup> largest terrestrial national park in Sulawesi and contains a good representation of the island's unique biota and harbours numerous rare species, including 77 bird species endemic to Sulawesi. 40 species of mammals have been recorded, 31 of which are endemic. Globally significant species include the mountain anoa, babirusa, two species of Tarsier, the Tonkean Macaque and two species of marsupial Cuscus, knobbed hornbill ( <i>rhyticeros cassidix</i> ), and Sulawesi hawk-eagle ( <i>spizaetus lanceolatus</i> ). The Park is listed by IUCN as a centre of	Encroaching cultivation, poaching, illegal logging. 70 villages with 82,052 people along the borders of the park including the two enclaves within the PAs	USD 1.4 million	164 staff and 12 resorts
Bogani Nani Wartabone National Park	285,105	1991	Upland and lowland forest, lakes	The PA is the largest terrestrial national park in Sulawesi and has 24 species of mammal, 125 species of bird, 11 species of reptile, 2 species of amphibian, 38 species of butterfly, 200 species of beetle and 19 species of fish. A species endemic to this Park is the Bone bat ( <i>Bonea bidens</i> ). Cinnabar Hawk Owl ( <i>Ninox ios</i> ), which was only described scientifically in 1999 from a specimen collected from the park. Almost all of Sulawesi's endemic mammals and birds are found within the PA. Important Maleo nesting sites.	Wildlife poaching for food and trade, illegal logging, encroaching cultivation, small scale gold mining, and over-harvesting of non-timber products. Maleo in particular are very vulnerable, as poachers harvest their eggs for food.	USD 1 million	128 staff and 11 resorts
Nantu Wildlife Sanctuary	31,215	1999	Protects second largest watershed in northern Sulawesi, mature lowland to montane forest.	Vital global stronghold for the Babirusa Pig which congregate at a large natural salt-lick in the forest here. One of Sulawesi's few remaining intact rainforest ecosystems – abundant populations of Anoa, Babirusa, Heck's macaque (locally endemic), Tarsier and more than 100 species of birds (35 endemic) - as a result of continuous protection patrols there since 1999 by	Very vulnerable, as poachers harvest their eggs for food.	Negligibly small. Probably the only staff cost is attributable to the PAs. Only USD 44,000 is budgeted for the all the 5 conservation areas through the provincial forest agency in the Gorontalo Province excluding one national park.	2
Tangkoko Batuangus Nature Reserve	3,196	1981	Lowland to montane forest	Many of the Sulawesi's endemic species. Abundant populations of black crested monkey.	Encroachment, illegal logging, and hunting for bush meat.	Estimated at around US\$ 10,000. USD 757,757 is budgeted for the entire PA system in North Sulawesi Province excluding two national parks.	6

In the target PAs, building on exiting experiences in co-management on the ground, such as the 26 community conservation agreements that have been signed around Lore Lindu,<sup>8</sup> up-scaling of co-management activities will be supported. Based on thorough socio-economic and resource surveys and mapping, conservation targets and action plans will be developed. A joint PA/buffer zone governance and management structure will be put in place, with clear rules, roles and responsibilities for co-managers. The co-management agreement will define mechanisms for reducing the pressure and maintain biodiversity patterns and processes, as well as mechanisms for securing alternative livelihoods. These could include sustainable agriculture enterprises such as honey bee keeping, palm nuts harvesting, small scale cacao plantation, and conservation oriented jobs and tourism ventures. Targeted education programme for local communities will form an important part of the component, through establishment of village education centres and mobile education units for awareness raising regarding the role and state of wildlife and the value of healthy ecosystems.

In addition, this component will support improvement of core PA management functions in the target PAs to address aforementioned existing threats to biodiversity. Management planning will be supported as appropriate, defining the management goals, strategy, action and monitoring and evaluation system. Implementation of resort based management will be supported at the resort and section levels in the field, including skill enhancement and routine enforcement and reporting systems to counter encroachment, illegal poaching and mining. The Management Information System (MIST)<sup>9</sup> which has been used in Sumatra with the support of WCS will be introduced to support and improve anti-poaching patrol work. Biodiversity and habitat condition monitoring will also be integrated in the routine patrolling regime. Where appropriate, restoration of ecosystems fragmented and degraded by mining or encroachment will be supported, with the full participation of local communities. Knowledge and skills of park staff as well as the local partners including communities will be enhanced through training tailored to improve management of specific threats to the PA including co-management and community engagement, mining site inspections, basic species identification and wildlife behaviour and habitat condition monitoring etc. Management infrastructure consolidation (signage, patrol camps, equipment etc) will also be supported at a limited scale, as strategically necessary.

**Implementation Arrangement:** The project will be implemented by the Ministry of Forestry, led by the Directorate General of Forest Protection and Nature Conservation. The Directorate General, via the Directorate of Conservation Areas, Directorate of Biodiversity, and Directorate of Forest Investigation and Protection, will be responsible for Components 1 and 2. However, many aspects of these components will be implemented closely with the subsidiary agencies in Sulawesi provinces including the National Parks Agencies (which are responsible for particular national parks) and the Provincial Agencies for Natural Resource Conservation (which are responsible for a cluster of conservation areas in respective provinces excluding the national parks). Component 3 will be led by these provincial level agencies in close collaboration with the provincial, district and local government entities and stakeholders including NGOs active in Sulawesi and local communities. A steering committee will be established at the national level as well as in the target PA landscapes to ensure stakeholder participation and coordination. Active involvement of the Provincial Forestry Agencies and the Sulawesi REDD Plus working group will be assured

**B.3. 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. AS A BACKGROUND INFORMATION, READ [Mainstreaming Gender at the GEF](#):** Strengthening the PA system in Sulawesi will have significant socioeconomic benefits at both national and local 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, 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. In order to ensure socioeconomic benefits and their sustainability, local level activities will be carried out with the participation of local stakeholders, with full consideration given to gender dimensions. 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. Establishment of PES mechanisms to be supported by the project will not only generate necessary revenues for the governments and communities for conservation actions, but also provide the world a good model for low carbon, climate resilient development. In addition, by protecting the globally significant ecosystems and biodiversity, Sulawesi's attraction as a nature tourism destination will continue to increase, with a real potential for substantially increasing tourism revenue and employment creation. 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.

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<sup>8</sup> The community conservation agreement (CCA) the Nature Conservancy pioneered in Lore Lindu follow the 9-step approach. It starts with a conservation awareness campaign, followed by a socioeconomic survey to identify income and resource use constraints. Village mapping describes land use patterns. The next step is developing a community-based site conservation plan, which is a critical tool for increasing village conservation understanding and building buy-in for management objectives. The site conservation plan identifies target resources and elicits community solutions to threats, as well as develops strategies and determines how resources will be monitored. Village Conservation Councils (VCCs) are then established charged with looking after the forest. It develops the necessary regulations and zoning to support CCAs. Communities and park staff then conduct detailed negotiations which conclude with the signing of the CCA agreements. Monitoring of park resources is also a vital component to ensure that CCAs are benefiting park resources.

<sup>9</sup> MIST is based on GIS (geographic information system) technology and allows patrol activities to be analyzed and assessed according to the amount of effort (such as distance covered by foot or vehicle patrols) and the results achieved (such as confiscations of illegal guns and pelts or fines given).

**B.4. INDICATE RISKS, INCLUDING CLIMATE CHANGE RISKS THAT MIGHT PREVENT THE PROJECT OBJECTIVES FROM BEING ACHIEVED, AND IF POSSIBLE, PROPOSE MEASURES THAT ADDRESS THESE RISKS**

Risk	Level	Mitigation Measures
Poaching pressure fuelled by the existence of global illegal wildlife trade may decimate wildlife populations	M-H	Given the high level of this risk, one of the pillars of the Project design is to increase the MoF's capacity for surveillance and intelligence driven law enforcement in Sulawesi, to fully implement the existing wildlife laws. It will also strengthen the country capacity for effective participation in regional and global networks to eliminate wildlife trade.
The Provincial and District Governments may be reluctant to promote conservation oriented land use with a fear of losing state revenues.	M	Building on the existing biodiversity assessments and carbon mapping and in close collaboration with the national REDD Plus and the Central Sulawesi REDD Plus working group, the project will invest in development of various decision support tools for land-use decision making. This will include the terrestrial PA system consolidation plan for Sulawesi, economic valuation of the PA system and PA system financing plan, and district level land use plans which mainstreams biodiversity and carbon considerations. The project will also support development of new sustainable financing mechanisms through realising payment for conservation actions on the ground. To this end, it will help to establish a close collaboration / integration between REDD+ and PA management / financing strategies. In so doing, it will strongly enhance the complementarity and synergies between PA-based biodiversity conservation and carbon emission reduction strategies and associated financial flows.
International and national REDD Plus process does not progress fast enough loses the confidence among the project stakeholders.	M	The project will ensure close coordination and synergy with the Indonesia's national REDD plus programme and associated projects, as well as the Central Sulawesi REDD Plus working group. The project will play close attention to the process through which a REDD+ compliance market may be expected to emerge. It will support capacity development within the conservation area and biodiversity conservation divisions of the Ministry of Forestry in order for them to participate meaningfully in the REDD plus process to ensure that PAs are fully integrated in the REDD Plus modalities and implementation.
Major natural disasters (earthquake, floods, volcanic eruption etc.) inhibit the increase in national and provincial government investment in PA system	M	The project will support development of new financing mechanisms with clear fund earmarking system in support of the PA system. This will reduce the risk of natural disasters impacting on PA financing. Through the economic valuation exercise, the project will articulate the role of the PA system in disaster prevention so as to avoid the need for increased funding for recovery and reconstruction does not negatively affect the PA financing.
Climate change may undermines the conservation objectives of the Project	L	The Project will work to address the anticipated negative impacts of climate change by increasing resilience of the forest landscape, through improving management of protected areas and rationalisation of the protected area system in Sulawesi. Through this, the project will contribute to the maintenance of ecosystem resilience under the climate change conditions , so as to secure sustainable flow of ecosystem services.

**B.5. IDENTIFY KEY STAKEHOLDERS INVOLVED IN THE PROJECT INCLUDING THE PRIVATE SECTOR, CIVIL SOCIETY ORGANIZATIONS, LOCAL AND INDIGENOUS COMMUNITIES, AND THEIR RESPECTIVE ROLES, AS APPLICABLE:**

STAKEHOLDER	RELEVANT ROLES IN THE PROJECT
Ministry of Forestry	The national executing agency for the project. It is responsible for biodiversity conservation, protected area and wildlife management, as well as forest management. It is the primary implementer of the project at national level and at local level through its subsidiary agencies.
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. Therefore it is an important stakeholder of the project in particular in the financing component.
Ministry of Environment	National government agency responsible for environmental management. It is also responsible for reporting to the Convention on Biological Diversity, and house the National GEF Secretariat office.
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. It is an important partner for nature tourism development and revenue management, aiming for establishing sustainable financing for PA system.
National Parks Agencies	Subsidiary unit of the Ministry of Forestry and they are responsible for managing individual national parks. Both Lore Lindu and Bogani Nani Wartabone National Parks have their own agencies based at the provincial capital. These agencies and their subsidiary units will be the primary implementer of the project at provincial and local levels.
Indonesian Institute of Sciences (LIPI)	LIPI is the governmental authority for science and research in Indonesia. It consists of 47 research centers in the fields ranging from social to natural sciences. MoF collaborate with LIPI for species conservation work, and it would be a collaborator for the systematic biodiversity monitoring strengthening component of the project.
Provincial agencies for Natural Resource Conservation	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 hunting parks. They will be a primary stakeholder at the provincial and local level activities of the project.
Provincial agencies for Watershed Management	Provincial unit of the Ministry of Forestry responsible for watershed management. They will be a primary stakeholder at the provincial and local level activities of the project.
Provincial Forestry Agencies	Agency under the provincial government that is in charge of planning and management of the production and protection forests. Primary stakeholder for the provincial level activities and should be part of the project steering committee.
Provincial development and	Agency under the provincial government that is responsible for provincial development planning. Primary stakeholder

STAKEHOLDER	RELEVANT ROLES IN THE PROJECT
planning agencies	for the provincial level activities and should be part of the project steering committee. They are therefore critical stakeholders for the project particularly in the component dealing with land use plan and financing plan development and implementation.
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 critical stakeholders for the project particularly in the component dealing with land use plan and financing plan development and implementation.
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. 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 in the Central Sulawesi Province.
Police	Important stakeholder for trade surveillance and law enforcement and compliance monitoring of the project.
Local communities	Key users and beneficiaries of the forest biodiversity. They are the affected parties of human wildlife conflict, and has a potential lay a major role in local habitat conservation, controlling of poaching, and natural resource management. Critical participants of the project at the local level.
NGOs (TNC, WCS, YANI, RARE and Birdlife Indonesia etc)	A number of NGOs has projects supporting protected area management in Sulawesi. TNC has a long history of working to support co-management in and around Lore Lindu NP and Morowali Nature Reserve. WCS has been active in the Bogani Nani Wartabone NP focusing on maleo conservation. YANI works in the Nantu Forest Ecosystem in Gorontalo Province, implementing forest protection, education and awareness work, establishment of a buffer zone outside Nantu with support for local livelihoods. These organizations can provide knowledge, experiences and lessons learned, as well as technical support to the project. They are also potential implementer an implementer /financier of components of the project.
CBOs	CBOs will be a primary stakeholder at the local level interventions of the project. They are potential implementers of site level activities that focuses on community based activities and participation.
Private businesses	Logging and plantation concessionaires, tourism concessionaires, private business owners will be key stakeholders for the project work, given the pressure their activities pose on national parks and biodiversity.

**B.6. OUTLINE THE COORDINATION WITH OTHER RELATED INITIATIVES:** The project will directly build on the outputs, outcomes and lessons emanating from the UN-REDD pilot programme in Sulawesi. For this, the full participation of the National REDD Plus Office and the Sulawesi REDD Plus working group in the project planning and activities will be assured. The project will closely collaborate with the GEF/UNDP financed project Strengthening Community Based Forest and Watershed Management (SCBFWM) which has a pilot watershed adjacent to Lore Lindu National Park, as one of the six pilot watersheds across the country. Experiences and lessons from the project activities to support conservation compatible CBO activities, formation of “eco villages” and introduction of payment for ecosystem services mechanisms to villagers will greatly contribute to the site level activities of the proposed projects. The project will coordinate closely with NGOs active in Sulawesi including TNC and the WCS, building on their extensive work in supporting the PA management and species consecration on the island. These organisations will actively participate in the project steering committees at the national and local levels. Furthermore, the proposed project, which focuses on the terrestrial PA system, will also work closely with COREMAP and other marine conservation projects under the CTI, to ensure synergetic impacts of these projects in the field of PA management strengthening and community co-management.

**C. DESCRIBE THE GEF AGENCY’S COMPARATIVE ADVANTAGE TO IMPLEMENT THIS PROJECT:**

**C.1. INDICATE THE CO-FINANCING AMOUNT THE GEF AGENCY IS BRINGING TO THE PROJECT:** UNDP is providing a total of US\$ 2,000,000 co-financing (grant) to this project. In addition, UNDP is leveraging a total of US\$ 41.7 million from the Government and NGOs.

**C.2. HOW DOES THE PROJECT FIT INTO THE GEF AGENCY’S PROGRAM (REFLECTED IN DOCUMENTS SUCH AS UNDAF, CAS, ETC.) AND STAFF CAPACITY IN THE COUNTRY TO FOLLOW UP PROJECT IMPLEMENTATION:** UNDP’s strategy in environment and energy is to support transition to low carbon and climate resilient development, which includes maintaining biodiversity and essential ecosystem services. UNDP has a major biodiversity and ecosystem programme, and protected area is one of UNDP’s signature programmes. The agency has a large portfolio of PA projects globally and across Asia and is equipped with a wealth of accumulated knowledge and experience from projects around the world in promoting PA system objectives in development and sectoral planning. UNDP has a large presence in Indonesia and, in its country operations, the project fits within the UNDAF (2011 – 2015), in particular, Outcome 5 Strengthened climate change mitigation and adaptation and environmental sustainability measures in targeted vulnerable provinces, sectors and communities, Sub-Outcome 11: Strengthened capacity for effective climate change mitigation and adaptation, including ecosystems and natural resources management and energy efficiency. UNDP Country Programme Document (CPD), covering 2011-2015, in particular Country Programme Outcome 2.1. Enhanced capacity of GOI to manage natural resources and energy. In particular, the project will contribute to the CPAP outcome 2.1 Responsible national institutions and relevant stakeholders are more effective in managing environmental resources and addressing environmental pollution by implementing the intended output of Government, private sector and CBO partners have coherent and effective policy frameworks, action plans, implementing arrangement and funding arrangement to sustainably manage terrestrial ecosystems. The UNDP Country Office (CO) will assign an experienced biodiversity conservation programme manager within the Energy and Environment Unit, guided by the head of the Unit and supported by the alternate staff, administrative assistant, and the UNDP finance office. The UNDP Regional Technical Adviser based in Bangkok will provide technical support to the CO for implementation, monitoring and evaluation of the project.


**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):**

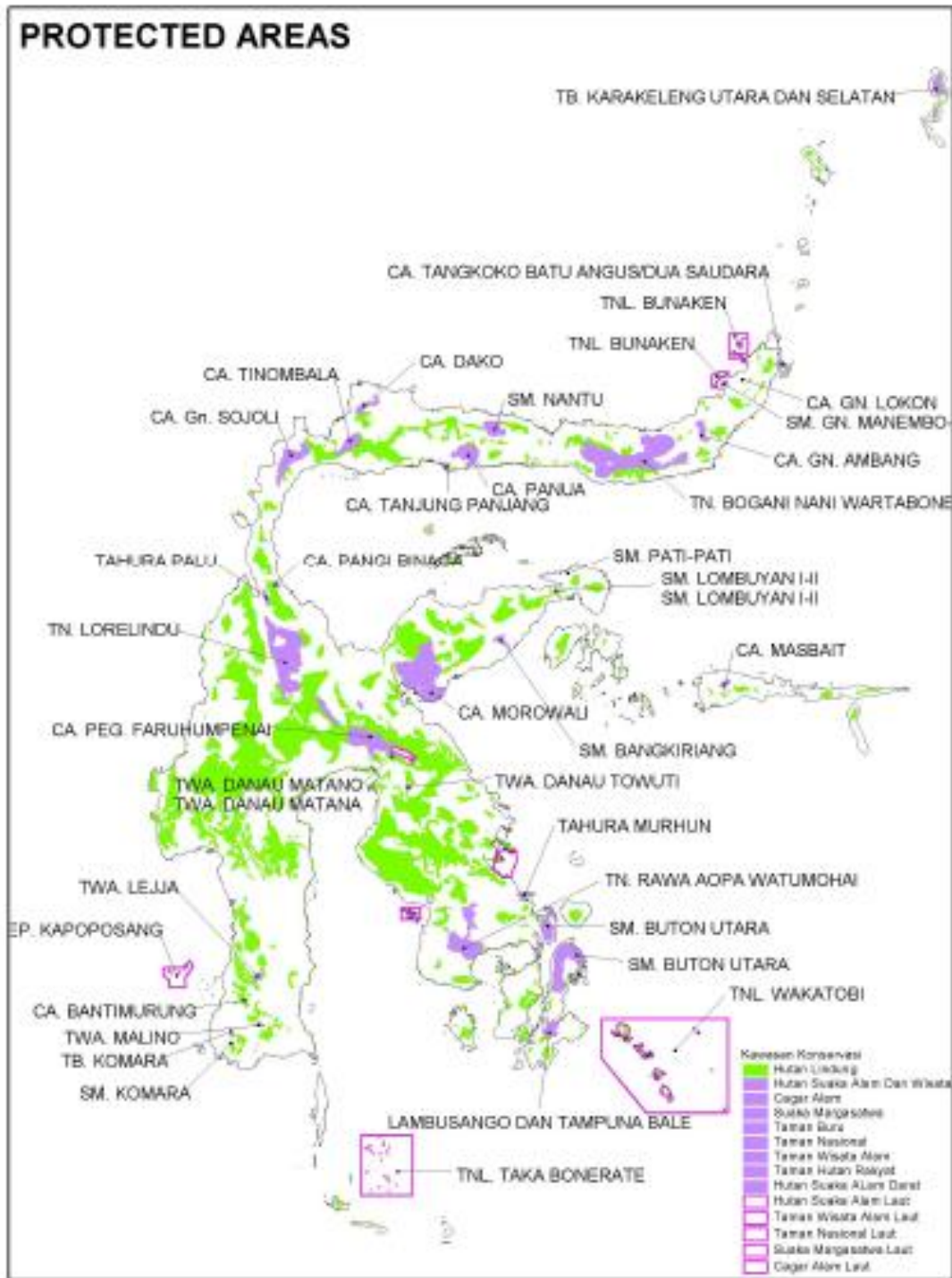
NAME	POSITION	MINISTRY	DATE (MM/DD/YYYY)
Dana A. Kartakusuma GEF Operational Focal Point	Special Adviser	Ministry of Environment	03/15/2012

**B. GEF AGENCY(IES) CERTIFICATION**

This request has been prepared in accordance with GEF policies and procedures and meets the GEF criteria for project identification and preparation.

Agency Coordinator, Agency name	Signature	Date	Project Contact Person	Telephone	Email Address
Yannick Glemarec, GEF Executive Coordinator, UNDP		March 16, 2012	Midori Paxton, Regional Technical Advisor, EBD, UNDP	+66- 818787510	midori.paxton@ undp.org

**ANNEX: MAP OF PROTECTED AREAS IN SULAWESI**



**ECOREGIONAL CONSERVATION ASSESSMENT  
SULAWESI - INDONESIA**  
The Nature Conservancy - Indonesia Program  
[www.eca-indonesia.org](http://www.eca-indonesia.org)

