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: Coral Reef Rehabilitation and Management Program-Coral Triangle Initiative (COREMAP-CTI)			
Country(ies):	Indonesia	GEF Project ID:[1]	5171
GEF Agency(ies):	AsDB (select) (select)	GEF Agency Project ID:	46421
Other Executing Partner(s):	Ministry of Marine Affairs and Fisheries (MMAF)	Submission Date:	2013-08-28
GEF Focal Area (s):	Biodiversity	Project Duration(Months)	60
Name of Parent Program (if applicable): ➢ For SFM/REDD+ ☐ ➢ For SGP ☐ ➢ For PPP ☐	Linked to the GEF-4 Coral Triangle Initiative (CTI) Program	Project Agency Fee ($):	760,000

A. FOCAL AREA STRATEGY FRAMEWORK[2]

Focal Area Objectives	Expected FA Outcomes	Expected FA Outputs	Trust Fund	Grant Amount ($)	Cofinancing ($)
(select) BD-1	1.1: Improved management effectiveness of existing and new protected areas.	1.1. Marine Protected areas and coverage of unprotected ecosystems (10 MPA; & 2.33 million ha)	GEF TF	6,294,020	36,214,200
(select) BD-2	2.1: Increase in sustainably managed seascapes that integrate biodiversity conservation.	2.1. Policies and regulatory frameworks for production sectors (covering 10 districts and linked to ICZM plans)	GEF TF	1,705,980	19,785,800
(select) (select)			(select)		
(select) (select)			(select)		
(select) (select)			(select)		
(select) (select)			(select)		
(select) (select)			(select)		
(select) (select)			(select)		
		Total project costs		8,000,000	56,000,000

B. PROJECT FRAMEWORK

Project Objective: Sustainable management of coral reef ecosystems in Indonesia through enhanced capacity to manage coral reef ecosystems in 10 target Marine Protected Areas (MPAs).

Project Component	Grant Type	Expected Outcomes	Expected Outputs	Trust Fund	Grant Amount ($)	Confirmed Cofinancing ($)
Component 1: Coral reef management and institutions strengthened	TA	Expanded network of effectively managed MPAs (3 national MPAs and 7 district MPAs designated,	1.1 MPA baseline data, biodiversity surveys and monitoring systems established and/or updated (Loan)	GEF TF	1,511,250	5,660,000

[1] Project ID number will be assigned by GEFSEC.
[2] Refer to the Focal Area Results Framework and LDCF/SCCF Framework when completing Table A.

		2.33 million ha in North Sumatra, West Sumatra, Riau and West Nusa Tenggara Provinces). Institutionalization of COREMAP model. (National MPA network).	1.2 Current MPA area monitoring, control and surveillance (MCS) systems reviewed, strengthened, and institutionalized (GEF) 1.3 Releveant policies, bye-laws, regulations, and action plans relating to MPA management and marine resource protection developed in participatory consultation with stakeholders and implemented in 10 MPAs (GEF) 1.4 Collaborative management and community natural resource use/protection agreements developed covering MPAs and adjacent seascapes. (Loan) 1.5 Support for graduate education of MMAF and LIPI staff. (Loan) 1.6 National training of trainers (ToT) mechanism established for ecosystem based resource management. (Loan) 1.7 Provincial and national level uptake of CRITC and CREEL monitoring systems, coordinated with regional CTI monitoring. (Loan).			
	Inv	Priorty management actions and investments implemented in 10 MPAs	1.8 Coral reef health and associated ecosystem monitoring information system (CR-MIS) from 10 MPAs institutionalized and made accessible in a user-friendly web-	GEF TF	1,708,750	10,000,000

			based system at LIPI (GEF) 1.9 Monitoring, control and surveillance (MCS) equipment and infrastructure. (Loan) 1.10 Joint / integrated, inter-agency / community patrols conducted and enforcement improved at community level. (GEF)			
Component 2: Ecosystem-based resource management developed	TA	Management effectiveness of 10 MPAs improved (contributing to reach from red and yellow to green and blue levels) Increased financial resources mobilized for MPA conservation through business planning/PES in at least 2 MPA sites.	2.1 Ten (10) MPA management boards established (GEF) 2.2 Ten (10) Draft Operational Management Plans (OMAPs) for MPAs developed and / or updated / validated through participatory processes and approvals / budgets secured for implementation (covering 3 national MPAs and 7 district MPAs with total area of 2.33 million ha) (GEF) 2.3 Collaborative management and community natural resource use/protection agreements developed covering MPAs and adjacent seascapes. (Loan) 2.4 Marine ecosystem valuation methodology piloted in three (3) national MPAs, (linked to 1.1 and 1.2). (GEF) 1.10 Development of ten (10) MPA finance/business plans and strengthening of financial management capacities. (GEF) 2.5 Sustainable	GEF TF	2,338,500	4,648,000

			financing/PES mechanisms piloted in two (2) sites supporting MPA conservation and management. (GEF) 2.6 MPA business plans integrated into 10 sub-national coastal development plans and policies. (GEF) 2.7 Public-private sector partnerships developed and CSRs supported in 10 MPAs (linked to 2.1). (Loan)			
		Measures to conserve and sustainably use biodiversity incorporated in national and subnational coastal development planning.	2.8 MPA, coral reef and associated ecosystem management mainstreamed into relevant coastal development management plans/policies (10 district level Integrated Coastal Zone Management - ICZM plans (GEF). 2.9 Best practice, tools and apporaches to marine ecosystems and fisheries management identified and adopted by MPA network. (GEF)			
		Status of globally / regionally important marine habitats and species improving.	2.10 Status of six (6) priority marine threatened species updated and linked to web-accessible database (GEF) 2.11 Six (6) management plans for regionally threatened and/or globally important taxa/species (dugong, sea turtles, napoleon wrasse, sperm whales/dolphins, and elasmobranchs - sharks and rays) developed and implemented.			

			(GEF) 2.12 Managament requirements and protection arrangements for threatened marine species integrated in national and local regulations (Loan)			
	Inv	Priorty management actions and investments implemented in 10 MPAs	2.13 Mapping and zoning of designated (10) MPAs through participatory demarcation. (GEF) 2.14 Establishment of permanent monitoring transacts (GEF) 2.15 Implementation of priority OMAP MPA conservation actions, such as: coral transplantation, artificial coral reefs, mangrove rehabilitation, and fish restocking, hatchery etc covering ten (10) sites. (GEF) 2.16 Support for integrated, inter-agency (MPA, District Fisheries, Navy, Coastal Police) surveillance patrols at District/MPA level. (GEF)	GEF TF	1,153,500	10,000,000
Component 3: Sustainable marine-based livelihoods improved	TA	Conducive business environment created for uptake of sustainably produced community based marine products and services	3.1 Improved value chain, market links and business training for economic enterprises / entrepreneurs with particular emphasis on women's groups (Loan) 3.2 Training and guidance in conservation based livelihood activities for 100 community groups (GEF) 3.3 Certification regimen for sustainable	GEF TF	350,000	1,596,000

			marine resource use piloted. (GEF)			
	Inv	Increased incomes and uptake of conservation based economic activities (10-15% increase in income of project beneficiaries 3 years after project completion; 15% increase in uptake of conservation based livelihoods)	3.4. Assessment of ten (10) potential conservation-based businesses in 10 districts and at least 57 villages. (Loan) 3.5 At least 2000 households (of which 30% are women headed or direct beneficiaries) provided with livelihood financial and/or input assistance (Loan) 3.6 At least 10 model livelihood microenterprises supported and replicated (GEF)	GEF TF	600,000	16,108,000
	(select)			(select)		
	(select)			(select)		
			Subtotal		7,662,000	48,012,000
			Project management Cost (PMC)[3]	GEF TF	338,000	7,988,000
			Total project costs		8,000,000	56,000,000

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 ($)
GEF Agency	AsDB	Hard Loan	50,000,000
National Government	Government of Indonesia (GOI) [Note: An additional US$ 8.2 million will be funded by GOI through exemption of duties and taxes on project expenditures, bringing total co-finance to $14.2 million.]	In-kind	6,000,000
(select)		(select)	
(select)		(select)	
(select)		(select)	
(select)		(select)	
(select)		(select)	

[3] PMC should be charged proportionately to focal areas based on focal area project grant amount in Table D below.

(select)		(select)	
(select)		(select)	
Total Co-financing			56,000,000

D. TRUST FUND RESOURCES REQUESTED BY AGENCY, FOCAL AREA AND COUNTRY[1]

GEF Agency	Type of Trust Fund	Focal Area	Country Name/ Global	(in $)		
				Grant Amount (a)	Agency Fee (b)[2]	Total c=a+b
AsDB	GEF TF	Biodiversity	Indonesia	8,000,000	760,000	8,760,000
(select)	(select)	(select)				0
(select)	(select)	(select)				0
(select)	(select)	(select)				0
(select)	(select)	(select)				0
(select)	(select)	(select)				0
(select)	(select)	(select)				0
(select)	(select)	(select)				0
(select)	(select)	(select)				0
(select)	(select)	(select)				0
Total Grant Resources				8,000,000	760,000	8,760,000

[1] 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.

[2] Indicate fees related to this project.

F. CONSULTANTS WORKING FOR TECHNICAL ASSISTANCE COMPONENTS:

Component	Grant Amount ($)	Cofinancing ($)	Project Total ($)
International Consultants	500,000	600,000	1,100,000
National/Local Consultants	637,000	4,018,000	4,655,000

G. DOES THE PROJECT INCLUDE A "NON-GRANT" INSTRUMENT? Yes

(If non-grant instruments are used, provide in Annex D an indicative calendar of expected reflows to your Agency and to the GEF/LDCF/SCCF/NPIF Trust Fund).

PART II: PROJECT JUSTIFICATION

A. DESCRIBE ANY CHANGES IN ALIGNMENT WITH THE PROJECT DESIGN OF THE ORIGINAL PIF[4]

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.

Please see the PIF for details.

[4] 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

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

Overall, the project design and allignment with the GEF focal area stretgies - BD1 and BD2 has not changed, except for refinements in the project design and minor adjustments outlined below. In summary, the project will contribute to outcome BD 1.1 by improving the management effectiveness of ten Marine Protected Areas (MPA) covering 2.33 million ha of marine management area. Project interventions will include support for policies and regulations related to MPA management and marine resource protection; improving ecosystem monitoring and information systems, establishing integrated and participatory MPA patroling and enforcement activities (under Component 1); establishing MPA management boards and formalizing boundary demarcation; study status of six priority threatened species and develo/implement management plans for regionally threatened and/or globally important taxa/species and preparing/updating and implementing MPA operational plans (under Component 2); and (under Component 3). The project will also support BD 1.2 through the the strengthening of financial management planning and capacities, and sustsinable revenue generation potential through the development of finance/business plans for MPA, piloting ecosystem valuation methodologies, PES schemes and developing public-private partnerships (under Component 2).

In addition, these interventions will be linked to efforts to mainstream biodiversity conservation and sustainable use into production seascapes. Specifically, this will include linkage to BD 2.1 through the piloting of certification regimes for selected marine resource, and the establishment of 10 model livelihood conservation based microenterprises and sustainable livelihood models (under Component 3). Lastly, the project will support BD 2.2 through the mainstreaming of MPA, coral reef and associated ecosystem and species management plans / business plans into relevant coastal development management plans/policies and regulations in 10 districts; and dissemination of fisheries and marine ecosystem management tools and good practice guidance at the sector and MPA levels (under Component 2).

GEF allocations to focal areas BD1 and BD2 have been now nominally adjusted compared to the PIF stage with $6,027,000 for BD1 (compared to $6,000,000) and $1,635,000 for BD2 (compared to $1,650,000). Some cost allocations between project components within the project framework (Table B) have also been adjusted following the PPG phase based on identified needs, overall financial resource issues and stakholder prioritization. As a result the bulk of GEF funding is now under Component 2 (ecosystem-based resource management). Apart from this mostly being a presentational change, the amount of investments across all three components has increased to $3.462 compared to the PIF ($2.850). This is important to highlight as about 43% of the GEF grant will support iinvestments associated with coral reef monitoring and information systems; and integrated, inter-agency / community patrols (Component 1); support for implementation of MPA operational management plans (Component 2); and the development of conservation based micro-enterprises (Component 3).

A.3 The GEF Agency's comparative advantage:

ADB has been a long-standing partner of the government in its agriculture and natural resources (ANR) sector development. ADB assistance in the ANR sector is aimed at improving sustainable management of natural resources, addressing food insecurity, reducing pollution and land degradation, and building capacity to mitigate and adapt to climate change. ADB has provided loans and grants of $4.05 billion and technical assistance resources for $82 million to the sector since 1969, including $546 million for coastal resources and fisheries. ADB, together with the World Bank, has supported the government's efforts through two phases of the Coral Reef Rehabilitation and Management Project (COREMAP). ADB processed and administered four major marine and coastal resource projects in Indoensia in last 20 years. ADB is also the lead agency for the GEF CTI Program, approved by the GEF Council in 2008. Under the ADB progam, in close partnership with other participating agencies, is implementing technical assistance programs on coastal and marine resource management in all six of the participating CTI countries, including support for national level pilot activities and enabling activities at national and regional levels.

A.4. The baseline project and the problem that it seeks to address:

Detailed information on the baseline project is provided in the ADB Report and Recommendation of the President (RRP) to the Board of Directors (and associated appendices) for the Proposed Loan and Administration of Grant for the Coral Reef Rehabilitation and Management–Coral Triangle Initiative (COREMAP-CTI) Project in for the Republic of Indonesia. Project interventions will target national and district marine protected areas (MPAs)

located in (i) Bintan, Batam, Lingga, and Natuna districts in Riau province; (ii) Central Tapanuli and North Nias districts in North Sumatra province; (iii) Mentawai district in West Sumatra province; (iv) Anambas national MPA in Anambas district, Riau province; (v) Pulau Pieh national MPA in Pariaman district, West Sumatra Province; and (vi) Gilimatra national MPA in North Lombok district, West Nusa Tenggara province (project area). A summary of the baseline situation and project is provided below. A more detailed description of the project area is also provided in RRP Supplementary Appendix 15.

Indonesia is the largest archipelagic nation, with around 5.8 million sq km of coastal and marine waters and 85,000 sq km of coral reef area. These waters are support and exceptionally high coral reef and fish diversity with 18% world's coral reefs hosting one of the world's most diverse areas of marine flora and fauna (WRI, 2002). Indonesia's coastal ecosystems serve as an important base for the country's economic growth and sustsinable fisheries. Coastal habitats play a key role in the daily lives of people in terms of livelihoods, economic output, and food security. Indonesia has the largest reef-associated population in the world, with nearly 60 million people living within 30 km of a coral reef, as well as the highest total fish and seafood consumption in Southeast Asia and the fifth highest in the world. About 60% of the population is dependent on fish as the primary source of protein, with over 55% of the national fishery harvest occurring in coastal waters. Overall, marine and coastal economic activities account for 25–30% of Indonesia's gross domestic product (GDP) and provide employment to about 20 million people. Given this importance, the management of coastal and marine resource is highlighted as a goal within the National Long Term Development Plan (2005-2025), the Medium-Term Development Plan 2010-2014), and the Marine and Fisheries Strategic Sector Development Plan.

Currently 70% of Indonesia's coral reef ecosystems are considered to be degraded due to impacts associated with land-based pollution, overfishing and destructive fishing practices, persistent poverty in coastal areas and weak institutional capacities and low awareness (Indonesia - State of the Coral Triangle Report, 2012). Further, nearly 95% of coral reefs in Indonesia are threatened by local human activities, with more than 35% in the high or very high threat categories. Further details are provided in RRP Appendix 2 - Sector Assessment (Summary): Marine and Fisheries Sector; and RRP Supplementary Document 16: Sector and Institutional Analysis (Full Paper).

In proposed project areas, these issues are paricularly acute. A rapid social assessment of coastal villages in proposed project districts found that 65–83% of the population at the proposed project sites live below the national poverty line and are deprived of basic social amenities and services like potable water supply, sewerage and sanitation, and health and education. In these areas, the extensive coral reef and associated ecosystems are subject to continuing threats from natural processes and from human activities. Overfishing and destructive fishing are the greatest threats, affecting more than 90% of reefs. Destructive fishing (blast or poison fishing) is widespread and threatens nearly 80% of Indonesia's reefs. With coral reefs providing about 90% of the fish caught by coastal fishers, their degradation rapidly diminishes fisheries production. Catch per unit of effort has been steadily declining, adversely affecting incomes. The average income of coastal fishers is below the national average, and several studies indicate that coastal fishing communities are among the poorest segments of Indonesian society.

In reponse, Indonesia is developing an ambitious protected area system, but many national and local marine protection institutions face severe human resource, capacity and funding constraints. In 2006, it was estimated that a budget of $70 million per year was needed for the then existing 80 MPAs managed by Ministry of Marine Affairs and Fisheries (MMAF) covering about 14 million ha. This takes into account economies of scale for larger MPAs and lower costs for "no-take" areas. Against this, about $2.5 million was available from national and local governments. Overall level of investment in 2004 was found to be only $2.35 per ha in Indonesia, compared with $5.75 per ha in the Philippines and $20.65 per ha in Thailand.

To address these issues, the Government of Indonesia has adopted a multi-faceted approach focusing on (i) institutional capacity building; (ii) development of models for the establishment and effective management of MPAs; and (iii) reduction of coastal poverty through income-generating infrastructure and sustainable livelihoods. The approach is closely linked to the Coral Triangle Initiative on Coral Reefs Fisheries and Food Security (CTI-CFF) is a six-country program of regional cooperation to sustainably manage coastal and marine resources in the region of the "coral triangle"—an expanse of ocean covering 5.7 million sq km considered as the epicenter of marine life abundance and diversity on the planet. As part of the program, the Government of Indonesia (GOI) has established a National CTI Plan of Action (NPOA), whose goals and activities are closely tied to the CTI Regional Plan of Action as well as to the government's medium- and long-term strategies related to coral reef, fisheries and food

security. The goals cover: (i) the sustainable management of marine and coastal resources within all priority seascapes; (ii) ecosystem-based approach to fisheries management and resources fully applied; (iii) the effective establishment and management of marine protected areas; (iv) climate change adaptation measures achieved; and (v) improving the status of threatened species. Considering interlinkages and importance of bio-diversity within national territorial waters. CTI-CFF now considers all marine waters wiyhin exclusive economic zone (EEZ) to be under the scope of CTI-CFF.

The COREMAP-CTI Project (the "baseline project") supports these goals and will implement the last of a three-phase program in which ADB and the World Bank are working in close cooperation with the government in complementary geographic areas (see RRP Appendix 6 - Development Coordination). The first phase COREMAP I) established a viable framework for a national coral reef management system in Indonesia. The second phase (COREMAP II) consolidated the knowledge base and adopted a community-based approach for decentralized coral reef management through effective community participation and improved public awareness on coral reef conservation. It also initiated institutional development for model MPA systems and tested the feasibility of sustainable livelihood activities for reducing fishing pressures in targeted coastal communities.

The Project will specifically contribute to meeting t MMAF's marine and fisheries sector development plan's overall target to develop 20.0 million ha of MPAs by 2020 (of which 15.7 million ha has been achieved by 2012) and to effectively manage 15 threatened, endangered and endemic species. It will complete the MPA development process and put it on a sound footing in terms of management effectiveness, financial sustainability and enforcement of regulations.

The overall project impact will be sustainable management of coral reef ecosystems in the project area. The outcome will be enhanced capacity to manage coral reef ecosystems in target MPAs. The project will be implemented in District MPA's in seven districts that were previously supported under Phase 2 and additional National MPA's located in three new districts (see RRP for further details).. The project has been designed with four main outputs (components):

(i) Coral reef management and institutions strengthened. This output will strengthen capacity developed under COREMAP II, and institutionalize community based coral reef management initiatives within existing government legal systems and institutions

(ii) Ecosystem-based resource management developed. This output will strengthen MPA management effectiveness and biodiversity conservation with a focus on 10 MPAs.

(iii) Sustainable marine-based livelihoods improved. This output will build infrastructure to support sustainable livelihoods and income-generating activities.

(iv) This output will manage and implement project activities, and also support instuitutionalization of national coral reef management arrangements.

Taken together, the project components will: (i) support the sustainable management of coral reef ecosystems in the project areas by institutionalizing lessons and experience from COREMAP II and strengthening national, district and community based institutions managing coral reefs, marine areas and coastal zones; and (ii) supporting decentralized MPA and community based investments to achieve conservation and sutainable utilization of marine resources, thereby giving impetus to the creation of employment and growth in the marine and fisheries sector.

Further details on the proposed project activities and outputs are provided in the RRP (see paras 7-13) as well as the Project Description provided in the RRP Supplementary Appendix 15.

The Project is designed as a sector project, enabling an integrated focus on sector development plans and the adequacy of institutions to formulate and manage these plans. Using this modality, sub-projects will be designed to support sector priorties in each of the 10 project disretcits and focal MPAs. The selection of subprojects within this sector modality will be based on detailed criteria that have been agreed with the government. Key criteria require that the subproject (i) contributes directly to environmentally sound non-consumptive resource utilization across the MPAs; (ii) supports development of sustainable fisheries; (iii) contributes to fostering alternative livelihoods that reduce

fishing pressure or provides non-traditional gainful employment within the sector; and (iv) enhances effectiveness, governance, and financial sustainability of co-managed MPAs.

Subprojects will be formulated and implemented using a community-driven development (CDD) approach. Subproject design and development will follow a participatory planning and demand-driven approach to identification of a package of investments and activities. The project will support the process of drafting the operational management plans for the MPAs, which will be developed and validated through participatory processes. During project design stage, and based on the agreed criteria, two representative subprojects were identified and appraised during project preparation, one for a national-level MPA (Anambas) and one for a district-level MPA (Bintan). These subprojects include (i) enabling infrastructure for private sector participation in ecotourism development; (ii) fisheries productivity-related infrastructure; (iii) alternative livelihood-related infrastructure and (iv) MPA governance. The specific representative sub-project interventions were identified based on community, district government, private sector, civil society and other stakeholder consultations.

As part of project preparation, 2 initial suprojects have undergone detailed feasibility assessment and design. For details, please see (i) RRP Supplementary Document 17: Subproject Appraisal for Anambas; and (ii) Supplementary Document 18: Subproject - Appraisal for Bintan. These first sub-projects will serve as a model for subsequent subprojects, but with implementation talyored to site specific issues. The preparation of the next "priority" subprojects of Mentawai and Gili Matra is also now underway.

Among other issues considered in the design process (see criteria above), the sub-project design has been informed by the completion of Biodiversity Tracking Tools for each of the 10 participating MPAs. The data provided essentially validates the need for concerted efforts to improve management effectiveness of all 10 MPAs. From amongst the district (subnational) MPAs, Mentawai and Bintan (district MPAs) are the most ready in terms of management structure; both have the highest number of taxa & ecosystems of concern, and the highest number of priority threats. Of the two national MPAs, Anambas and Gili Matra, Anambas has strategic importance for the GOI as well as high value fish resources (e.g. Napoleon Wrasse), which is now an endangered species, and high level threats to sea turtles; Gili Matra also tops the sites with greatest priority threats,mostely due to its small size and highly condensed tourist infrastructure. On species management plans, the Project identifies turtles, Napoleon Wrasse, dugongs, cetaceans (whales) and elasmobranchs (sharks) needing priority attention.

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:

In the absence of the GEF, the baseline project (through the loan funds) would focus on the development of (i) infrastructure and vehicles and equipment in support of management of MPAs, and (ii) viable private sector investments and livelihoods initiatives, for instance in fish processing and eco-tourism. The sustainability of MPA management and private sector investments cannot however be guaranteed without the sustainability of the resources upon which they depend. GEF financing will ensure the sustainability of these nationally and globally important resources through improving the management effectiveness of MPAs and mainstreaming coastal and marine resource management with disctrict, sector and planning processes.

Specifically, GEF funding will contribute to:

(i) Strengthening of coral reef management and institutions (Component 1) which will be supported through (a) integrated policy and legal reform on the protection and management of MPAs, threatened species and ecosystem-based fisheries management at the district level; (b) support for the review of current reef health and associated ecosystem monitoring systems, as well as support for ; (iii) review and strengtheing of current monitoring control and surveilence systems for MPAs, including the updating of data and information systems and web-based platforms for reporting and data sharing; and support for the implementation of joint/integrated patrols at District/MPA Level. Proposed GEF suppport for this component is $3.22 million, including $1.7 million of investment support for the strengthening of monitoring information systems and patroling systems. Community participation in each of the above activities will be fostered, including participation in the legal reform agenda, surveys and patrolling. GEF support will complement and strengthen the impact of activities supported by the ADB and the GOI including the update of MPA baseline data and biodiversity surveys, previously prepared by the GOI in 2005-2006; suppport for training of trainers (ToT) on ecosystem-based resource management; upscaling

and integration of the monitoring systems for district level MPAs with provincial and national systems (linked to the current CRITC and CREEL systems) as well as those at regional levels linked to the CTI-CFF regional M&E framework and State of the Coral Triangle Reporting. To further stengthen national capacities, ADB loan resources will also provide support for graduate education for staff from MMAF and associated agencies, which would target research topics related to marine resource issues in Indonesia.

(ii) Supporting ecosystem-based resource management, including the strengthening of management effectiveness in 10 MPAs (Component 2). The key objective of this component will be for each MPA to increase at least one level up from their current status (2013 baseline) based on the Government's MPA effectiveness criteria. GEF support of $3.493 million for this component will focus on (a) the establishment of management boards for selected MPAs (covering 930,000 ha of marine areas); (b) the preparation of updating of Operational Management Plans (OMAPs) for MPAs through particpatory processing involving MPA, district, community and private sector stakeholders (covering 2.33 million ha) ; (c) the review of MPA financial resource and management requirements and the preparation of budgets and business plans (at the 10 MPAs). This will be further supported the the trialing of ecosystem valuation methodologies (at the 3 national level MPAs), and the piloting of PES / sustsinable financing mechansisms (at 2 MPAs); and (c) preparation of management plans for 6 globally and regionally important threatened species (see below). In addition, the outputs of this work (management plans / business plans / species plans etc) will be mainstreamed into relevant coastal development management plans/policies, including Integrated Coastal Zone Management - ICZM plans. "Ridge to Reef" concepts will also be used to more coherently consider land/coastal interactions (see GEF. From Ridge to Reef. Water, Environment, and Community Security), which will be combined with marine spatial planning following guidance from the GEF/UNDP / Convention on Biological Diversity (CBD. 2012. Marine spatial planning in the context of the Convention on Biological Diversity. CBD Technical Series No.68; http://www.thegef.org/gef/sites/thegef.org/files/publication/cbd-ts-68-en.pdf). As part of this, specific investment activities supported by the GEF will include work on zoning and boundary demarcation of the MPAs, and financial resources to assist in the implementation of priorty foundational actions identified in the OMAPs, and the establishment of integrated patroling systems. GEF support will be closely linked with activities undertaken by the baseline project, including: the development of collaborative management and community natural resource use/protection agreements covering the 10 MPAs and adjacent production seascapes; the facilitation of private sector partnerships to support long-term MPA financing (at 10 MPAs); and the integration of management requirements for threatened species in local and national regulations.

Currently 9 out of 10 MPAs have draft management plans, which are being partly implemented or are the basis for securing funding from central, provincial and district budgets. As indicated through the project preparation phase (see Sector Assessment), as well as the data from the Biodiversity Tracking Tools, management capacities are weak and operational budgets do not meet estimated financial requirements. During implementation GEF resources will therefore be critical in supporting the review and updating of the OMAPs using multi-stakeholder consultations; and ensuring that these plans have appropriate financial resource strategies.

With regards to PES, options have been identified in two sites. In Gili Matra (National MPA area), in West Nusa Tenggara province, migratory tuna stocks are being landed and private sector companies are interested in being accredited for MSC certification of fish exports. There are three communities in the Gili Matra MPA, which can provide protection to tuna spawning grounds in their area and a payment for ecosystem services contract will be explored and supported between the communities providing protection to tuna spawning grounds and the companies interested in sustainable tuna fisheries. The second PES possibility is in the Anambas MPA, where Napoleon Wrasse is reported to be overexploited in the wild. The project will explore cooperation between an NGO and a private sector entity to promote the breeding of Napoleon Wrasse by communities, which can gradually move towards releasing some of the stocks into the wild to repopulate / contribute towards recovery of Napoleon Wrasse population. The NGO and private sector company have an interest in stabilizing livelihoods and achieving a sustainable supply of valuable fish for the export market. This is also dependent on a good functioning surveillance and patrolling activity, which has received support from an inter-agency MOU between the District mayor (Bupati), the navy, police, communities, Fisheries Department, and the MMAF Surveillance division based in Anambas and will continue to do so under the project. GEF support in this area will be through the engagement of an international/regional PES specialist to facilitate PES agreements in line with STAP guideline document on "Payments for Environmental Services and the Global Environment Facility". At this stage, no direct payments are planned to support the establishment of the PES systems.

For the threatened species management plans, six regionally threatened and/or globally important species (or groups) have been identified. These are: Dugong; Sea Turtles; Napoleon Wrasse; Sperm whales / dolphins; and Elasmobranchs (sharks and manta rays). The Dugong (IUCN - vulnerable) is considered to be severely under threat due primarly to the loss and degradation of seagrass beds. In some parts of the Project area however (e.g. Bintan), the Dugong has been declared a flagship species and efforts have been made to protect seagrass and save Dugongs from fishing nets, which could be further supported through community-based management agreements. Napoleon Wrasse (endangered) is a commercially high value fish of the coral reefs and recent diving surveys (400 hours) in Anambas islands in the South China Sea have only managed to identify one juvenile Napoleon Wrasse in the wild. These stocks need to recover. Currently, records on the status of migratory species, such as sperm whales (vulnerable) and dolphins is limited (no radio collaring or systematic regional monitoring). Further, information on the populations sizes and their movements in Mentawai and Pulau Pieh MPAs are unknown, although it is presumed that sonar-related navigational disturbances in adjacent boating channels is a key threat. Shark species (vulnerable to threatened) are under serious threat as these are regularly landed at fish landing sites in Sumatra. In Aceh, shark landings have been well documented whereas this data is lacking in the Project areas. Tuna may also be added with efforts focused on the plotting of migratory paths linked to fisheries stock assessments and management plans (note - tuna is being fished in the eastern as well as the western parts of the Indonesian archipelago). This work would need to well coordinated with proposals to assess tuna stock and migration in areas beyond national juristiction (FAO/GEF)

(iii) Sustsainable marine based livelihoods (Component 3) will be supported using participatory and community driven development approaches. Support will be primarly through the ADB loan resources with a focus on (i) improving value chains for fisheries and marine resources, and supporting market links and business training for economic enterprises / entrepreneurs; and (ii) the assessment of potential conservation-based businesses (in 10 districts and up to 100 villages). This will include an important focus on gender benefits and maistreaming with at least 2000 households (of which 30% are women headed or direct beneficiaries) provided with livelihood financial assistance. GEF incremental support of $950,000 will still however play an important role in this area and will include training and guidance in conservation based livelihood activities (for 100 community groups); support for at least 10 model livelihood microenterprises for further replication; and support for piloting certification regimes for sustainable marine resource. Livelihood activities will seek to demonstrate that conservation-based economic exploitation of costal marine resources can be both profitable and sustainable. To ensure this, analysis of representative MPAs and potential microenterprises to be financed under the project will each be subject to economic and financial analysis to ensure their financial viability. For further information, please see RRP Appendix 7 - Economic and Financial Analysis. Contributions from GEF towards fostering and establishing at the PES models (see Component 2) are also expected to contribute to enhancing community buy-in and staleholder commitment to protection of resources.

Overall, significant global environmental benefits are expected to accrue including the effective management of 2.33 million heactares are MPAs, with improvements in the overall condition of coral reef ecosystems and fisheries stocks, as well as enhanced protection of globally significant migratory and endemic species. Further details on project outcomes and indicators are provided in Annex A - Design and Monitoring Framework.

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:

Six key risks related to the generation of global environmental benefits have been identified during project preparation. A summary of the risk and mitigation and management options are summarized below. Further information on project assumptions and risks is also provided in Annex A - Design and Monitoring Framework.

Risks Assessment Without Mitigation Management Plan and Assessment with Mitigation

(1) Adverse climate change impacts such as sea level rise including catastrophic weather events (High)

Awareness raising, disaster preparedness, and spatial planning scenarios 2020, 2050 and 2075 periods taking into consideration climate change impacts (temperature, rainfall, and sea level rise); as the islands with inhabitants have

high ground, physical planning and infrastructure will have to follow spatial planning scenarios; Anambas is not known to be a tsunami area. (Risk rating after mitigation - Low)

(2) Ad hoc development investment decisions and fisheries utilization targets override long term marine resource protection and sustainable use plans (High)

MPA zoning, awareness, surveillance, and enforcement with participatory community based monitoring will help establish "marine stewardship" rights and duties and bring some measure of order and discipline; spatial planning and adherence to such by District and provincial governments will enhance the management regime of the MPA; the Development Master Plan of various districts/MPAs reinforce this trend (Risk rating after mitigation - Low)

(3) Influx of population / in-migration creating pressure on resources and increasing waste management problems (Medium)

Designated peri-urban, urban and rural centers of growth will need awareness raising and disciplined physical planning to manage influx of population; in the medium term, waste management, sewage treatment, and renewable energy solutions will be needed / encouraged as investment instruments to manage this risk. (Risk rating after mitigation - Low)

(4) Insufficient operation and maintenance leading to premature asset deterioration (Medium)

MMAF have committed to provide adequate operation and maintenance funding as a condition for selection of subprojects. Robust designs and good quality control will reduce the maintenance burden. Maintenance capacity building will be supported for subprojects. (Risk rating after mitigation - Low)

(5) Poor governance and weak control of illegal fishing from outside Indonesia (High)

The investments in the MPA management effectives, law enforcement, community-based monitoring and public awareness will assist in combating this risk; in particular, MOUs are in place between District, MPA management, Fisheries Department and the communities to do more in this respect. Already MMAF surveillance unit has a track record of confiscating illegal fishing boats from outside Indonesia. (Risk rating after mitigation - Low)

(6) Environment pollution and climate change impacts on marine ecosystems Low-High, (Site dependent).

Environmental monitoring and coral reef impact assessment will be established by the project to support improved coastal zone planning, decision-making and policy. Activities to mainstream ICZM at the district level will also include consideration of point and non-point polution sources and management options. Recent focus on Climate Change Adaptation for Coral Triangle Communities has produced a Vulnerability Assessment Guide. Such tools will be used in the project; Spatial Planning of 7 District MPAs as well as the 3 national MPAs will be used during implementation to address CC impacts by building into the plans and models, climate change scenarios projecting risks and adaptation requirements; for this purpose funds from GEF have been earmarked for recruiting international TA to assist in the process. (Risk rating after mitigation - Low-Medium)

In addition to the above, specific social and environmental safeguard issues and risks associated with the project have been considered as part of project design, as well as risks associated with climate change; and governance, procurement and financial management. For further information, please see:

(i) an Environmental Assessment and Review Framework (RRP Appendix 11), including the completion of Initial Environmental Examinations (IEEs) for the first two subproject in Anambas and Bintan.

(ii) a Land Acquisition and Resettlement Framework (RRP Appendix 12).

(iii) an Indigenous Peoples Planning Framework (RRP Appendix 13).

(iv) A summary of risk screening for potential climate change impacts; and information on the the projects approach for strengthening climate change resilience of the MPAs is provided in RRP Supplementary Appendix 22.

(v) Governance, procurement and financial management risks are provided in RRP Appendix 14.

A.7. Coordination with other relevant GEF financed initiatives

The existing institutional structures of the GEF supported CTI-CFF program will be used to ensure broad level coordination and linkage with other CTI projects in Indonesia and across the region, including links with the CTI-CFF Regional Secretariat, the CTI-CFF Council of Ministers, the Indonesia CTI National Coordinating Committee, an CTI-CFF Development Partners Group.

Coordination with the World Bank for the COREMAP-CTI project has resulted in a common framework for the national project. It has also helped to develop a common framework for monitoring and evaluation at the national level, coordinated training and institutional development, and policy harmonization. The increased coordination will help to effectively share knowledge and lessons learned between ADB and World Bank COREMAP-CTI projects. The project has been designed and will be implemented in close coordination with its sister project, the WB funded COREMAP-CTI, which will work in a different geographic area in the eastern part of Indonesia. For COREMAP-CTI , the Government plans to execute the project at DG level in PMO for overall administrative coordination of not only with WB and ADB projects but with other DG's within MMAF, NCC and other DG's in other Ministries (e.g., Ministry of Tourism, Home Affairs etc). The Project Administration Manual (see RRP Appendix 4) has been reviewed and endorsed by MMAF and is expected to be adopted by PMO for both the ADB and WB projects. There will be one GOI Project Director for both ADB and WB supported projects areas. There will be a common database, common review, missions, and a common platform to tackle biodiversity issues (GEF related), particularly migratory species (from East to West). The WB project project will also be addressing institutionalization of coral reef and associated ecosystem protection, rehabilitation, management and sustainable use. Coordination with this project will build on lessons learned from Phase I and II, which indicate the need for greater national level coordination by MMAF through a consolidated project framework and work plan. ADB and WB are committed to close cooperation between the projects., Harmonization in terms of monitoring and reporting is also planned, as well as joint preparation of knowledge products. Taken together, both projects will provide transformational impact over the entire Indonesian archipelago, which will be greater than the sum of the individual projects.

The project will also be closely coordinated with ADB-GEF (TA 7813) on Coastal and Marine Resource Management in the Coral Triangle of Southeast Asia (CTI-SEA), which involves Indonesia, Malaysia and the Philippines, as well as other GEF supported projects under the CTI Program. Further, the project design builds on lessons from the UNEP/GEF project "Demonstration of Community-based Management of Seagrass Habitats in Trikora Beach, East Bintan, Riau Archipelago Province, Indonesia" (GFL/2328/2730-4986: GEF Project ID 3188). This provides lessons related to the preparation Dugong management plans, which will explore opportunities for supporting communities in seagrass protection and management through partnerships with tourist resorts/companies. ADB will also build on work undertaken by USAID's Coral Triangle Support Program in Anambas and Gilimatra MPAs, as well as training modules developed by USAID in their MPA development projects. IFAD's project on coastal community development will also inform the ADB COREMAP-CTI project in establishing value chain models for livelihood activities.

B. ADDITIONAL INFORMATION NOT ADDRESSED AT PIF STAGE:

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

The project organizational structure is provided in Annex E below.

The project will be implemented through a centralized Project Management Office (PMO) under the Directorate General of Marine, Coasts and Small Islands (DGMCSI). At the national level, stakeholders such as the

Ministry of Tourism, Minitry of Home Affairs and Ministry of Environment will be engaged by the DG, while the PMO will handle day-to-day operations. There are also two other national project implementation units: (i) DG Capture Fisheries (DGCF) and (ii) Oceanography Research Center (LIPI), which has under COREMAP Phase II prepared the baseline data and has carried out regular ecosystem and socio-economic monitoring in the COREMAP II sites. The technical unit such as UPT Pekanbaru will be in-charge of the three National MPAs, while UPT BPSPL will be responsible for spatial planning in the 7 MPAs districts.
The MPA offices or District PIUs will directly have collaboration with local stakeholders such as the Community Coral Reef Management Board (LPSTK) and the Community Surveillance Groups (POKMAS) or community fisheries groups. Community level stakeholders are organized in community groups (POKMAS) and will be engaged in patrolling and fisheries management. These groups have been engaged under COREMAP II and will have an intensive role in MPA management effectives in COREMAP-CTI.
Almost all MPAs have conducted participatory consultations with regard to establishment of MPA zoning, spatial planning and core protection zones. In some MPAs these will be re-visited at start of project.
Under COREMAP II, 30% of women groups and individuals have received capacity building. These groups will be further engaged in livelihood activities and their operations further expanded and up-scaled under the project.

Taking a CDD approach, communities, including Indigenous Peoples will have a role in the selection of subproject activities within defined selection criteria, and will participate in the development of coral reef management plans and policies. Communities will also be involved in planning, design, implementation and monitoring of (i) small-scale infrastructure, specifically through a community contracting process; (ii) sustainable livelihood development by taking a lead role in its development, promotion and implementation; and (iii) biodiversity management in partnership with NGOs, private sector and other local stakeholders.

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):

The project will be implemented in seven districts where roughly 55,000 households are directly dependent on coastal resources for their livelihoods. In these districts, the poor comprise 4.8-30.9%4 with coastal communities among the poorest and live only on $0.60-$1.30 per capita per day. The project will be implemented using a community-driven development (CDD) approach in which communities, including the poor and vulnerable, will have a role in selecting subprojects related to livelihood development, infrastructure, and biodiversity management. The CDD approach will also promote their participation in developing coral management plans and policies.

Most of the project districts have fewer than 10% of their population with higher education. In four districts, fewer than 50% of the poor have reached junior or senior high school. In seven districts, less than half of the poor have access to clean water and in four districts less than 50% of the poor have access to lavatories. Taking these issues into account, the project includes design features specifically targeting poor households including support for the idetification of conservation based livelihood opportunities, development of pilot micro-enterpises and the provision of at least 2,000 households (from a baseline of zero in 2013) with livelihood financial and/or input assistance in improving sustainable marine-based livelihoods. Overall the project is expected to increase household incomes of project beneficiaries at the target sites by 10-15%, three years after project completion. Further details are provided in RRP Appendix 9 - Summary Poverty Reduction and Development Strategy.

With respect to Indigenous Peoples (IPs), the government recognizes 365 ethnic and sub-indigenous peoples as komunitas adat terpencil - geographically-isolated customary law communities. They number approximately 1.1 million. Many more peoples, however, consider themselves, or are considered by others, to be indigenous. The national indigenous peoples' organization, Aliansi Masyarakat Adat Nusantara (AMAN), uses the term masyarakat adat to refer to indigenous peoples. A conservative estimate of the number of indigenous peoples in Indonesia amounts to between 30 and 40 million people. In COREMAP-CTI Project districts, several IPs are recognized as Customary Community or "Masyarakat Adat" in terms of isolated and/or vulnerable peoples spread over in the districts region. Of the four project components, it is anticipated that components 1-3 may directly or indirectly affect the dignity, human rights, livelihood systems, or culture of IPs or affect the territories or natural or cultural resources that they own, use, occupy, or claim as an ancestral domain or asset. Overall however, IP concerns on

cultural integrity are built into the project design, which should result in positive impacts, through the use of the CDD approach -- where control in development decision making and distribution of resources and benefits will be given to community groups; and the inclusion of optional sustainable livelihood alternative livelihood packages. Consistent with ADB's Safeguards Policy requirements pertaining to IPs, an Indigenous Peoples Planning Framework (IPPF) has been prepared (see RRP Appendix 13). The IPPF aims to ensure that subprojects are designed and implemented in a way that fosters full respect for indigenous peoples' identity, dignity, human rights, livelihood systems, and cultural uniqueness as defined by the indigenous peoples themselves to enable them to (i) receive culturally appropriate social and economic benefits, (ii) do not suffer adverse impacts as a result of the project, and (iii) can participate actively in the project. and provides policy and procedures to screen project impacts on indigenous peoples (IPs) and to prepare an appropriate Indigenous Peoples Plan (IPP) to safeguard their rights in accordance with domestic laws and the ADB's Safeguard Policy Statement (SPS).

A Gender Action Plan has also been prepared for the project and gender appropriate design features have been included in the project design (see RRP Appendix 10). The project scope will meet women's needs and improve their socioeconomic status by involving them in aquaculture, culture-based fisheries, and related activities, including fish processing, trading, and community-based monitoring. Several gender-responsive activities dealing with women's productive, community management and leadership roles have been incorporated into the project design. The Project will support poor women in gaining access to resources, technical assistance, and capacity-building efforts for poverty reduction and food security. Women will be included in all project activities, including those dealing with production inputs assistance and training. To ensure that the Project addresses gender concerns women will also be hired to conduct gender training to sensitize local government officials and personnel to women's needs. Baseline Project Performance and Monitoring System (PPMS) surveys and the midterm and project completion surveys will collect gender-disaggregated data. Gender indicators will be included in the Project Performance and Monitoring System and will become an important element in the evaluation system for the national project management office.

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

GEF financing focuses on the establishment of MPA management and the monitoring of costal resources to ensure their long-term sustainability. It also provides support for the development of conservation-based economic activities that demonstrate that resource conservation can be both profitable and sustainable. The project will support sustainable economic utilization of coastal marine resources in the selected MPAs by fostering CDD. Within selected MPAs, coral reefs and mangroves provide significant potential for direct economic benefits related to commercial fisheries, ecotourism, and microenterprise development. They also provide for combined economic and environmental benefits from the prevention of coastal erosion. By providing coastal communities with opportunities for conservation-based financial gain from coral reef and mangrove resources, the effectiveness of MPA management will be realized through long-term sustainability of MPA resources.

An economic analysis has been undertaken of the first two MPAs subprojects to determine the viability of establishing effective MPA management to support a range of economic activities (see RRP Appendix 7 - Economic and Financial Analysis; and Supplementary Appendix 20). The benefits have been estimated on the basis of economic values of coral reef and mangrove resources in terms of fisheries potential and erosion prevention, and the potential for ecotourism development based on the contribution of tourism to gross regional domestic product. The results of this analysis indicate that the economic internal rate of return (EIRR) for the national MPA (Anambas) is estimated at 15.3%, and for the district MPA (Bintan) 42.1%. The higher EIRR of Bintan reflects a significantly larger area and estimated value of coral reef and mangrove than in Anambas. Sensitivity analysis indicates that EIRRs are highly robust with respect to potentially adverse movements in key benefit and cost streams. However, in the case of Anambas, delays in attainment of full economic benefits from coral reefs and mangroves from years 10 to 15, or failure to derive any economic benefit from tourism would cause the EIRR to fall marginally below the 12% cut-off rate assumed for economic viability. To reflect the

benefit of the project to coastal communities who are dependent upon resources inside MPAs, a financial analysis has been undertaken of a range of microenterprise aquaculture investments that could be supported under the project, subject to satisfying selection criteria and detailed market and financial analyses. Financial internal rates of return range from 17% to over 50%. The project will help to enhance sustainability of aquaculture investments through effective microenterprise appraisal and by supporting complementary value chain investments to ensure adequate supply of quality inputs and access to market outlets. To assess the contribution of the GEF grant to MPA viability, assumptions have been made on the share of each benefit stream that may be attributed to GEF financing. These indicate the following contributions from GEF: (i) fisheries benefits (both coral reef and mangrove areas), 25%; (ii) other economic activities and erosion protection, 50%; and (iii) tourism benefits, 40%. Overall the GEF supported project interventions are cosidered to be highly cost effective in yeilding improvements in the condition of coral reefs and coastal fisheries in ways will generate sustainable financial returns and contribute to the long-term financing 2.33 million ha of MPAs in Indonesia.

C. DESCRIBE THE BUDGETED M &E PLAN:

The project management office (PMO) will coordinate and monitor compliance with project activities, implement the project performance monitoring system (PPMS), conduct project evaluation surveys, and prepare quarterly, annual, midterm and project completion reports. Baseline data collection and monitoring for MPA sites will include project sites and controls outside of the project area. A summary of the Project Monitoring and Evaluation Plan (see below - next page)

Type of M&E Activity	Responsible Parties	Issues Addressed	Project Budget	Time Frame
Project Progress Report	Project Management Office	• Implementation progress of each component. • Progress towards achieving targets/indicators set in the results framework. • Issues related to project implementation and any deviations from agreed project framework and scope.	$5,000	Semiannual
Review Missions	AsDB as lead in collaboration with World Bank	• Review of project progress and verification of the issues raised and progress mentioned in project progress report. • Recommendation of remedial actions if there are major slippages.	-	Semiannual
Audit Report	Project Management office and MOF	• Financial management and fund utilization. • Fiduciary aspects.	$5,000	Annual
Midterm Evaluation	AsDB in lead in collaboration with World Bank and external Consultants	• Comprehensive review of project in project component. • Identification of any major slippages in project implementation. • Continued relevance of project components to the needs of the province. • Recommendation of remedial actions if necessary. • Updating the tracking sheet	$10,000	At the midpoint of project implementation
Project Completion Report	AsDB and external consultants	• Comprehensive assessment of project implementation. • Quantification of the results achieved including global environmental benefits. • Documentation of the lessons learnt from the project. • Assessment of the sustainability of project results and recommend measures to ensure sustainability and follow-up actions. • Updating the tracking sheet	$30,000	At the completion of the project.

AsDB = Asian Development Bank; MOF=Ministry of Finance.

The baseline data from the Biodiversity Tracking Tools will be a key tool for future monitoring, reviews, and assessments and have been cited as one of the means of verification in the projects design and Monitoring Framework (DMF) – see Annex A.

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)*
Dana A. Kartakusuma	GEF Operational Focal Point/Assistant Minister	MINISTRY OF ENVIRONMENT	03/15/2012

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.

Agency Coordinator, Agency Name	Signature	Date *(Month, day, year)*	Project Contact Person	Telephone	Email Address
Nessim Ahmad Director, Environment and Safeguards concurrently Practice Leader (Environment) Asian Development Bank		08/28/2013	M.Nasimul Islam	63-2-632-6741	mnislam@adb.org

ANNEX A: PROJECT RESULTS FRAMEWORK (either copy and paste here the framework from the Agency document, or provide reference to the page in the project document where the framework could be found).

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
Impact Sustainable management of coral reef ecosystems in the project area	By 2022: Live coral cover increases or remains stable in project area (baseline: Bintan, 65% in 2010; Natuna, 51% in 2010; Tapanulli Tengah, 44% in 2010; Nias, 28% in 2010; Mentawai, 25% in 2011; Batam, 60% in 2010) Stocks of Napoleon Wrasse in Anambas will reach stable population by 2018 (baseline stock assessments in 2014) Household incomes of project beneficiaries increase by 10-15%, 3 years after project completion at target sites (baseline household income of beneficiaries at project sites will be established in 2014)	Ecological surveys of CRITC MMAF/MOE and State of the Coral Triangle Reports Marine Resource Assessments, Anambas 2014 and 2017 Government's Annual Statistical Publication	**Assumptions** Government and community will for MPA model replication exists **Risks** Impacts of climate change reduce the benefits of project outputs Natural events (earthquake, tsunami, bleaching, etc.) impact coral ecosystems
Outcome Enhanced capacity to manage coral reef ecosystems inside and outside target MPAs	By 2018: MPA management effectiveness for 2.33 million ha increased at least one level up in their status based on the Government's MPA effectiveness criteria (baseline in 2013: red and yellow; target: green to blue) Approved MPA operational management plans for 10 MPA models (baseline in 2013:0; target in 2018: 10)	MMAF/MOE and State of the Coral Triangle Reports MPA managers' effectiveness score card assessment GEF-Biodiversity tracking tools of MPAs	**Assumptions** Strong collaboration amongst stakeholders exist High quality human resources are available **Risks** Potential conflicts amongst project stakeholders

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
			Insufficient political will at the local level
Outputs 1. Coral reef management and institutions strengthened	By 2018: Number of community development extension workers deployed. (baseline in 2013: 0; target: 20)[a] Number of national and local laws, decrees and regulations related to sustainable fisheries and MPA management (baseline in 2013: 0; target: 50) Number of LPSTK formed (20% women in official positions and 30% women as members) Number of DGMCSI, DGCF, and LIPI staff obtaining postgraduate qualifications (baseline in 2013: 0; target: 47)[a]	Project surveys PPMS reports Annual reports of MMAF, LIPI	**Assumptions** District governments internalizing extension services District leaders allocate police time to marine monitoring **Risk** Long time needed to codify new functions
2. Ecosystem-based resource management developed	By 2018: Number of district and MPA spatial plans prepared embedding ICZM and projected climate change scenarios (baseline in 2013: 0; target: 10) Species management plans for threatened and endangered species piloted in selected MPAs (baseline in 2013: 0; target: 6, 30% women's participation in conservation implementation groups)	Project surveys PPMS reports	**Assumption** MPA evaluations are implemented regularly and consistently **Risk** District regulations and MPA development are slower than project cycle
3. Sustainable marine-based livelihoods improved	By 2018: Number of eco-friendly infrastructure facilities installed (baseline: 0 in 2013; target: 100) Number of households provided with livelihood financial	Project surveys PPMS reports	**Risk** Enterprises launched too late to create benefits in-time Natural causes and climate

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
	and/or input assistance (baseline in 2013: 0; target: 2,000, with 30% women beneficiaries) Number of model livelihood microenterprises replicated in project areas and beyond (baseline in 2013: 0; target: 10)		impacts do not result in significant failures in livelihood models
4. Project management	By 2018: Operational PPMS, reporting sex-disaggregated data Quarterly project monitoring and evaluation reports	 Project Surveys PPMS reports	**Assumption** Qualified and adequate project staff provided **Risk** Frequent changes in project staff

Activities with Milestones	**Inputs**	
1. Coral reef management and institutions strengthened 1.1. National community extension workers embedded in districts and mentor district extension staff. (Q2, 2014). 1.2. Prepare regulations for community coral reef management boards and relevant policies, regulations and bye-laws for MPAs. (Q2, 2014) 1.3. Upgrade community information centers. (Q4, 2014). 1.4. Conduct public awareness activities (Q3, 2014 – Q3, 2018). 1.5. Conduct teacher training on local content curriculum for coral reef management (Q3, 2014 – Q1, 2017). 1.6. Conduct and supervise regular coral reef health and associated ecosystem and socioeconomic monitoring. (Q2, 2014 – Q3, 2018). 1.7. Decentralize CRITC benefit monitoring surveys (Q2, 2014 – Q3, 2018). 1.8. Strengthen and institutionalize LIPI's CR-MIS capacity and database with user friendly web access. (Q4, 2014 – Q4, 2017). 1.9. Provide MPA monitoring and surveillance equipment and infrastructure. (Q4, 2014 – Q3, 2016). 1.10. Support coordinated district and community monitoring and surveillance in MPAs. (Q1, 2015 – Q3, 2018).	**ADB: $50.00 million**	
	Item	**Amount** ($ million)
	Civil Works	20.671
	Vehicle, equipment	2.855
	Materials	0.050

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
1.11. Provide Master's education for MMAF and LIPI staff. (Q4, 2015 – Q3, 2018). 1.12. Develop and implement MMAF Human Resources Program. (Q3, 2014 – Q3, 2018). 1.13. Conduct training for coastal population on business, food safety, etc. (Q3, 2014 – Q3, 2018). 1.14. Establish learning networks. (Q4, 2014 – Q3, 2018). **2. Ecosystem-based resource management developed** 2.1. Finalize district marine spatial plans. (Q3, 2014 – Q3, 2017). 2.2. Develop coastal fisheries regulations (Q1, 2015 – Q2, 2018). 2.3. Provide ICZM training (Q1, 2015 – Q1, 2018). 2.4. Complete and approve MPA boundary marking . (Q2, 2016 – Q3, 2018). 2.5. Establish MPA manangement board and technical units. (Q3, 2014 – Q4, 2016). 2.6. Prepare MPA management and zoning plans (Q3, 2014 – Q2, 2018). 2.7. Pilot marine valuation methodology (Q2, 2015 – Q1, 2017). 2.8. Strengthen MPA financial management (Q1, 2015 – Q4, 2017). 2.9. Pilot PES in at least 2 MPA sites. (Q4, 2014 – Q4, 2017). 2.10. Mainstream biodiversity into MPA plans (Q3, 2014 – Q1, 2018). 2.11. Develop tools for EAFM and MPA networks. Q3, 2014 – Q1, 2018). 2.12. Conduct studies on the status of six (6**)** priority marine threatened species and selected coral fishes. (Q4, 2014 – Q4, 2015). 2.13. Develop and implement management plans for six (6) threatened species and selected coral fishes. (Q2, 2015 – Q2, 2018). 2.14. Assess district fisheries management performance using and applying EAFM indicators. (Q1, 2016 – Q4, 2018). **3. Sustainable marine-based livelihoods improved** 3.1. Business training for economic enterprise staff. (Q3, 2014 – Q1, 2018). 3.2. Identify and fund national, district, and village MPA infrastructure (e.g. village roads, jetties, ranger posts, sanitation, water supply, homestays, mooring buoys). (Q3, 2014 – Q1, 2018). 3.3. Improved value chain and market links for uptake of primary aquaculture produce from communities (Q3, 2014 – Q3, 2016). 3.4. Conduct feasibility studies of potential enterprises (e.g. grouper, catfish, sea bass, seaweed ,etc,) (Q2, 2014 – Q1, 2018). 3.5. Develop model enterprises in each target village.(Q3, 2014 – Q1, 2018).	Training and workshops Surveys and Studies Consulting services Support for alternative livelihoods **Government: $6.0 million** Civil Works Vehicles Materials Consulting Services	10.386 10.355 4.618 1.065 0.054 0.110 0.050 0.000	

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
3.6. Conduct business training to micro-enterprises. (Q2, 2014 – Q1, 2018). 3.7. Conduct consevation livelihood training and pilot certification regimen. (Q3, 2014 – Q1, 2018). **4. Project management** 4.1. Monitor compliance. (Q2, 2014 – Q3, 2018). 4.2. Coordinate project activities. (Q1, 2014 – Q4, 2018).		Training and Workshops Surveys and studies Support for alternative livelihoods Office Operations and Staff Land Acquisition and Resettlement **GEF: $8.0 million** Materials Consulting services	0.085 1.440 0.699 3.412 0.150 0.305 0.500

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
		Training and workshops 0.370 Studies, surveys and services 5.965 Support for alternative livelihoods 0.522 Project Management 0.338	

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).

REF NO.	REVIEW COMMENT	RESPONSE AT PROJECT DOCUMENT STAGE
	GEF SECRETARIAT	
14	Expected Outcome for Component 3 does not identify the percent increase in uptake of conservation based livelihoods – currently it says X%. Please address at full project document stage	This has now been addressed as: 10-15% increase in uptake of conservation based livelihoods) As the Project is using a sector modality, two Subproject samples have been developed: i) Anambas National MPA – Management Effectiveness Improvement Subproject; ii) Bintan Management Effectiveness and Livelihoods Improvement – Value Addition to Fish Processing by Women Groups; it is expected that from each MPA area, there will be a 20% increase in uptake of conservation based livelihoods
18	The PIF should identify any anticipated changes in national government / ministries	No anticipated changes currently
	Further mitigation measures for impacts to climate change are poorly addressed; please address at full project document stage	A summary of risk screening for potential climate change impacts; and information on the projects approach for strengthening climate change resilience of the MPAs is provided in the ADB Project Document (RRP Supplementary Appendix 22). Further, recent focus on Climate Change Adaptation for in the Coral Triangle has produced a Vulnerability Assessment Guide. The guide will be used as part of the preparation of sub-projects. Spatial Planning for 7 District MPAs will also be used during implementation to address climate change. This is explicitly mentioned in the sample Subprojects (Anambas and Bintan), which are models for further detailing of national and district MPAs.
	SCIENTIFIC AND TECHNICAL ADVISORY PANEL	
2	"Ridge to Reef" concept is being applied to more coherently consider land/coastal interactions and also the need for benefit transfers. The proponents are encouraged to consider closer scientific and technical coherence between that program and this project and	In the two “sample” subprojects (Anambas National MPA and Bintan District MPA) the Ridge to Reef concept have been applied and will be further used in developing Integrated Coastal Zone Management (ICZM) plans in the other sub-projects.

REF NO.	REVIEW COMMENT	RESPONSE AT PROJECT DOCUMENT STAGE
	the learning objectives that could be shared.	
4	Component 1: The baseline Marine Protected Area (MPA) biodiversity surveys and monitoring systems proposed under Component 1.1 should be designed to address the design deficit noted under COREMAP Phase II, namely that general controls (baseline data on reefs outside the project area) were not part of the original design, which impeded evaluation of the impact of MPA management	In each Subproject control sites will be used to provide comparisons for evaluation purposes.
5	Component 1: Please clarify whether the participatory planning undertaken to date is actually informed by a satisfactory baseline status analysis of relevant coastal catchments, to avoid impacts outside of the control of the participating communities to manage	Relevant status analysis of the islands and coastal catchments is being technically undertaken for 7 District MPAs by the Spatial Planning Unit (BPSPL) based in Padang (West Sumatra); the same exercise is being undertaken by the National MPA Field Unit in Pekanbaru (Riau Province, Sumatra) for 3 National MPAs. As all these 10 are "new areas" recently designated, Phase I and II have not mainly been dealing with this issue; under Phase III detailed spatial planning and baseline data collection for MPAs and adjacent seascapes and land areas will be an integral part of the project.
6	Component 2: CBD/GEF guidance regarding Marine Spatial Planning (MSP); joint GEF/CBD publication on Marine Spatial Planning in order to maximize the potential of the ICM/IWRM approaches planned within this Component, which may have to accommodate changed pressures on related ecosystems to reflect uses of natural resources to support alternative livelihoods.	The guidance in this publication has been referenced in the Subproject design of Anambas and Bintan MPAs. The MMAF's Regional Spatial Planning Unit (BPSPL) covering 7 project districts also have detailed and visualized database that is being used to generate geo-referenced /GIS based mapping that will be used by the project to maximize ICM/IWRM approaches.
7	Component 2: proposal to introduce new measures to monitor and measure marine ecosystem health and climate resilience is essential to reporting on biodiversity/climate change resilience benefits of the project. The approaches and methodology, including the selection of ecosystem components to be measured, should be described, along with the results and an evaluation of monitoring activities from project Phases l and II in the full project brief.	Marine Resource Assessment carried out in 2012 in the Anambas provides an index on coral resilience to climate change and rarity index. Baselines generated by LIPI date back to 2007/2008, but do not cover adequately all the project sites Phase I and II. These will be updated in 2014 with support from the project so that ecosystem resilience can be monitored and tracked over time and project impacts will be assessed.

REF NO.	REVIEW COMMENT	RESPONSE AT PROJECT DOCUMENT STAGE
8	Component 3: build sufficient resilience regarding the alternative uses envisaged; FAO Code of Conduct for Responsible Fisheries (CCRF) and related guidance from the Network for Aquaculture Centres in Asia-Pacific for sustainable aquaculture, should be utilized to set baselines and outcomes capable of evaluation.	FAO Guidance and Aquaculture Best Practices will be part of the technical package to be considered in the environmental assessments and TA of each Subproject dealing with livelihood activities related to mariculture / aquaculture. This is explicitly mentioned in the first two subprojects for Anambas and Bintan.
9	Risks: Ad-hoc coastal development is judged by STAP to be a high level risk rather than medium; consider using Marine Spatial Planning to look ahead in time and space and anticipate the full range of likely scenarios including mining, oil and gas production, land-sea interactions and demographic change.	Recent focus on Climate Change Adaptation for Coral Triangle Communities has produced a Vulnerability Assessment Guide. Such tools will be used in the project; In Mentawei Islands (District MPA), the Regional Spatial Planning Unit (BPSPL) of the MMAF has detailed and visualized database that can be used to portray future changes. These spatial maps will be used to integrate and project climate change related scenarios and possible impacts on the coastal zones of the districts and the MPA in general
	GEF COUNCIL MEMBER COMMENTS	
	Canada's Comments ☐ We welcome the inclusion of lending instruments in the project, and request an explanation of how the re-flows will be managed and whether they will be channeled back into MPA work. ☐ We also welcome the inclusion of work on MPA valuation and possible Payment for Ecosystem Services schemes in the proposal. We look forward to seeing the outcomes of this important work, particularly within the context of marine ecosystems. ☐ We would appreciate an elaboration of: (i) how the project relates conservation and sustainable use of biodiversity with increased local incomes; (ii) how the Government of Indonesia is going to provide the identified co-financing; and, (iii) how the project's outcomes relate to the CBD's 2020 Aichi Targets as well as to Indonesia's national efforts to contribute towards these targets.	• GOI will make repayments of capital and interest to AsDB on the hard loan amount; there are no reflows envisaged. Noted <u>(i) Response to conservation and sustainable use of biodiversity with increased local incomes:</u> In COREMAP-CTI, local communities will participate with the MPA management to establish effective protection of core areas; but the communities have also been allocated utilization zones and technical assistance in the form of spatial plans and creation of an ICZM will enable local communities to receive designated areas for mariculture, which will boost incomes of

REF NO.	REVIEW COMMENT	RESPONSE AT PROJECT DOCUMENT STAGE
		households; diversifying and segmentation of the cycle of fish food product (from hatchery, fingerling, to processing) will create opportunities at various levels of the value chain. In addition, nature based and eco-tourism is being promoted by GOI, which will create employment and service provision opportunities. (ii) Co-financing by Government of Indonesia: GOI is already providing funds for staff salaries and operational budgets to designated MPAs and MMAF has planned to successively request GOI to increased funding for additional/newly recruited staff; Districts and Provinces have separate budgets and MPAs within Districts are receiving funding from district/ provincial sources. Most of the project co-financing is in kind. Please see Annex A – Design and Monitoring Framework for details on the GOI contributions (iii) CBD's 2020 Aichi Targets: COREMAP-CTI contributes to Strategic Goal B, C and D of the Aichi Biodiversity Targets of CBD as follows: • Strategic Goal B: Reduce the direct pressures on biodiversity and promote sustainable use **Target 6:** By 2020 fish and invertebrate stocks and aquatic plants are managed and harvested sustainably and legally in COREMAP-CTI areas, and applying ecosystem based approaches, so that overfishing is avoided, recovery plans and measures are in place for depleted species. • Strategic Goal C: To improve the status of biodiversity by safeguarding ecosystems, species and genetic diversity Target 11: By 2020, contributing to reach at least 10 per cent of coastal and marine areas of particular importance for biodiversity and ecosystem services, are conserved through effectively and equitably managed and area-based conservation measures and integrated into the wider seascapes. • Strategic Goal D: Enhance the benefits to all from biodiversity and ecosystem services **Target 14:** By 2020, ecosystems that provide essential services and contribute to health, livelihoods and well-being, are restored and safeguarded, taking into account the needs of women, indigenous and local communities, and the poor and vulnerable.
	☐ The STAP makes numerous important	STAP's recommendations have been fully taken on board (see

REF NO.	REVIEW COMMENT	RESPONSE AT PROJECT DOCUMENT STAGE
	observations on how the project could better build upon existing projects and initiatives, including Phase II of this same programme. We fully support the STAP's call to further improve the project and request that STAP's recommendations be fully taken on board.	response matrix above)
	USA's Comments ☐ The United States sees this project as a valuable opportunity to promote the sustainable management of marine biodiversity in Indonesia. We believe the project will advance and support significant existing efforts by Indonesia, USAID, NOAA, NGOs and others in the region. We encourage the project to closely coordinate and tap into these existing efforts, to maximize effectiveness of investments and avoid duplication of efforts. ☐ We also recommend that the metrics proposed for the project be further refined. Currently the numbers emphasize management actions (such as formation of MPAs, for instance, or drafting of management plans), but do not provide biological measurable targets. ☐ We also encourage the project to carefully consider ways in which the risks that alternative income programs might fail to meet community livelihood needs could be mitigated.	• COREMAP-CTI will not duplicate efforts as most work done on marine areas are located in the Eastern part of Indonesia and the ADB supported geographic area is in the Western part. Moreover, this project is using lessons learned and experience gained from Raja Ampat MPA supported by USAID, CI and The Nature Conservancy and will use similar spatial planning aspects. • The following indicators have been added in the Project DMF (please see Annex A for further details). By 2022: • Live coral cover increases or remains stable in project area compared to baseline coral cover data collected during 2010-2011 in project area (baseline: Bintan, 65% in 2010; Natuna, 51% in 2010; Tapanulli Tengah, 44% in 2010; Nias, 28% in 2010; Mentawai, 25% in 2011; Batam, 60% in 2010); • Stocks of Napoleon Wrasse in the wild show signs of improvement as compared to 2012 in National MPA of Anambas. • Species management plans for Napoleon Wrasse, green and hawksbill turtle, dugong , dolphins ,mantas and hammerhead sharks piloted in selected MPAs; baseline: 0 in 2013; target: 6) • This issue is considered in the project design in a number of ways: (i) GEF funding will be used assess potential conservation orientated livelihood options at the beginning of the project, including review of past experiences and lessons; (ii) all of the sub-project designs will be informed by economic and financial analysis, including sensitivity analysis (note also the economic assessment data presented in Section B.3 of the GEF CEO Document); and (iii) the project has will take a participatory, community driven development approach

REF NO.	REVIEW COMMENT	RESPONSE AT PROJECT DOCUMENT STAGE
		to ensure that project support is directed in socially and culturally appropriate ways.

ANNEX C: STATUS OF IMPLEMENTATION OF PROJECT PREPARATION ACTIVITIES AND THE USE OF FUNDS[5]

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

PPG Grant Approved at PIF: **$200,000**			
Project Preparation Activities Implemented	***GEF/LDCF/SCCF/NPIF Amount ($)***		
	Budgeted Amount	***Amount Spent Todate***	***Amount Committed***
Project design and PIF verification; Detailed design of initial subprojects and identification of GEF allocations for activities relating to BD 1 and BD 2, Economic analysis, cost estimates and inputs to the project documents for ADB and GEF approval.	200,000	118,494	127,830
10 MPA GEF Biodiversity Tracking Tools (covered by co-finance - $30,000)			
Total	200,000	118,494	127,830

[5] 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.

ANNEX D: CALENDAR OF EXPECTED REFLOWS (if non-grant instrument is used**)**

Provide a calendar of expected reflows to the GEF/LDCF/SCCF/NPIF Trust Fund or to your Agency (and/or revolving fund that will be set up)

There will be no reflows to the GEF.

The government has requested a loan of $50 million from ADB's ordinary capital resources to help finance the project. The loan will have an 18-year term, including a grace period of 6 years, an annual interest rate determined in accordance with ADB's London interbank offered rate (LIBOR)-based lending facility, a commitment charge of 0.15% per year, and such other terms and conditions set forth in the draft loan agreement (available on request from ADB).

ANNEX E. Project Organization and Management

Figure 1. Project Organogram

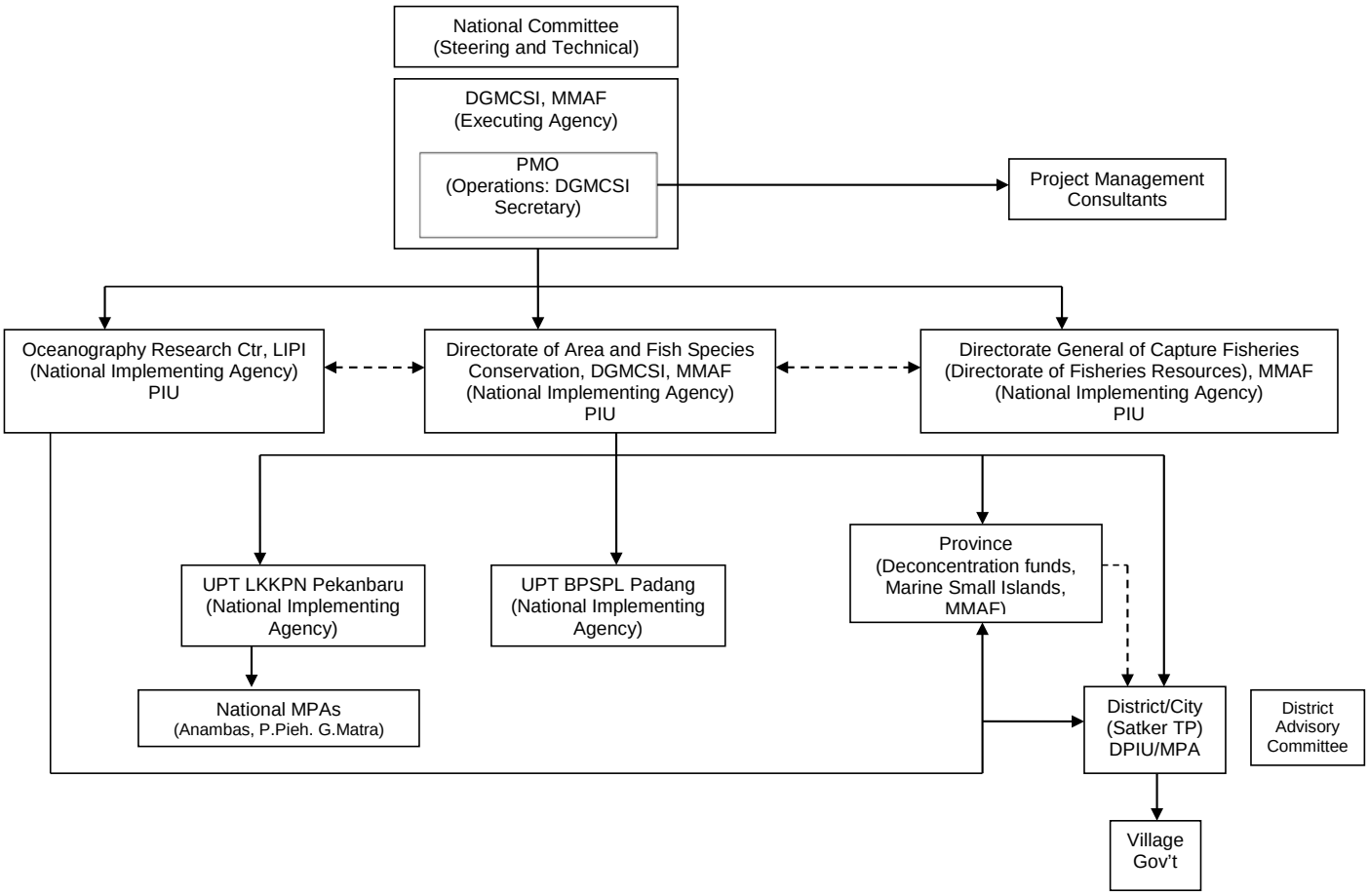

Figure 2: Organization Structure of PIU / District MPA (Sample Bintan)