

**Revised Proposal for Major Project Amendment for
Global Environment Facility (GEF)**

**“Coral Reef Rehabilitation and Management Program:
Coral Triangle Initiative (COREMAP-CTI)” - Indonesia
GEF ID 5171**

**Submitted by: Asian Development Bank
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Revised Proposal for Major Project Amendment

GEF ID 5171 Coral Reef Rehabilitation and Management Program:
Coral Triangle Initiative (COREMAP-CTI)

Background and Introduction

Indonesia has established 19.1 million hectares (ha) of marine protected areas (MPAs) by the end of 2017, or 95% of the total commitment of the Government of Indonesia to establish 20 million ha by 2020. Of those MPAs, about 42% or 7.26 million ha were established through districts' initiatives in the form of local MPAs. The local MPAs were initiated and managed by district governments, while the rest have been managed centrally through Ministry of Marine Affairs and Fisheries (MMAF). MMAF emphasized that effective management of MPAs is a continuing priority. As a result of the "recentralization" Law No 23/2014, the authority for managing marine resources from 0 to 12 nautical miles from the coastline has been transferred from the district to provincial government since October 2016. This institutional shift provides provinces with authority for conservation, marine spatial planning, and other management tasks of marine resources.

The Coral Reef Rehabilitation and Management Program – Coral Triangle Initiative (COREMAP-CTI) was approved on 13 December 2013 for \$53.52 million with Ordinary Capital Resources loan of \$45.52 million and a Global Environment Facility (GEF) grant of \$8.00 million. It became effective on 24 February 2014 with an anticipated closing date of 30 June 2019. The project impact is sustainable management of coral reef ecosystems in the project areas. The project outcome is enhanced capacity to manage coral reef ecosystems inside and outside 10 target MPAs (comprised of three KKPN or *Kawasan Konservasi Perairan Nasional* and seven KKPD or *Kawasan Konservasi Perairan Daerah*), in 7 districts and 3 provinces in Western Indonesia. The project locations were initially, 7 district MPAs located in Batam, Bintan, Central Tapanuli, Lingga, Mentawai, Natuna and North Nias, and 3 national MPAs in the districts of Anambas, Pulau Pieh and Gili Matra, with a total conservation area of 2.60 million ha. There were four outputs to be delivered under the project: (i) coral reef management and institutions strengthened, (ii) ecosystem-based resource management developed, (iii) sustainable marine-based livelihoods improved, and (iv) project management.

At the request of the Government of Indonesia, the ADB loan has been cancelled and will be offset by MMAF budgetary resources, while the proposal below seeks to restructure the GEF grant. Upon advice of GEF Secretariat, and consistent with Annex 10 of the "GEF Guidelines on Project and Program Cycle Policy", this proposal is being processed as a major project amendment.

Annex 1 provides ADB Response to GEF Secretariat on comments received 23 January 2019. Annex 2 provides ADB Response to GEF Secretariat comments received on 12 November 2018. Annex 3 provides timeline on the loan cancellation process, review missions and consultations which have led to finalization of this proposal. Annex 4 contains minutes from Government of Indonesia meeting on loan cancellation and continued investments from budget allocations.

Overarching Progress of COREMAP-CTI (as of July 2017)

Biophysical related to management effectiveness:

Biophysical progress as a result of COREMAP-CTI (ADB loan, GEF grant and MMAF co-finance) for the 10 MPAs is summarized below:

- a. 3 national MPAs, improvement in management effectiveness:¹

¹ Reference of the MPA management effectiveness rating system in Indonesia can be found in

- i) Anambas → from Yellow (2014) to Green (2017)
- ii) Pieh → from Yellow (2014) to Green (2017)
- iii) Gili Matra → from Yellow (2014) to Green (2017)

Management has been internalized with *Loka Kawasan Konservasi Perairan Nasional Pekanbaru* (Anambas, Pieh) and *Balai Kawasan Konservasi Perairan Nasional Kupang* (Gili Matra).

All National MPA (KKPN) already have Zoning and Management Plan (RPZ)

Effectiveness status in 2017 is considered as the baseline for setting the target for COREMAP-CTI restructured implementation (presumably from 2019)

b. 7 Local MPAs (KKPD)

- i) Natuna → from Red (2013) to Yellow (2017)
- ii) Batam → from Red (2013) to Yellow (2017)
- iii) Bintan → from Red (2013) to Yellow (2017)
- iv) Lingga → from Red (2013) to Red (2017)
- v) Nias → from Red (2013) to Yellow (2017)
- vi) Tapanuli Tengah → from Red (2013) to Red (2017)
- vii) Mentawai → from Red (2013) to Yellow (2017)

Seven (7) district level MPAs have **appointed decrees** (*SK Pencadangan*) by the Regent. Of these, four (4) district level MPAs have established Zoning and Management Plans (RPZ) including Nias, Mentawai, Bintan, dan Lingga; and two (2) district level MPAs have Draft Zoning and Management Plan (RPZ) including Batam dan Natuna.

Nias and Mentawai MPAs have been **gazetted** by Ministry of Marine Affairs and Fisheries; while Mentawai MPA has been managed by the Provincial Technical Implementing Unit (*Unit Pelaksana Teknis Daerah - UPTD*) of West Sumatra Province.

*Other progress related to **ADB loan**:*

Output 1 (Coral reef management and institutions strengthened)

- a. Thirty-four (34) community development workers have been deployed with a representation of women of 32%
- b. Coral reef management bodies (*lembaga pengelola sumber daya terumbu karang* [LPSTK]) have been established with 14% of women as managers and 39% women as members
- c. Regulations at village and district levels have been issued
- d. Indonesian Institute of Sciences (LIPI) has upgraded the coral reef management web-based information system to enable users to access data, reporting and learning modules
- e. LIPI also established monitoring networks *Coral Reef Information and Training Center*
- f. Twelve (12) MMAF staff have completed master degrees in 2016-2017 financed under both the ADB and WB loan projects.
- g. Training of around 400 people in themes related to coastal resource management

- h. Coral reef biophysical monitoring, and socio-economic survey of the coastal communities conducted as inputs to strengthen MPAs management.

Output 2 (Ecosystem-based resource management developed)

- a. Regular support for MPA management plan development and implementation
- b. Preliminary work on threatened and endangered species (*Kima*, turtle, Lola, dugong, napoleon, and sea horse) in selected MPAs
- c. Sustainable fisheries management included in MPA management plans, such as access management for fisheries area in Anambas and Gili Matra by the local and traditional communities to support the right based-fisheries management

Output 3 (Sustainable marine-based livelihoods improved)

- a. Sixty-eight (68) environmentally friendly infrastructure investments, including project management offices, information huts, boat docks, clean water facilities, turtle breeding, surveillance posts, kindergarten, port shelter, floating pontoons, box font, village roads, gates and visitor center entry points etc, and
- b. Some training conducted in shellfish crafts and other fishery products, community economic development training for tourism, mangrove crab cultivation and village tourism.

Output 4 (Project Management):

Two consultant contracts under the project were executed for project management services, both of which have been terminated in parallel with loan cancellation.

Financial progress

As of 22 October 2017, with an elapsed time of 70% from ADB loan approval, the cumulative disbursement of loan and GEF grant reached \$13.0 million and \$3.0 million respectively or 28% and 37% from total loan and grant. Confirmed GEF grant uncommitted funds are around **USD 5.2 million**.

Summary of Main Changes in Restructuring COREMAP-CTI

1. ***MMAF assumes responsibility for financing activities to meet original loan targets:***
In view of cancellation of ADB loan, transfer of responsibility for relevant loan-financed components will be to Government of Indonesia national and provincial budgets, primarily under the Ministry of Marine Affairs and Fisheries (MMAF).
2. ***Change in project Executing Agency:*** MMAF was the original executing agency for both the ADB loan and the GEF grant, however, under the new arrangement the Indonesia National Development Planning Agency (BAPPENAS) will be responsible for execution, with implementation tasked to ICCTF, a unit within BAPPENAS.
3. ***Address capacity gaps resulting from modification of law on responsibility for coastal and marine resource management:*** Original project design was consistent with Law on Decentralization (32/2004), which conferred responsibility for coastal and marine resources to district governments up to 4 nautical miles (nm) from the coastline, with provincial governments managing from 4 nm to 12 nm. A new Law on Recentralization (23/2014), transferred authority to provincial governments from shore to 12 nm - including for exploration, exploitation, conservation, marine spatial planning, and other management of marine resources - and local governments have none. There is a need to address a number of technical and financial capacity gaps at the provincial level, and also create 'bridging' mechanisms between provincial and district level governments.

There are corollary concerns that due to this circumstance, management effectiveness gains achieved for a large number of MPAs may backslide to further deterioration.

4. ***Focus on three MPAs in priority seascape, where pressures are high:*** The original project worked in 10 MPAs (3 national and 7 district) in 4 provinces, whereas the restructured approach focusses on 3 MPAs in 2 provinces which form part of a contiguous area under the Lesser Sunda Seascape (elaborated below), which is a priority seascape under the CTI-CFF.
5. ***Consolidation of outcomes and outputs:*** The original GEF project had 10 outcomes and 32 outputs from the combined loan and grant financing. The proposed restructuring consolidates 4 outcomes and 4 outputs. **Table 1** below provides detailed summary information on the original GEF project outputs, status as of July 2017 (loan cancellation) and proposed new outputs in relation to the original.

Table 1: Summary of Status of GEF-Related Outputs

Project Outcomes	Original GEF Outputs	Status Up to July 2017	Project Outcomes and Outputs
Coral reef management and institutions strengthened	1. Current MPA area monitoring, control and surveillance (MCS) systems reviewed, strengthened, and institutionalized	1. Supported for 7 district MPAs under the original project, through training for community development counselors, extension workers and community-based security (POKMASWAS) (See also 2 below)	Outcome: Coral reef management and institutions strengthened (in project areas)
	2. Relevant policies, by-laws, regulations, and action plans relating to MPA management and marine resource protection developed in participatory consultation with stakeholders and implemented in 10 MPAs	2. Sixteen (16) decisions and / or regulations concerning MPA management passed including 10 at national level (4 Ministerial Decrees, 3 Ministerial Regulations, 2 Directorate General Regulations, 1 Directorate General Decree); and 6 at district level (2 District Regulations and 4 Regent Decisions). In addition, 55 Village Head Decrees validating or establishing the Coastal Resources Management Agency (LPSP) in the village of COREAMAP-CTI location. LPSP is an institute that coordinates the technical implementation of COREMAP-CTI by community groups (POKMAS) at the village level	Target: Improve management effectiveness rating for Gili Balu MPA: to 100% green level, Gili Matra MPA: to 80% blue level, and Nusa Penida to 80% blue level.
	3. Coral reef health and associated ecosystem monitoring information system (CR-MIS) from 10 MPAs institutionalized and made accessible in a user-friendly web-based system at LIPI	3. CR-MIS established and operational: http://crmis oseanografi.lipi.go.id/	New Output 1.1: MPA management plan implementation enhanced <u>Main Activities:</u> Establish protocols and guidance documents which define and provide guidance for co-management agreements between provincial and district governments At least two (2) endangered / threatened species action plans developed and implemented. Candidate species include sea turtles, sharks, rays, and sunfish Eco-tourism elements integrated into MPA management plan implementation Sustainable financing mechanism, such as payment for ecosystems services, conservation trust funds etc., operational for at least 2 MPAs Indicative allocation: \$ 1,200,000
	4. Joint / integrated, inter-agency / community patrols conducted and enforcement improved at community level	4. Integrated with other Outputs, notably #1.	New Output 1.2: Capacity development and targeted training on coastal and marine management Target: Human resource capacity strengthened at provincial government level in project areas <u>Main Activities:</u>

Project Outcomes	Original GEF Outputs	Status Up to July 2017	Project Outcomes and Outputs
			<p>Short term training for at least 35 personnel</p> <p>International Master's level training for up to 4 persons (through "linkage program" with leading Indonesian institutions)</p> <p>Indicative allocation: \$ 600,000</p>
Ecosystem-based resource management plans developed and operational	<p>5. Ten (10) MPA management boards established</p> <p>6. 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</p> <p>7. Marine ecosystem valuation methodology piloted in three (3) national MPAs, (linked to 1.1 and 1.2)</p> <p>8. Development of ten (10) MPA finance/business plans and strengthening of financial management capacities</p> <p>9. Sustainable financing/PES mechanisms piloted in two (2) sites supporting MPA conservation and management. MPA business plans integrated into 10 sub-national coastal development plans and policies</p>	<p>5. Fifty-five (55) coral reef management institutions (LPSTK/LPSP) established within village administrative structures covering all the 10 MPA areas, and linked to provincial and national coastal resource management planning processes</p> <p>6. Six OMAPs validated and 4 OAMPs drafted</p> <p>7. No activities were initiated.</p> <p>8. Business plans provisionally integrated with activities supporting other Outputs, particularly #6. Limited support provided for financial management capacity development.</p> <p>9. No activities were initiated.</p>	<p>Outcome: Ecosystem-based resource management plans developed and operational (in project areas)</p> <p>New Output 2.1: Investments in community-based ecosystem restoration / rehabilitation and monitoring</p> <p>Target: To restore the function of coastal ecosystems in selected rehabilitation zones of project MPAs.</p> <p><u>Main Activities:</u></p> <p>Mangrove restoration in Gili Balu and Nusa Penida with target to restore at least 20% of degraded areas from baseline (to be determined).</p> <p>Coral reef restoration of at least 5% degraded areas through appropriate techniques in Nusa Penida MPA.</p> <p>Strengthening of community-based surveillance and patrolling operations (called "Pokmaswas") in all three MPAs.</p> <p>Indicative Allocation: \$ 1,400,000</p>

Project Outcomes	Original GEF Outputs	Status Up to July 2017	Project Outcomes and Outputs
	<p>10. MPA, coral reef and associated ecosystem management mainstreamed into relevant coastal development management plans/policies (10 district level Integrated Coastal Zone Management - ICZM plans</p> <p>11. Best practice, tools and approaches to marine ecosystems and fisheries management identified and adopted by MPA network</p> <p>12. Status of six (6) priority marine threatened species updated and linked to web-accessible database</p> <p>13. 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</p>	<p>10. No direct reporting on this, but confirm that ecosystem management has been central to the MPA management plan development process.</p> <p>11-13. Limited actions undertaken. Guidelines for monitoring the population and action plans for protected fish species and/or endangered are being targeted in this project (Napoleon, Turtle, Sea Horse, Kima, Sea Cucumbers and Lola), technical guidance on the handling of stranded mammals; as well as a fish species data collection workshop. In order to encourage utilization of fish: i) a business plan for the utilization of fish (sea horses and giant clams) has been completed; ii) the development of the service system (application) CITES and the guidance of the technical and drafting regulations</p>	
Sustainable marine-based livelihoods improved	<p>14. Mapping and zoning of designated (10) MPAs through participatory demarcation</p> <p>15. Establishment of permanent monitoring transects</p> <p>16. 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</p>	<p>14. Small area island zonation plans for all 10 MPAs. However, since the enactment of Law No. 23/2014 on recentralization, the drafting and ratification of the plans need to be approved by the Provincial Governments</p> <p>15. No reporting.</p> <p>16. No activities undertaken.</p>	<p>Outcome: Sustainable marine-based livelihoods improved (in project areas)</p> <p>New Output 3.1: Sustainable fisheries and livelihoods promoted in project areas</p> <p>Target: To implement sustainable commodities management practices for tuna, snapper and seaweed for identified project communities.</p> <p><u>Main Activities:</u></p> <p>Supply chain analyses, ecosystem-based approach to addressing management challenges, demonstrations</p>

Project Outcomes	Original GEF Outputs	Status Up to July 2017	Project Outcomes and Outputs
	17. Support for integrated, inter-agency (MPA, District Fisheries, Navy, Coastal Police) surveillance patrols at District/MPA level	17. Integrated with Outputs 1 and 4 above.	in best practice for key stakeholders in value chain in each commodity Livelihood capacity improvement for at least three (3) community organizations at project sites, to increase household level income Indicative allocation: \$ 1,400,000
	18. Training and guidance in conservation based livelihood activities for 100 community groups 19. Certification regimen for sustainable marine resource use piloted. 20. At least 10 model livelihood microenterprises supported and replicated	18 – 20. Only some preliminary activities supported, including entrepreneurship training for community organizations	
Project management, monitoring and evaluation			<p>New Outcome: Project management, monitoring and knowledge transfer</p> <p>New Output 4.1 Monitoring and knowledge sharing / transfer implemented</p> <p><u>Main activities</u></p> <p>Project level monitoring and evaluation system established and operational, including monitoring of ecosystem health indicators (in collaboration with LIPI and local universities),</p> <p>Relevant data management systems strengthened / maintained and updated at provincial levels</p> <p>Knowledge products developed and disseminated to target audiences</p> <p>Indicative allocation: \$ 350,000</p> <p>New Output 4.2 Effective project management</p> <p><u>Main activities</u></p>

Project Outcomes	Original GEF Outputs	Status Up to July 2017	Project Outcomes and Outputs
			<p>Project implementation unit created and operational within BAPPENAS; with outreach to 3 sites, to support activities and manage stakeholder relations</p> <p>Indicative allocation: \$ 250,000</p>

Revised Project Objective

Original objective as stated in GEF Request for CEO Endorsement document:

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

Revised project objective:

“Sustainable management of coral reef ecosystems in Indonesia through enhanced capacity to manage coral reef ecosystems in three (3) Marine Protected Areas (MPAs) in Lesser Sunda Seascape covering 30,000 hectares”.

Proposed Project Duration

Three years, anticipated from August 2019 to August 2022.

Proposed Project Areas

Within the Coral Triangle region, there are eleven (11) identified marine eco-regions. One of these is the Lesser Sunda Eco-region (LSE), which includes a chain of islands from Bali in the west to Timor-Leste in the east, north along the Nusa Tenggara Islands and south to Sumba and Rote Islands. LSE covers three Indonesian Provinces (Bali, Nusa Tenggara Barat and Nusa Tenggara Timur), parts of a fourth (Maluku) and the country of Timor-Leste. It consists of 35,802,039 hectares of ocean and 10,886 kilometres of coastline. The LSE is among one of the highest biological diverse eco-regions in the world, providing habitat for 76% coral reef species and 2,631 reef fish species. It is also a migration path of the Cetacean and six sea turtle species from Indian Ocean to Pacific Ocean.

Within the LSE, a number of key characteristics have been identified:

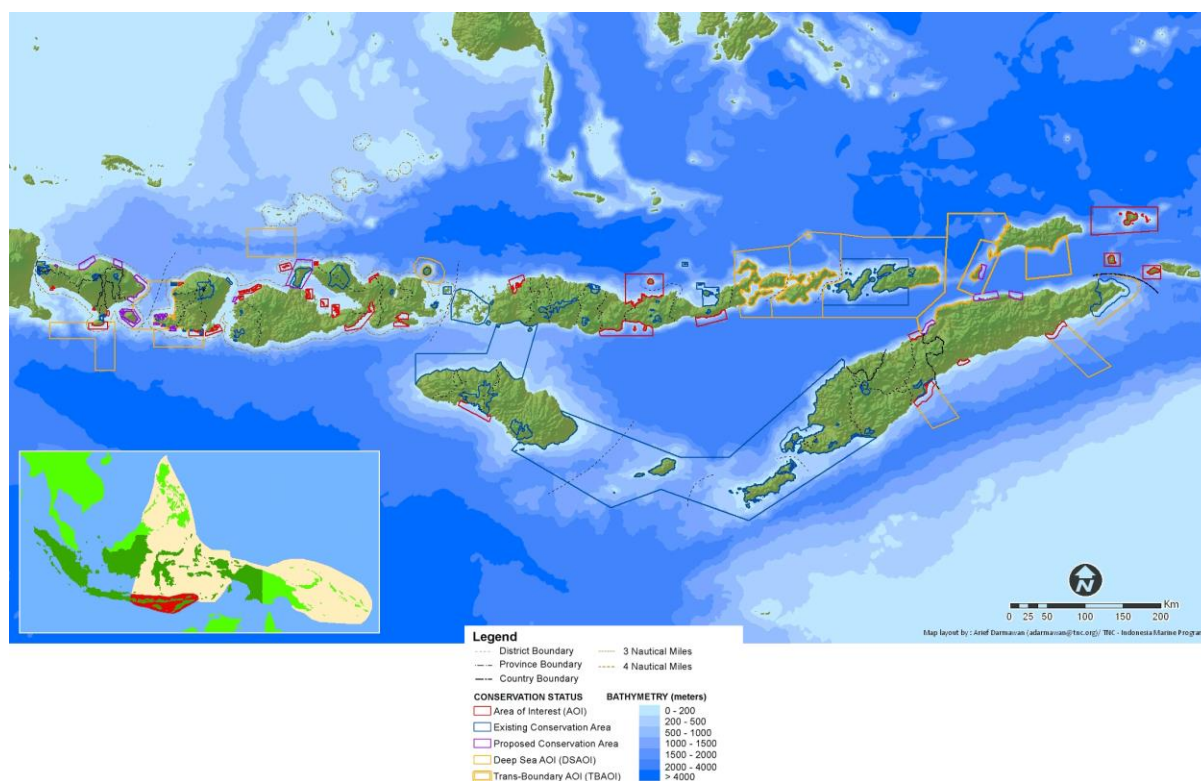
- a) Environmental conditions: The southern side of the main island chain is an important transition zone with the Indian Ocean, which encompasses a wide range of environmental conditions, including high energy/exposed areas and strong currents
- b) Oceanography: There are different water masses north and south of these islands. Water moves from north to south through the straits between the islands, but there is limited water exchange in the opposite direction, and
- c) Biological: The transition zone has distinct faunal elements, including endemic stomatopods, and distinct foram and coral assemblages (with relatively low coral diversity in some areas due to high exposure and currents).

Bio-physical and satellite imagery have delineated 24 distinct “coral reefs” within the LSE, each of which are likely to have a degree of biological similarity and connectivity and serve as the focus of conservation efforts, particularly marine protected areas (MPAs).² Three of these are in Bali (Northwest Bali, Bukit Peninsula and Nusa Penida) and four in Nusa Tenggara (Adurna and Kawular, Alor and Pantar, Atauro, Wetar and Romang, Leti Islands).

Initial work supported by USAID, The Nature Conservancy (TNC), World Conservation Society (WCS), WorldFISH and a number of other conservation and development organizations have designated MPA networks in each of the four provinces within LSE; and advanced some capacity development initiatives to strengthen management effectiveness of selected MPAs. The ADB COREMAP-CTI included Gili Matra in West Nusa Tenggara among its 10 targeted

² Devantier et al, 2008

MPAs. As Figure 1 below illustrates, MPA networks have been mapped for this eco-region, with some biophysical data collected and available. There are 11 shallow coast and 2 deep sea MPAs in Bali; and 36 shallow coastal and 3 deep sea MPAs in West Nusa Tenggara.³



*Figure 1: Map of Lesser Sunda Eco-region to support MPA network design
(source: The Nature Conservancy)*

In 2013, the Coral Triangle Initiative on Coral Reefs, Fisheries and Food Security (CTI-CFF) seascape technical working group identified the Lesser Sunda Ecoregion as a priority seascape for the CTI-CFF. Of special note were the ecoregion's shallow coastal habitats (coral reef, mangroves, seagrass and estuary), deep sea habitat features (seamounts and underwater canyons) and diverse marine life. More recently in April 2018, led by the Indonesia CTI-CFF National Coordinating Committee (NCC), LSE was formally nominated (along with the Bismark Solomon Seascape) and endorsed by the Council of Senior Officials (CSO) as a priority seascape at its meeting in November 2018.⁴

Project Site Selection

Three MPA sites (totalling roughly 30,000 ha) have been identified for intervention under this re-structured project. Management effectiveness will be measured using the national system for MPA management effectiveness ratings - referred to as E-KKP3K. The system is used by the MMAF and other stakeholders, and classifies MPAs into 5 stages of development based on seventeen main parameters:

³ Green, 2011.

⁴ CTI-CFF Seascapes Working Group. "Multilateral Meeting on the Nomination of Lesser Sunda and Bismark Solomon Seas Eco-region as Priority Seascapes", Jakarta, Indonesia, 20 April 2018.

Level 1 is red indicating that an area has been reserved

Level 2 is yellow – management agency formed

Level 3 is green, indicating that institutional strengthening is taking place with core management and infrastructure emerging

Level 4 is blue which indicates optimal management occurring, and

Level 5 is gold, which indicates that a decree and sustainable financing mechanisms are in place and NGOs are actively contributing to sustain efforts.

The system is such that MPAs can increase management effectiveness by addressing key indicators in all categories at the same time.



Figure 2: Evaluation Effectiveness of Marine Protected Area Management in Indonesia

The three project sites with corresponding 2018 baseline values for management effectiveness include:

Gili Matra, West Nusa Tenggara⁵, national jurisdiction, 2,954 ha currently at 63% blue stage



Gili Balu West Nusa Tenggara, provincial jurisdiction, 6,728 ha, currently at 81% green stage



Nusa Penida, Bali, provincial jurisdiction, 20,057 ha, currently at 57% blue stage



⁵ Among the original MPAs in the project. Priority is retained as this is part of the Lesser Sunda Seascape and subject to rapid population growth combined with eco-tourism and other pressures – including recovery from a recent earthquake.

Main Barriers to be Addressed

The revised GEF project will aim to promote barrier reduction in four main areas:

Ecosystem integrity and food security:

Despite efforts to strengthen coastal and marine areas, biodiversity loss and ecosystems services continue to degrade. Deforestation has led to the clouding of coastal waters. Tourism and construction associated with economic development has generated significant urban and industrial waste. Frequent anchoring and grounding of tourist boats have damaged local reefs. Reef blasting has further degraded local habitats. Unsustainable fisheries practices and net entanglements, plastic waste, ship strikes with migrating whales, underwater noise pollution from shipping lanes, seismic and operational activities from the oil and gas industry, as well as large-scale coastal infrastructure development (ports and mining), compound the problems. These are exacerbated by natural pressures such as volcanic activity, earthquakes, landslides and cyclones.

Legislative framework governing management authority for MPAs:

Law 23 which transfers management responsibility and authority from district to provincial governments (i.e. a “recentralization”), has profound implications for future coastal and marine ecosystems. There is a need systematically, to address implementation and coordination issues in this regard.

Functional overlap and unclear mandates of key national, regional, provincial and district agencies:

In view of Law 23 and also the implementing rules and operating principles related to MPA management plans, there will need to be better coordination of mandates and responsibilities for natural capital management. This would be horizontally across Ministries and Departments (e.g. MMAF, MOEF, BAPPENAS, Home Affairs, Public Works, police and coast guard etc), and vertically from district, regency, provincial to national.

Limited capacity at provincial levels:

At the provincial level, there is currently a lack of human resources capacity to manage existing (local) MPAs. This is exacerbated by the distance from provincial governments' offices to local MPAs, which increases transaction costs. The legal status of local MPAs is also unclear. With authority for marine conservation and spatial planning resting at provincial and national levels, any decrees of Regents or Mayors on coastal and marine areas may not be valid. Only some MPAs of significance may be designated as provincial or national MPAs, yet the financing mechanisms for provinces have yet to be confirmed and institutionalized.

Revised Scope of Alternative Scenario

The restructured project will rationalize and consolidate the numerous output indicators which were identified in the original GEF Results Framework. The impact objective will be to ensure sustainable management of coral reef ecosystems in and around three MPAs in Lesser Sunda Seascape. Work will cover about 30,000 ha and contribute to an overall national target of 2.6 million hectares of effectively managed MPAs, led by MMAF.

Outcomes include: (i) Coral reef management and institutions strengthened in project areas, (ii) Ecosystem-based resource management plans developed and operational, (iii) Sustainable marine-based livelihoods improved, and (iv) Project management, monitoring and knowledge transfer.

The overarching management effectiveness targets for the project will be: i) Gili Balu MPA: improvement to 100% green level, ii) Gili Matra MPA: improvement to 80% blue level, and iii) Nusa Penida MPA: improvement to 80% blue level.

The revised scope of activity and related outputs are elaborated below:

Table 2: Indicative Budget per Output

Output	Indicative Budget (in USD)
Output 1.1: MPA management plan implementation enhanced	1,200,000
Output 1.2: Capacity development and targeted training on coastal and marine management	600,000
Output 2.1: Investments in community-based ecosystem restoration / rehabilitation and monitoring	1,400,000
Output 3.1: Sustainable fisheries and livelihoods promoted in project areas	1,400,000
Output 4.1 Monitoring and knowledge sharing / transfer implemented	350,000
Output 4.2 Effective project management	250,000
TOTAL	5,200,000

Outcome 1: Coral Reef Management and Institutions Strengthened in Project Areas

Output 1.1: MPA management plan implementation enhanced

This output will support the following actions:

- i) Establish protocols and guidance documents which define and provide guidance for co-management agreements between and among governments, sustainable funds and MPA contribution to sustainable fisheries management. Work will include gap analysis of policy and regulation, technical assistance for district, provincial and central government departments, workshops, public consultation and surveys
- ii) At least two (2) endangered / threatened species action plans developed and implemented. Candidate species include sea turtles, sharks, rays, and sunfish. This will be supported through stakeholder / community consultations, conduct of biophysical assessments, socio-economic surveys, design and roll out of behavior change communications (BCC) campaigns, tagging and monitoring program for selected species
- iii) Eco-tourism elements integrated into MPA management plan implementation supported by stakeholder consultations (including private sector) leading to strategy development, prioritization of key infrastructure investment opportunities, installation of visitor management systems, construction of light infrastructure (site stations, viewing decks, boardwalks etc), awareness creation and knowledge product development and dissemination
- iv) Sustainable financing mechanism, such as payment for ecosystems services, establishment or strengthening of conservation trust funds etc., operational for at least 2 MPAs. These activities will be undertaken in coordination with existing and planned programs of other organizations, with knowledge and practices shared as resources permit.

Output 1.2: Capacity development and targeted training on coastal and marine management

The objective of this output is to strengthen human resource capacity of key stakeholders from district, provincial, and as needed, central government professionals on marine and coastal management. The activities will be two-fold. First, to support short-term trainings focusing on

sustainable fisheries management plans and coastal ecosystem valuation that also include issues on coastal carbon, conservation or integrated coastal management. At least 35 persons will be targeted from local government departments (primarily BAPPENAS, MOEF, MMAF, LIPA and others) which will be identified through a number of selection criteria, with prioritization given to provincial-level candidates and gender balance. The training will consist of a combination of short courses offered at international institutions and/or leading Indonesian institutions.

The second activity under this output will be to provide support for International Master's degree programs for up to 4 mid-career candidates in fields relevant to integrated coastal management⁶. This will be done under a “**linkage**” or **cooperative** arrangement between an overseas university (e.g. in Asia / Oceania region) and a leading Indonesian university. Candidates would undertake the first part of the program overseas (e.g. Year 1) and complete the program in-country (e.g. Years 2 onward). Discussions are ongoing with participating institutions. Candidates will represent: i) provincial governments (2 persons), and ii) technical implementation units (UPT) at project sites (1 person) and iii) central government (1 person). Efforts will be made to ensure gender balance.

Outcome 2: Ecosystem-based Resource Management Plans Developed and Operational

Work under this output will also be undertaken in two sites, with a view to creating enabling conditions and models for replication and scaling up.

Output 2.1: Investments in community-based ecosystem restoration / rehabilitation and monitoring

The objective of this output is to restore the function of coastal ecosystems in selected rehabilitation zones of project MPAs. This will be based on initial cursory assessments already done by MMAF and its partners for the MPAs. Below are the mapped areas relevant to each MPA:

Table 3: Ecosystems Areas by MPA (in hectares)

Ecosystem Type / Area by MPA	Nusa Penida MPA	Gili Matra MPA	Gili Balu MPA
Coral	1,419.00	696.00	1,924.81
Mangrove	230.00	1.81	24.02
Seagrass	108.00	205.13	140.96
Total	1,757.00	902.94	2,089.79

Source: MMAF

The activities will include biophysical and hydrological surveys to determine nature and extent of degraded areas, feasibility analysis, research on methods of regenerative agriculture and restoration techniques, cost/benefit analysis on options, orientation workshops, restoration / rehabilitation activities, maintenance and monitoring - depending on the level of degraded area in each MPA.

⁶ Candidate selection criteria will include, but not be limited to: i) appropriate English proficiency, ii) entry requirements fulfilled, iii) course / research topic of relevance to project, iv) suitable supervisory staff available in Indonesia and abroad, v) visa requirements fulfilled, vi) candidates commit to return to home office to apply new skills and knowledge, and vii) candidates must be selected within six months of project inception, and complete full requirements before project termination. The project will not be able to provide support once terminated, and if necessary, alternative sources of support will be sought.

Preliminary data from MMAF suggests that between 2015 and 2016, coral reef health improved from 31.53% to 40.1%; mangrove health improved from 59.5% to 72.7%; and seagrass health declined from 46.24% to 44.5% in Gili Matra MPA. This could be attributed to interventions from COREMAP-CTI and other projects. However for Nusa Penida MPA, coral health declined from 84.5 % in 2015 to 67.2% in 2016. No further data is available.

The focus of activity will be as follows: i) mangrove restoration in Gili Balu and Nusa Penida with target to restore at least 20% of degraded areas from baseline (to be determined), ii) coral reef restoration of at least 5% degraded areas through appropriate techniques, in Nusa Penida MPA. This work will be supported by strengthening regular community-based surveillance and patrolling operations (called “Pokmaswas”) in all three MPAs.

Outcome 3: Sustainable Marine-Based Livelihoods Improved

Output 3.1: Sustainable fisheries and livelihoods promoted in project areas

The main objective of this output is to implement the sustainable commodities management for tuna, snapper and seaweed through the preservation of the traditional wisdom that has been used for generations in the project areas; as well as ensuring the sustainability of marine product value chains for local fishers and seaweed farming families in the project sites. Target markets will be those in Bali, Lombok and others. It will adopt an ecosystems-based approach, and build on, and complement similar work in other sites supported by other donors. The consolidated lessons and knowledge from this output would later be scaled up to the national level, and also serve as basis for Government to consider future investments.

Under this output, activities will include: biophysical surveys, stock assessments, supply chain and market analysis, demonstrations of sustainable fishing / farming techniques, strengthening of post-harvest production and management, responsible packaging and market development, cross visits and knowledge sharing. Small scale equipment and supplies provided to community groups for fishing will be modified and environmentally friendly, to include such technologies as: i) hook and line, ii) turtle extruder devices, iii) bycatch reduction devices, and others. Work will support efforts to evaluate and implement a range of ecosystems management options.

Snapper fishery:

Concerns with sustainability of the snapper fishery in Indonesia have been documented in a number of case studies. In addition to the activities described above, the GEF project will work with small scale snapper fisheries to establish science-based evidence base which would guide and inform governments, community-based organization and private sector on management options, which could include: i) closure of MPAs, ii) capacity controls (license fees, fleet size, vessel type, gear type, minimum legal size of fish, minimum legal size gear), iii) effort limits (i.e. seasonal), iv) catch limits, v) multizone management, vi) habitat protection, vii) stock enhancement (e.g. post-larvae), viii) fishery closure.

The project would also look at vessel management system (VMS) for larger vessels to monitor location and operational hours, as well as promote certification systems, and fishery improvement initiatives which encourage traceability and transparency with direct engagement downstream in the supply chain - traders, wholesalers / retailers and consumers.⁷

⁷ a) www.fishsource.org; b) California Environment Associates. “Trends in Marine Resources and Fisheries Management in Indonesia: A 2018 Review”, pp. 62-67.

Tuna fishery:

Indonesia has a National Action Plan for tuna management, which is used as a benchmark for tracking progress and facilitates collaboration between government, NGOs, and academics toward improved tuna fisheries management. The government has improved the registration of fishing vessels in the country to help strengthen tuna fisheries management. The GEF project will focus on support for areas where smaller vessels operate, closer to shore, and common tuna species fished. Initial scoping suggests that this could be: i) yellowfin, skipjack, kawakawa, and wahoo species, which are traditionally fished by small boats using handline methods. Or ii) skipjack tuna using pole and line methods. It will advance a number of management efforts, including: i) preparation and implementation of harvest control rules, ii) implementation and management of fish aggregating devices (FADs) – if appropriate - which promote voluntary minimum sizes, iii) strengthen community-based monitoring and law enforcement, and iv) strengthen linkages on the demand side of the supply chain, with traders, processors, distributors and consumers.⁸

Seaweed cultivation:

Seaweed would be subject to open ocean aquaculture techniques, and also promises to generate positive environmental benefits on a number of fronts: i) does not require fertilizers or pesticides, ii) improves water quality through nitrogen-fixing properties (depending on species), iii) contributes to coral reef stabilization by increasing diversity of local algae, and iv) eases pressure on local fish stocks, by increasing household incomes. Seaweed farming is a proven way of improving the socioeconomic conditions of fisher communities, by increasing incomes and encouraging participation of communities, particularly women. The project will ensure that some key constraints are addressed /eliminated, including diseases and post-harvest challenges, issues related to ownership, seasonal shifts due to monsoons, marketing limitations, and traditional reliance on brokers and intermediaries.⁹

Efforts under this output will aim to support livelihood opportunities for 3 community-based enterprises in the project areas, as well as identify future investment opportunities for both government and external financing agencies.

Output indicators: i) Supply chain analyses and demonstrations which will be used by policy makers and planners, program implementation units of Government ministries and departments, investment groups, industry associations and private sector, ii) Livelihood capacity improved and income enhanced for at least three (3) community organizations at project sites.

Outcome 4: Project Management, Monitoring and Knowledge Transfer

Output 4.1 Monitoring and knowledge sharing / transfer implemented

A project level monitoring and evaluation system will be established and operational, including monitoring of ecosystem health indicators (in collaboration with LIPI and local universities), This will build on, and contribute to, the current system that is in place¹⁰. Steps will be taken to ensure that relevant data management systems strengthened / maintained and updated at provincial levels. Knowledge products developed and disseminated to target audiences

⁸ Ibid pp. 75-81

⁹ Zamroni, A et al. "The development of seaweed farming as a sustainable coastal management method in Indonesia: an opportunities and constraints assessment" in Sustainable Development and Planning, Vol 150 pp. 507-516.

¹⁰ <http://www.kkji.kp3k.kkp.go.id/>

Output 4.2 Effective project management

The main project management unit (PMU) will be located within the ICCTF offices within the BAPPENAS. The PMU will consist of a GEF Project Director¹¹ (not remunerated), a GEF Project Manager. The Project Manager will be responsible for the day-to-day operations and administration, and will be supported by a team consisting of a Finance Officer and an Administration Officer, as well as three Site Coordinators (deployed in the field). The Project Manager will develop and implement the project M&E system, with assistance from an M&E Specialist. More detailed terms of reference will be drafted for these positions, which will include maintaining and updating of GEF Biodiversity Tracking Tools.

Continued National Investments in Management of Marine Protected Areas

Concurrent to the GEF-financed activities herein, the MMAF will continue to provide technical assistance and related support to the following MPAs in **Table 4**. With exception of Gil Matra, these are outside the scope of this GEF proposal, although there will coordination of efforts by BAPPENAS, MMAF, LIPI and other stakeholders. MMAF confirms that national budget (APBN) funds have been allocated to support institutionalization of MPA management plans as reflected in its 2017 and 2018 work plan. MMAF has two programs dedicated to the preparation of biophysical baseline data on biomass and fisheries stock as part of the implementation guidelines for MPAs.

Efforts are also underway towards building regional conservation zones (such as in Anambas) that can be developed as 'service units'. It is expected that funds from ecotourism, marine culture, fisheries, and research and development could be mobilized to support those service units. Based on the project achievements so far, there are the remaining gaps to fully achieve the project objectives such as full effectiveness of the management of all the target MPAs. As a result of the Law No 23/2014, Provinces are required to establish a management body and to legalize MPAs plans. MMAF will continue to provide technical assistance and guidance to each MPA, especially on how to manage the areas to benefit the local communities. Notwithstanding this support, provincial agencies will need training and facilities to manage the MPAs. MMAF also noted that there were gaps in the adoption of ecosystem-based approaches within fisheries management areas (*Wilayah Pengelolaan Perikanan* - WPP), as this relates to the demarcation of areas for conservation.¹²

Table 4: MMAF-funded Project Sites

Marine Conservation Area	Legal Basis	MPA Area Status (Gazetted/ Appointed)	Zoning and Management Plan (RPZ) Status	Confirmed Area (in ha)
MPA (national) / Marine Tourism Park Anambas	Decree of Minister of Marine Affairs and Fisheries (MMAF) no. 37/KEPMEN-KP/2014 dated 15 July 2014	Gazetted by MMAF	OK	1,262,686
MPA (national) / Marine Tourism Park Pieh	Decree of Minister of Marine Affairs and Fisheries no. 70/MEN/2009 dated 3 September 2009	Gazetted by MMAF	OK	39,900

¹¹ The Coordinator of the ICCTF Working Group on Marine and Fisheries will be ex officio GEF Project Director.

¹² The official target stipulates that 30% of fisheries management areas need to be set out for conservation.

MPA (national) / Marine Tourism Park Gili Matra	Decree of Minister of Marine Affairs and Fisheries no. 67/MEN/2009, dated 3 September 2009	Gazetted by MMAF	OK	2,954
MPA (province) Tapanuli Tengah	Decree of Regency Head No. 1421/DKP/Th 2007 dated 7 November 2017	Appointed by the head of regency	Draft	81,243
MPA (province) Nias Utara	Decree of Regency Head No. 188.45/14/K/2015 dated 20 January 2015	On process to be gazetted by MAMF	OK	29,231
MPA (province) Mentawai	Decree of Regency Head No.178/2006 dated 11 March 2006 changed into decree no. 188.45/42 year 2012 dated 27 April 2012	On process to be gazetted by MMAF	OK	129,566
MPA (province) Natuna	Decree of Regency Head No. 378 year 2008 dated 28 December 2008	Appointed by Head of Regency, on review to become national MPA	Draft	142,997
MPA (province) Natuna	Decree of Regency Head No. 304 year 2011 dated 30 December 2011	Appointed by Head of Regency, on review to become national MPA	Draft	9,227
MPA (province) Batam	Decree of City Major No. Kpts 14/HK/VI/2007 dated 4 June 2007	Appointed by the head of regency	Draft	66,867
MPA (province) Bintan	Decree of Regency Head No. 261/VIII/2007 dated 23 August 2007	Appointed by the head of regency	Final Draft	472,905
MPA (province) Lingga	Decree of Regency Head No. 280/KPTS/X/2014 dated 3 October 2014	Appointed by the head of regency	Final Draft	385,467
Total MPA area (in ha)				2,623,043

Institutionalization and Sustainability

To date, the original COREMAP program has been institutionalized by internalizing management responsibilities as follows:

- ✓ 3 National MPAs are managed by Technical Management Unit under the Directorate General (DG) Marine Spatial Plan, Ministry of Marine Affairs and Fisheries (MMAF)
- ✓ 7 Local MPAs are managed by Provincial Government of Kepulauan Riau, North Sumatera and West Sumatera through their respective Marine and Fisheries Agencies
- ✓ Nusa Penida, MPA is managed by Provincial Government of Bali through its Marine and Fisheries Agency.

Continued investments by MMAF to achieve and maintain 2.6 million hectares of MPAs will be done through the annual national budget allocation process (called APBN), or “recurrent expenditures”. Management of the provincial level MPAs will be covered through the annual

local government annual budget allocation (called APBD) and a “Special Allocation Fund” (called DAK). Provincial MPAs will also benefit from the national APBN to an extent.

Under the GEF grant, efforts will be made to establish / strengthen financing to maintain ecosystems services functions in project areas over the long term. This will be done through PES, conservation trust funds or similar mechanism. Work under Output 3.1 related to marine commodity supply chains is specifically designed to inform and guide future national and provincial budget deliberations, as well as attract or ‘crowd in’ private sector investments.

Sustainability concerns will also be addressed through the general project approach of engaging civil society and community-based organizations to take stewardship of natural resource management - particularly through participatory methods under Output 2.1 related to rehabilitation / restoration of ecosystems services. Moreover, under Output 3.1, support for two fishery supply chains and seaweed cultivation enterprise aim to improve household level incomes in the three project areas, lessons from which will be used for scaling up in future.

Global Environmental Benefits (GEBs)

The original GEF CEO Endorsement document, prepared under GEF-5¹³, does not articulate Global Environmental Benefits (GEBs) in the same way as more recent GEF programming cycles. However, by and large, the anticipated GEBs under the restructured project will not be reduced from the original targets. In fact, the GEBs will be: a) better understood by the project proponents and stakeholders given the current state of knowledge, and b) enhanced by some newly defined interventions.

The project is aligned with priorities that are outlined in the GEF-4 programming directions under Biodiversity as they relate to: i) Sustainable protected area systems (sustainable financing, consolidating marine & terrestrial protected area networks) ii) Mainstreaming biodiversity (strengthening the policy and regulatory framework, fostering markets for ecosystem goods and services). As the need to keep up with the prevailing knowledge and capacity requirements, the project is also aligned with more current GEF programming priorities as they relate to: i) effective protection of ecologically viable and climate-resilient representative samples of the country’s ecosystems and adequate coverage of threatened species at a sufficient scale to ensure their long term persistence; ii) sufficient and predictable financial resources available, including external funding, to support protected area management costs; and iii) sustained individual and institutional capacity to manage protected areas such that they achieve their conservation objectives.

The project will support:

- i) improved management effectiveness of 30,000 ha of marine areas for conservation and sustainable use,
- ii) strengthened ecosystems services across 4,000 ha of coral reef area and 250 ha of mangroves
- iii) conservation status of two marine species improved
- iv) two overexploited marine fisheries under sustainable practices in project areas, and
- v) improved water quality in seaweed farming areas (# ha to be determined)

The project will also monitor direct beneficiaries disaggregated by gender.

¹³ As an administrative note, the COREMAP-CTI was processed as GEF 5, but is linked to a programmatic approach initiated under GEF 4.

Gender Equality

Project implementation will be guided by the ADB and GEF policies and approaches to gender equality. The existing COREMAP-CTI gender action plan will be updated to align with the restructured project.

Institutional Arrangements

Based on the ADB review, followed by government consultations referenced above, BAPPENAS has been identified as the Executing Agency. Within BAPPENAS the International Climate Change Trust Fund (ICCTF) office has been identified as the key focal unit within the BAPPENAS to lead implementation. ADB (along with World Bank) has finalized financial management and procurement capacity assessments for ICCTF.

The existing Grant Agreement between GOI and ADB, dated 23 December 2013, shall be reviewed, but based on current understanding there will be no need for amendments. A Project Steering Committee (PSC) will be chaired by Ministry of National Development Planning / BAPPENAS with members consisting of BAPPENAS, Ministry of Environment and Forestry, Ministry of Marine Affairs and Fisheries (MMAF), Indonesian Institute for Sciences (LIPI) and Ministry of Finance. The PSC would meet annually to review and endorse work plans.

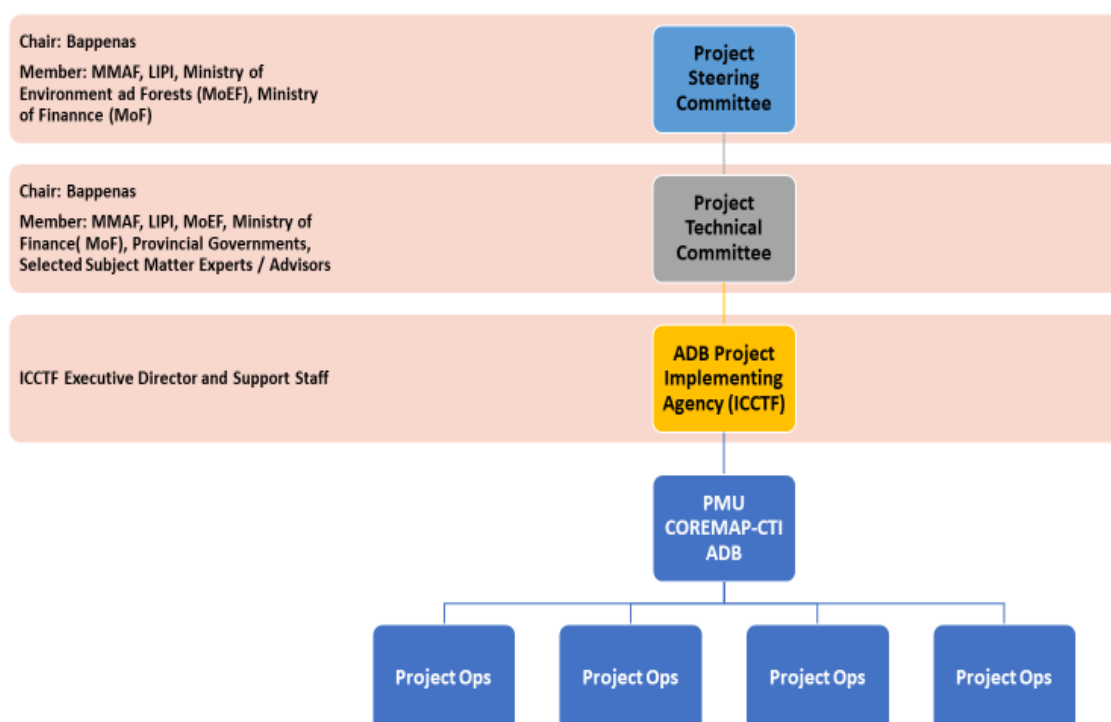


Figure 3: Schema of project management structure

A Technical Committee (TC) will be established along with invited observers to guide implementation and address operational concerns. The TC consists of representatives from central and provincial governments, NGOs and academic/research institutions. The TC will convene on a quarterly basis. Day to day management will be covered by a Project Management Unit (PMU) in ICCTF led by the GEF Project Director and PMU team, including a full time Project Manager (see below).

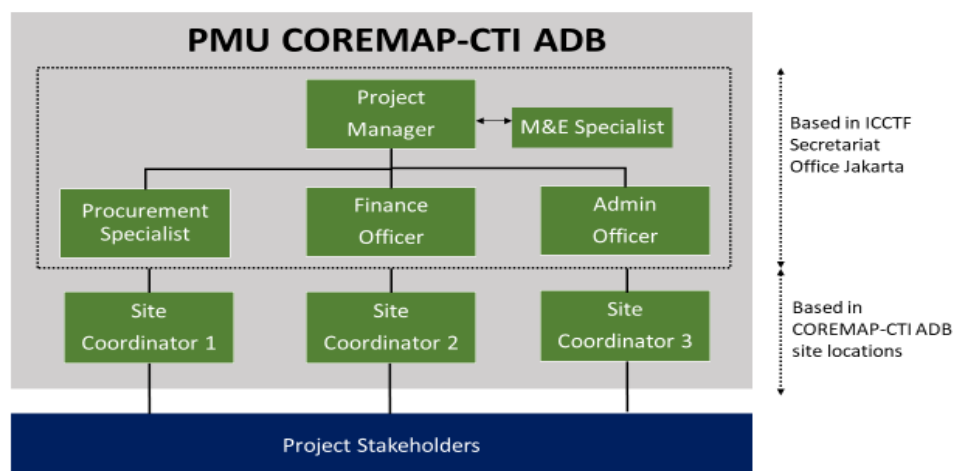


Figure 4: Project Management Unit (PMU) Schema

Project Procurement

A procurement plan will be developed during the inception / work plan development. Any project-related procurement will need to comply with the “Guidelines on the Use of Consultants by ADB” (March 2013) and “Procurement Guidelines” (March 2013), as amended from time to time.

The restructured COREMAP-CTI, if approved, will be processed as a grant by ADB. Technical delivery shall be done through a combination of civil society organizations / non-government organizations, research and academic institutions, foundations and corporations, as well as individual contractor specialists. Procurement shall be undertaken in adherence to ADB’s Guidelines on Procurement of Consultants (as amended from time to time).

Revised Design and Monitoring Framework

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks ^a
Impact Sustainable management of coral reef ecosystems in the project areas	By 2028: Live coral cover increases or remains stable in project areas (baseline: to be determined in Nusa Penida, Gili Matra and Gili Balu) 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 2019)	Ecological surveys of LIPI and other NGOs MMAF / MOEF Marine Resource Assessments Government's Annual Statistical Publication	Assumptions Government, particularly provincial, and community support 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, contributing to ecosystem integrity and food security at the three project sites (around 30,000 ha), which forms part of the national network of effectively managed MPAs covering 2.6 million ha	By 2025: MPA management effectiveness for 30,000 ha Targets: Gili Balu MPA: improvement to 100% green level Gili Matra MPA: improvement to 80% blue level Nusa Penida MPA: improvement to 80% blue level. (from baseline Dec 2018)	Project technical reports MPA managers' effectiveness score card assessment GEF Biodiversity Tracking Tool	Assumptions Strong collaboration exists amongst all stakeholders High quality human resources are available Risks Potential conflicts amongst project stakeholders Insufficient political will at the local levels (e.g. district, regency, provincial)
Outputs 1. Coral reef management and institutions strengthened in project areas	Co-management agreements between district, provincial and central (as appropriate, developed) Conservation status of at least 2 endangered / threatened marine species improved Eco-tourism capacity enhanced in selected areas Sustainable financing mechanisms legitimized,	Project technical reports, surveys and assessments Reports of project management (M&E system) Reports from individual candidates who undertake training	Assumptions Provincial governments internalizing technical and extension services in coordination with district governments and communities Local leaders allocate time to marine monitoring and law enforcement

	<p>strengthened and operational in 2 MPAs</p> <p>Provincial and other government staff trained sub-themes related to integrated coastal management</p> <p>Four mid-career government staff obtain Masters degrees through “linkage” program between international and local institutions</p>	Annual reports of MMAF, LIPI and BAPPENAS	<p>Risk</p> <p>Institutional challenges related to codifying new functions related to Laws 23 and 47, combined with capacity constraints</p>
2. Ecosystem-based resource management plans developed and operational in project areas	<p>Ecosystem rehabilitation / restoration investments demonstrated in selected areas</p> <ul style="list-style-type: none"> ✓ At least 20% of degraded mangrove areas in Nusa Penida and Gili Balu restored / rehabilitated ✓ At least 5% of degraded coral reef restored / rehabilitated in Nusa Penida 	<p>Project surveys and assessments</p> <p>Reports of project management (M&E system)</p> <p>Annual reports of MMAF, LIPI and BAPPENAS</p> <p>Media and other external reports</p>	<p>Assumption</p> <p>Sufficient capacity exists for implementation of activities</p> <p>MPA monitoring and evaluations are implemented regularly and consistently</p> <p>Risk</p> <p>Provincial government capacity for MPA management and development is a long process, beyond the project cycle</p> <p>There are technical and biophysical constraints to successful demonstration of ecosystem restoration pilots</p>
3. Sustainable marine-based livelihoods improved for three marine-based commodities	<p>Sustainable fishery management / supply chains improved for tuna and snapper fisheries in selected communities</p> <p>Sustainable seaweed farming / supply chain improved for seaweed enterprise in selected communities</p>	<p>Project technical reports</p> <p>Media reports and events</p> <p>Annual and quarterly reports of project management, MMAF, BAPPENAS</p>	<p>Assumptions</p> <p>Regulatory and business incentive framework and local support systems amenable to enterprise development</p> <p>Risks</p> <p>Insufficient capacity and knowledge at local levels to successfully</p>

	Enhanced livelihood capacity for at least 3 community based enterprises		undertake business operations on long term basis
4. Project management, monitoring and knowledge transfer	<p>Monitoring of ecosystem health and other indicators integrated into provincial and national information, M&E systems</p> <p>Knowledge products developed and disseminated</p> <p>Project implementation unit operational and supporting site-based activities</p>	<p>Operational reporting (with sex disaggregated data)</p> <p>Quarterly project monitoring reports</p> <p>Media and other external reports</p>	<p>Assumption:</p> <p>Qualified and adequate project staff available</p> <p>Risk</p> <p>Project management unit takes time to establish systems and protocols without sufficient provincial government support</p> <p>Frequent changes in project staff</p>
Activities with Milestones <p>1. Coral reef management and institutions strengthened in project areas</p> <p>1.1 Develop protocols and guidance documents which define and provide guidance for co-management agreements</p> <p>1.2 Develop and implement two endangered / threatened species action plans with delivery partners</p> <p>1.3 Integrate eco-tourism elements into MPA management plan implementation</p> <p>1.4 Design and operationalize financing mechanisms (e.g. PES, trust fund etc) for 2 MPAs with delivery partners</p> <p>1.5 Training candidate selection processes initiated</p> <p>1.6 Short term training courses identified and prospective trainees enrolled</p> <p>1.7 Design of linkage / cooperative program for Masters degree</p> <p>1.8 Candidates meet eligibility requirements and pursue programs</p> <p>1.9 Candidates provide reports on outcome and apply skills in relevant government departments</p> <p>2. Ecosystem-based resource management plans developed and operational</p> <p>2.1 Target sites for mangroves and coral reef restoration identified</p> <p>2.2 Delivery / implementation partners engaged</p> <p>2.3 Suite of assessments (biophysical, hydrological, socio-economic feasibility etc) conducted</p> <p>2.4 Cost benefit analysis on identified restoration / rehabilitation options</p> <p>2.5 Investments in ecosystems restoration / rehabilitation</p> <p>2.6 Regular monitoring</p> <p>2.7 Awareness and capacity enhancement for MPA law enforcement</p> <p>2.8 Community surveillance and patrolling operations</p> <p>3. Sustainable marine-based livelihoods improved</p> <p>3.1 Engagement of delivery / implementation partners</p> <p>3.2 Identification of potential sites / landing areas</p> <p>3.3 Biophysical surveys, stock assessments, supply chain and market analysis for three commodities conducted</p> <p>3.4 Demonstrations of sustainable fishing / seaweed farming conducted for selected communities</p> <p>3.5 Post-harvest management capacity upgraded</p> <p>3.6 Implementation of responsible packaging and marketing techniques</p> <p>3.7 Cross visits and knowledge products developed</p>			Inputs <p>ADB: \$ 0.00</p> <p>GEF: \$ 5.2 million</p> <p>GOI: \$ 25.2 million (this represents in-kind co-financing from BAPPENAS of \$3.8 million, additional \$ 5 million from the Special Allocation Fund for marine conservation and \$ 16.42 million in recurrent expenditures through the MMAF national budget allocation for marine conservation)</p>

Activities with Milestones	Inputs
4. Project management, evaluation and knowledge transfer 4.1 Ecosystem health indicators established, data collected and entered into national and provincial monitoring systems 4.2 Knowledge products developed and disseminated 4.3 Project management unit created and operational within Executing Agency, with outreach / coordination to project sites	

Source: Asian Development Bank.

Cost Estimates and Financing Plan (\$'000)

Item	Amount
A. {Asian Development Bank^a}	
1. {Consultants}	
a. {Remuneration and per diem}	
i. {International consultants}	00.00
ii. {National consultants}	424.80
b. {International and local travel}	92.96
c. {Reports and communications} ^b	200.00
2. {Equipment} ^c	9.00
3. {Training, seminars, and conferences}	
a. {Facilitators}	10.00
b. {Training program}	690.00
4. {Surveys and assessments}	400.00
5. {Miscellaneous administration and support costs} ^d	5.00
6. {Representative for contract negotiations}	0.00
7. Pilot projects	0.00
a. Conservation of endangered / threatened marine species	250.00
b. Eco-tourism infrastructure investments	700.00
c. Sustainable financing for MPA management	200.00
d. Community-based ecosystems restoration / rehabilitation	1,000.00
e. Sustainable fisheries and livelihood enhancement	1,000.00
8. Contingencies	218.24
Subtotal (A)	5,200.00

^a Financed by the Global Environment Facility (GEF).

^b Knowledge transfer and sharing as part of scaling up managed by IA

^c Equipment includes 3 laptops with software peripherals, printers, scanner, ink and maintenance

^d See also the memorandum on Use of Bank Resources: Regional Technical Assistance and Technical Assistance vs. Internal Administrative Expenses Budget, issued by BPMSD and SPD on 26 June 2013.

Source: Asian Development Bank estimates.

Annex 1: ADB Response to GEF Secretariat Comments of 23 January 2019

GEF Secretariat Comments	ADB Responses
<p>Please explain how the project objective can stay intact, apart from the mentioning of mentioning a specific number of Marine Protected Areas, considering that the project investment goes down with more than \$30 mio from the cancelled loan.</p>	<p>The project objective has been modified to be more specific to the 3 project sites which will be covered under any remaining GEF grant. It will improve management effectiveness for 3 MPAs covering around 30,000 hectares.</p> <p>Even though the ADB loan has been cancelled, we do not want to disengage work under the GEF grant from the ongoing / future investments by the Government of Indonesia, which replaced the loan.</p> <p>As indicated in the proposal, the Government of Indonesia, through its national / provincial budgeting for the Ministry of Marine Affairs and Fisheries (MMAF), will continue to invest in strengthening management of marine protected areas – along the lines of the original COREMAP-CTI project. These processes have been well considered by MMAF and ADB in the transition out of the loan.</p> <p>One way of looking at this is that while many of the objectives and targets of the original COREMAP-CTI project remain, it is the source of the co-financing that has changed.</p> <p>We see this as a positive development, because ultimately, we want governments to institutionalize programs and sustain them through their own sources of funding.</p>
<p>Considering the substantial decrease in funding envelope under this restructured investment, why does the proposal introduce new areas of investment and in particular to suggest to allocate 12% of the revised GEF grant to activities that was not eligible under GEF 5 in either BD or the IW focal areas (integration of marine litter/plastics priorities in coastal and marine management).</p>	<p>Activities related to marine debris and plastics which were ineligible under GEF 5 have been removed. Any work relevant would be funded through other project partners or provincial governments.</p>
<p>Please explain how the comparison table is to be understood, it is a bit unclear as it is presented.</p>	<p>A new Table 1 has been presented, which will hopefully be more clear. It focusses on the GEF outputs – and i) identifies original 20 GEF outputs, ii) progress / status of work towards each output up to July 2017, and iii) elaboration of new proposed outputs / activities which correspond roughly to the original (with some consolidation, modification and / or dropping of activities)</p>
<p>With an objective of improving management of Coral reef Systems in Marine Protected Areas, it would seem sensible to have more clear linkages between sub-project 5 6 (studies on marine products supply/value chain development) and sub-project 8, so that the value chains being studied, such as shrimp,</p>	<p>This is well noted. Following consultations with BAPPENAS and MMAF, the activities have been consolidated into Output 3.1 “Sustainable fisheries and livelihoods promoted in project areas”. This output aims to implement sustainable commodities management practices for tuna, snapper and seaweed for identified</p>

tuna and seaweed, would also be the pilot investments being financed under sub project 8.	project communities; and combines value / supply chain work with livelihood enhancement for the 3 commodities. It will use ecosystems-based management approaches selected from a range of options which will be identified and evaluated.
15% (\$800k) of the GEF grant is proposed to be allocated to training which is rather high. Please adjust this. Further, the proposal includes a significant investment in training without addressing how the project will ensure sustainability of impact and the institutionalization of such training. For instance, rather than just 50 people trained as the project currently propose, is the project making efforts to ensure the provision of this training will be sustained via uptake and institutionalization of the provision of training locally (by government or CSOs)?	<p>The allocation for formal training has been reduced from USD 870,000 (16.7%) to USD 600,000 (11.5 %).</p> <p>Further the nature of the activity has been modified. First, the short-term training will target 35 government staff. Second, the international Master's degree training is now for 4 mid-career government staff (previously 5). Importantly, the program will now be delivered as a "linkage" or "cooperative education" activity where the students undertake the first year (or 1.5 years) of the program at an overseas university in Asia /Pacific region, and then complete the program at a leading Indonesian university. This will reduce cost, eliminate risks and foster better continuity in-country.</p> <p>We believe the above measures will contribute to long term sustainability at the provincial government level as beneficiaries will be incentivized to remain in their positions.</p>
Sub-project 8: Fisheries value chains and livelihoods: "there will also be provision of equipment such as fishing nets and floating cages, processing units." Given overfishing is a key threat to the target marine ecosystems and biodiversity it unclear how increasing fishing capacity will address this threat and furthermore it could have unintended impacts. Any increase of fishing capacity or provision of equipment to do so needs to be accompanied by strong justification and reasoning.	As mentioned above, this activity set has been restructured into Output 3.1 "Sustainable fisheries and livelihoods promoted in project areas". More information on the approach has been included. The activity will be more oriented towards sustainably managed fishing, as opposed to generating increases in fishing capacity. Any equipment provided / deployed and associated fishing practices will be 'environmentally friendly'.
The proposed project amendment includes lots of action planning, business planning, management planning and studies but limited implementation with a small number of pilot activities-concerned that scale of impact for \$5 million will be limited with this approach. Please make it clearer how the project will be delivering quantitative stress reduction on the ground.	The proposal has been restructured to reduce emphasis on planning and studies, and increase focus on activities that will have on the ground stress reduction benefits. These include: i) implementing action plans to manage threatened species, ii) implementing sustainable commodity supply chain management, iii) implementing ecosystems restoration / rehabilitation measures in identified project areas. All of these will lead to more practical, measurable environmental benefits.

Annex 2: ADB Responses to GEF Secretariat Review of 12 November 2018

GEF Secretariat Comments	ADB Responses
Given the scope of the changes to this project, including the cancellation of the associated ADB loan and the technical focus/relative weighting of activities this is classified as a major amendment and will require GEF Council review.	This is noted with thanks. Documentation will be processed accordingly.
For official submission of the amendment request, please use the template on page 65 of the attached Guidelines (and attached as a word document “Annex 10-Attachment 1”). The procedures for the major amendment are explained in Annex 10 of the same document (pages 58 - 59).	The formal amendment request cover sheet has been completed by ADB and is attached to this submission.
According to the cost estimates and financial plan in the proposed amendment, the majority of the remaining funds (\$5.2 million) will be used for “capacity development, studies, training, consultants-type” activities with presumed commensurate impacts on the GEBs. The relative focus/weighting of activities in the project towards capacity building and human resource development through support for degree acquisition further add to the significance of this amendment based on the expenditures and allocations in budget table 9 on page 6 of the “explanatory note.” In addition, this amendment takes the project from three substantive components with a corresponding 11 sub-components down to two sub-components with \$5.2 million of the original \$8 million grant remaining. Given this, please clearly present any expected change in the GEBs produced.	<p>A section on GEBs has been included in the narrative document.</p> <p>(Note: Kindly disregard Table 9 on p. 6 of the “explanatory note” as this has been revised downward in consultations with the GOI. The updated allocation for the degree acquisition is \$ 550 K as reflected under Sub-project #4.)</p>
Sub-component 1.4: Explanatory note states on page 5 states that: “Regarding to the component 1.4 (Capacity Building: Scholarship for Master and Doctoral Degree) by NPIU DJPT, NpiU DJPT has committed to fully fund the allowance for remaining students until the end of the study period on 2020 through APBN.” Whereas the budget on Table 9 of page 6 allocates a total of \$2 million for masters and PhD degrees. Please clarify this seeming contradiction and provide justification for the use of one quarter of the project funds for advanced degrees. In addition, how does this correspond to/with the proposed degrees under the World Bank COREMAP-CTI restructuring?	<p>The document in which Table 9 is contained is actually dated sometime in early November 2017 as part of the consultations and review of the loan between GOI and ADB. At that time, GOI had expressed interest in allocating these amounts to the Masters and PhD level training. Consultations between ADB and Government of Indonesia since November 2017, have brought down the allocation for international graduate level training – limited to Masters degrees for USD 550,000. A number of pre-conditions have also been introduced and agreed, as defined in the narrative document.</p> <p>The proposed degree program under the World Bank is fully funded through the IBRD (Loan) component. The GEF-supported capacity building under the World Bank is reduced to support targeted trainings for officials and community members in Radja Ampat and Sawu Sea MPAs. The GEF-supported capacity building under ADB will target participants from the proposed GEF-ADB sites of Gili Matra, Gili</p>

	Balu and Nusa Penida MPAs. Coordination between WB and ADB activities will be undertaken by the Executing Agency (BAPPENAS) in consultation with both MDBs.
Sub-project 5 and sub-project 2 both now include activities aimed at marine plastics/debris within the context of PA management. Please include in the amendment resubmission an explanation/justification for these new activities in the context of the project's generation of BD GEBs including comment on the extent to which the issue of marine debris is a threat that can be sufficiently addressed at the scale of the MPA (versus a broader effort beyond the scope of an MPA-focused activity).	A short section on marine litter and plastics has been inserted in the narrative document, including a short, self-explanatory note on the rationale. Work in these sub-projects will be on a pilot basis (and complement ongoing and planned efforts of other organizations). Knowledge and practice from this experience will be shared and disseminated within the project as resources permit, but also inform future, systematic actions which support the Indonesia "National Action Plan for Marine Plastic Debris Management".
Page 3 of the "Scope Change Technical Note" cites the Indonesia Climate Change Trust Fund (ICCTF) as the proposed Implementing Agency for the proposed restructured World Bank COREMAP-CTI project whereas our understanding is that ICCTF would be an Executing Agency. Please correct/clarify.	<p>There is a slight confusion in nomenclature. Generally speaking, ADB distinguishes Executing Agency as the entity responsible for technical and financial oversight of a project / program; and Implementing Agency as the entity which undertakes on the ground delivery of technical assistance etc.</p> <p>We wish to clarify that under this proposed GEF restructuring, BAPPENAS would be the Executing Agency in GEF terms, and within the BAPPENAS, the ICCTF would be the focal unit responsible for delivery / implementation.</p>
The "COREMAP Restructure Matrix" is very difficult to read/interpret as the original versus the new components and sub-components and the original versus the new geographies are not presented in a clear and parallel fashion. Please revise to make it clear to reviewers the original versus the proposed new components, outcomes, outputs and geographies.	The referenced matrix has been revised and embedded in the proposal. The main focus is on output level changes between the original GEF grant and the proposed restructuring, as well as relevance to sub-project indicators.
Please provide a clear copy of the "explanatory note" where the headings of the various tables are discernable-the table headings in the current copy are unreadable.	The clean copy of the "explanatory note" is now annexed to the proposal. Originally it was included in the letter from Ministry of Finance, and confirms MMAF intention offset the loan cancellation with its own budget allocations.

Annex 3: Government of Indonesia Loan Cancellation and Review Missions

In a letter dated 13 March 2017, MMAF requested partial cancellation of the project funding, except for the postgraduate program in DJPT and activities implemented by Indonesian Institute for Sciences (LIPI). In a subsequent letter dated 6 April 2017 to Ministry of Finance (MOF), the DGMSM in MMAF indicated that it would like to restructure both the ADB and World Bank investments and later, on 24 November 2017, the Ministry of Finance confirmed full cancellation of the remaining ADB loan, with closure effective 30 April 2018. Among the main requests considered was to shift the Executing Agency for the remaining GEF-ADB Grant from MMAF to the Ministry of National Development and Planning (BAPPENAS), while *other requests have been subject to consultation / revisions and reflected in this proposal.*¹⁴

The World Bank has also restructured its loan for COREMAP-CTI from 2017, with LIPI as the Executing Agency. The restructured project introduces number of modifications to outputs which relate to: (i) coral reef research and monitoring, (ii) certification of expertise in coral reef monitoring; and (iii) national data center for sea ecosystem. This is in line with the mandate and core competency of LIPI, centered around research, monitoring and capacity building. Coral reef monitoring will continue through partnerships with universities to deliver the project efficiently on the ground. World Bank restructured investment is proposed to cover both Western and Eastern Indonesia MPAs. In early 2018, The World Bank started to restructure COREMAP-CTI by reintroducing GEF activities. The proposed GEF-WB restructuring concept aims to improve management of priority coastal ecosystems with emphasis on Raja Ampat and Savu Sea as project areas. The World Bank aims to also change the Executing Agency for GEF activities to BAPPENAS, with project implementation tasked to Indonesia Climate Change Trust Fund (ICCTF) office within BAPPENAS.

There have been series of discussions with the COREMAP-CTI stakeholders to assess potential changes for the ADB components. Although the Government of Indonesia has officially advised ADB of the loan cancellation, MMAF has committed to pursue marine conservation and coastal management activities using the national budget. A proposed restructuring of the ADB-supported COREMAP-CTI, will retain the same overarching objective and outcomes of the original GEF design. The remaining GEF resources (estimated at about \$ 5.2 million) will complement the restructured World Bank project. In this connection ADB, WB and GEF convened a meeting on 04 April 2018 in Washington, DC. ADB missions conducted between 22-28 January, 16-20 April, 2018; 11-15 February 2019, pursued discussions with key stakeholders to refine the design of the project. These included the BAPPENAS (National Development Planning Agency), particularly the Directorate for Ocean and Fisheries Development and ICCTF, the Directorate General of Marine Spatial Management in MMAF, LIPI, the Ministry of Environment and Forestry (notably the GEF Operational Focal Point and Convention on Biological Diversity Focal Point), the USAID supported Sustainable Ecosystems Advanced Project (Tetra Tech is the prime contractor), Coral Triangle Center (CTC), PEMSEA (Partnerships for Environmental Management of the Seas of East Asia), David and Lucille Packard Foundation, The Nature Conservancy (TNC), Conservation International, Rare, Inc, the World Bank Indonesia team, the GEF Senior Biodiversity Specialist and Asia Regional Coordinator, and GEF International Waters Senior Environment Specialists.

¹⁴ Additional supporting correspondence from the Government of Indonesia was included in the first submission of the project proposal to GEF Coordination on 27 November 2018.

Annex 4: Minutes of Meeting: Government of Indonesia and MMAF

See separate file (in PDF)