

**PROJECT INFORMATION DOCUMENT (PID)
APPRAISAL STAGE**

Report No.: PIDA1128

Project Name	Coral Reef Rehabilitation and Management Program- Coral Triangle Initiative (COREMAP-CTI) (P127813)
Region	EAST ASIA AND PACIFIC
Country	Indonesia
GEF Focal Area	Biodiversity
Sector(s)	General agriculture, fishing and forestry sector (50%), Public administration- Agriculture, fishing and forestry (25%), Sub-national government administration (25%)
Theme(s)	Biodiversity (60%), Climate change (20%), Micro, Small and Medium Enterprise support (20%)
Lending Instrument	Investment Project Financing
Project ID	P127813
Borrower(s)	
Implementing Agency	Government of Indonesia
Environmental Category	B-Partial Assessment
Date PID Prepared/Updated	26-Aug-2013
Date PID Approved/Disclosed	30-Aug-2013
Estimated Date of Appraisal Completion	28-Aug-2013
Estimated Date of Board Approval	19-Nov-2013
Decision	

I. Project Context

Country Context

Indonesia has been on a path of rapid change and reform in the past decade. It experienced a rise in gross national income per capita from \$2,200 in the year 2000 to \$3,720 in 2009 with an annual economic growth of 6.4% in 2011, and also recently graduated from the IDA in FY08. Despite the macroeconomic successes, Indonesia is also facing an array of challenges, such as poverty, slow employment growth, high infant and maternal mortality, poor sanitation conditions, poverty, etc, which would mean meeting several of the country's Millennium Development Goals (MDGs) is unlikely.

Indonesia faces a continuous threat to its natural resources and environment. Its natural capital, which is estimated to be a quarter of its national wealth, is being rapidly depleted. The impact of climate change will impose additional burden to the country's development challenges. It is estimated that climate change consequences will impose the highest potential cost to the country's

economy in the long run, with annual losses of 2.5 - 7.0 percent of GDP by 2100 . Deforestation, soil depletion and coastal/marine degradation are some other major environmental issues in Indonesia, all of which necessitate increasing investment for the country's environmental, social, and economic development.

Sectoral and institutional Context

Coral Reefs in Indonesia are the most diverse in the world and are considered the epicenter of marine biodiversity, in the heart of the Coral Triangle. Second only to the Great Barrier Reef in total area, Indonesia reefs span an area of some 2.6 million ha (or 26,000 km²), or about 10% of the world's coral reefs . Indonesian reefs are diverse in both physical structure (ranging from fringing reefs, to atolls to barrier reefs) and in biological community structure, supporting an unparalleled array of coral species (590 species of stony coral), reef fish (2,500 species), mollusks, crustaceans, and associated fauna and flora. Yet despite the biological diversity and wealth of Indonesian coral reef ecosystems, they are at increasing risk from a combination of factors—climate change and escalating atmospheric CO₂ levels leading to warming and acidifying ocean waters; and a host of local stressors associated with increased population pressure, development pressure, destructive and over-fishing, pollution and invasive species. For the last 15 years, The Coral Reef Rehabilitation and Management Program (COREMAP), has been battling these threats, through a combination of decentralized governance and community-based co-management, education and awareness about the importance of reefs, community empowerment and economic incentives through seed funds for alternative livelihood generation under a Bank-financed APL covering three phases. The first phase of COREMAP laid the foundation for community-based management in a number of pilot sites in Eastern and Western Indonesia. This was scaled up in COREMAP II, the Acceleration Phase, in which an institutional framework, including supporting regulations, human capacity building, and a decentralized architecture for administration of coral reefs, was embedded at the District level across some 360 villages in Eastern Indonesia. The COREMAP project closed on December 31, 2011. The results have been positive in terms of community ownership of the notion that protecting reefs will generate benefits in the future and enhance community welfare, and in improvement in the condition of some reefs since the start of the program, linked to a reduction in destructive fishing and better overall protection. The achievements of COREMAP II are provided in Annex V. All of the identified triggers under the APL to proceed to the third and final phase of COREMAP were satisfied at the end of the second phase operation..

Major challenges remain, however, in terms of: (a) the sheer extent of reef area under threat relative to the area under improved management (there are some 10,000 coastal villages in Indonesia); (b) the time lag in the onset of measurable benefit streams from better stewardship and protection; and (c) the onset of climate change impacts entrained by existing levels of CO₂ in the atmosphere and in the ocean. The Government of Indonesia has committed to placing 20 million hectares of marine space under Marine Protected Area management by 2020. So far, 14 million hectares have been demarcated and 5.5 million hectares have been brought under management plans.

Phase III of COREMAP will constitute the main source of support to implement Indonesia's National Plan of Action under the Coral Triangle Initiative. As such COREMAP III is referred to as COREMAP-CTI. 11. Building on what was achieved under the first and second phases of COREMAP, Phase 3 will ramp up efforts to transform how coral reefs are administered and used by rural communities, promote a sustainable marine-based economy, and strengthen networks between coastal districts, including training district officials as extension agents to facilitate the

replication of these interventions over large areas across Eastern Indonesia. The Asian Development Bank will support similar efforts in Western Indonesia.

II. Project Development Objective(s) / Global Environmental Objective(s)

A. Project Development Objective(s)

The PDO of the overall COREMAP Adaptable Program Loan is to establish a viable, decentralized management system for coral reef conservation and sustainable use in priority coral reef sites in Indonesia. The PDO of this third and final phase of COREMAP (COREMAP-CTI) is the same as the Global Environmental Objective: to manage coral reef resources, associated ecosystems and biodiversity in a sustainable manner for the welfare of coastal communities.

B. Global Environmental Objective(s)

The PDO of the overall COREMAP Adaptable Program Loan is to establish a viable, decentralized management system for coral reef conservation and sustainable use in priority coral reef sites in Indonesia. The PDO of this third and final phase of COREMAP (COREMAP-CTI) is the same as the Global Environmental Objective: to manage coral reef resources, associated ecosystems and biodiversity in a sustainable manner for the welfare of coastal communities.

III. Project Description

Component Name

Component 1: Institutional Strengthening for decentralized coral reef management

Comments (optional)

This component will institutionalize best practices, interventions and approaches developed under the COREMAP Program. It supports MMAF to mainstream key elements of decentralized reef management.

Component Name

Component 2: Development of Ecosystem Based Resources Management

Comments (optional)

This component aims to support District level Marine Spatial Planning, better management of MPAs and to create the enabling conditions for sustainable use of the surrounding production seascape.

Component Name

Component 3: Strengthening Sustainable Marine-based Economy

Comments (optional)

Component aims to support the development of sustainable, ecosystem-based marine enterprises that reinforce links between healthy marine ecosystems and economic benefits to surrounding communities.

Component Name

Component 4: Project Management, Coordination and Learning

Comments (optional)

1) Monitoring and Evaluation of Project performance, 2) Learning Networks and Dissemination of Best Practices, 3) Compliance monitoring on safeguards, fiduciary management , 4) Coordination

IV. Financing (in USD Million)

Total Project Cost:	66.00	Total Bank Financing:	50.00
Total Cofinancing:		Financing Gap:	0.00

For Loans/Credits/Others	Amount
BORROWER/RECIPIENT	6.00
International Bank for Reconstruction and Development	50.00
Global Environment Facility (GEF)	10.00
Total	66.00

V. Implementation

VI. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01	x	
Natural Habitats OP/BP 4.04	x	
Forests OP/BP 4.36		x
Pest Management OP 4.09		x
Physical Cultural Resources OP/BP 4.11		x
Indigenous Peoples OP/BP 4.10	x	
Involuntary Resettlement OP/BP 4.12	x	
Safety of Dams OP/BP 4.37		x
Projects on International Waterways OP/BP 7.50		x
Projects in Disputed Areas OP/BP 7.60		x

Comments (optional)

51. The project has been categorized as B (partial assessment), which means no significant impacts are anticipated any risks are manageable. While social and environmental outcomes are expected to be overwhelmingly positive, a number of WB Safeguard policies are triggered by the Project. These include: (i) OP 4.10 on Environmental Assessment; (ii) OP 4.04 on Natural Habitats; (iii) OP 4.10 on Indigenous Peoples; and (iv) OP 4.12 on Involuntary Resettlement. To mitigate impacts associated with the triggering of these policies, an Environmental and Social Safeguards Framework (ESSF) was prepared, which includes the following Safeguards instruments. Guidance on their application will be outlined in the Project Implementation Manual (PIM):

- i) Land Acquisition and Resettlement Policy Framework
- ii) Process Framework for Involuntary Resettlement
- iii) Indigenous Peoples Policy Framework

VII. Contact point

World Bank

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Borrower/Client/Recipient

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