



Annual Narrative Progress Report

Reporting Period: March 1, 2021 – December 31, 2021

Programme Title & Project Number Programme Title: Terumbu Karang Sehat Indonesia (TeKSI) Programme Number: 0110	Programme Location Country/ies: Indonesia
Convening Agent <ul style="list-style-type: none">• Conservation International (CI)• Yayasan Konservasi Cakrawala Indonesia (Konservasi Indonesia)¹	Preparatory Grant Period Duration <ul style="list-style-type: none">• Start Date²: March 1, 2021• End Date: December 31, 2021
Total Approved Budget Total GFCR Preparatory Grant Budget: USD 100,000	Report Submitted by: Name: Jan Yoshioka Organisation & Title: Senior Director, Conservation International Ventures, LLC, Conservation International Foundation Email address: jyoshioka@conservation.org Phone: +18087808379

¹ Yayasan Konservasi Cakrawala Indonesia was added as a co-convening agency during the planning grant period.

² The start date is the date of the first transfer of the funds from the MPTF Office as Administrative Agent. Transfer date is available on the [MPTF Office GATEWAY](#)

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Executive Summary

Status of the full proposal:

The proposal for the initial phase of the “Terumbu Karang Sehat Indonesia (TeKSI)” programme in Indonesia was presented to the GFCR Executive Board at the February 23, 2022 board meeting and was subsequently approved in March 2022. The initial phase of the programme is focused on establishing the enabling environment for coral reef positive development and investment in the Bird’s Head Seascape and East Sumba over an 18-month period. The approved budget for this initial phase of work is US \$3 million.

There was also a separate proposal submitted and presented to the GFCR Executive Board on June 9, 2021, entitled “Financing the Bird’s Head Seascape” that focused on a coral-focused debt for nature swap between the Government of Indonesia and the United States Government to finance the Blue Abadi Fund. That proposal, of US \$2 million was provisionally and partially approved, pending the successful negotiations of the debt for nature swap. As the swap was temporarily put on hold by the two governments, the GFCR proposal was similarly put on hold. The swap negotiations have since restarted, and this proposal will be resubmitted to the GFCR board if and when the swap negotiations successful conclude.

Proposal Development Stage:

A. Key Achievements

- 1. Partnerships & Stakeholder Engagement.** The proposal development process provided a valuable opportunity to engage with new and expanded set of public and private sector stakeholders and reinforce relationships with existing public and private sector partners. Programme development efforts in **Sumba Timur (East Sumba)** enabled CI to engage more strategically with the provincial government of Nusa Tenggara Timur (East Nusa Tenggara, “NTT”) and regency government of Sumba Timur, while expanding seaweed industry partnerships with PT. Algae Sumba Timur Lestari (ASTIL), a regency-owned enterprise and public-private development lead for seaweed sector development, trade and investment in East Sumba and Cargill Inc., a leading global seaweed off-taker with significant sourcing interests in Indonesia—both of which are essential to mobilizing efforts to promote reef-positive development of the seaweed sector in this region. The programme development phase also enabled CI to reinforce existing partnerships with government and local stakeholders in the **Bird’s Head Seascape**, providing new opportunities to support and guide tourism recovery and development efforts in this region.
- 2. Quick-Win Interventions.** The GFCR programme is strategically positioned to take advantage of key tailwind opportunities in both Priority Areas: in East Sumba, the programme development process enabled CI to design programme strategies to align with and complement the government’s own marine protection and seaweed sector development and growth ambitions, garnering strong public and private sector support for proposed programme activities in this region. Similarly, in the Bird’s Head Seascape, the opportunity to mobilize targeted support to enable the newly formed BLUD in Bomberai to adapt and replicate MPA revenue models proven in Raja Ampat have reinvigorated dialogues around diversified MPA funding as the region recovers from the economic impacts of COVID-19 and associated declines in tourism activity.
- 3. Secured Co-Financing.** Lastly, through financial landscape and market analyses developed as part of the GFCR planning grant, CI and its key implementing partner, Yayasan Konservasi Cakrawala Indonesia (“Konservasi Indonesia”), were able to secure co-financing from Conservation International Ventures LLC (“CI Ventures”) which will enable the incubation of reef-positive enterprise investments that could unlock larger-scale commercial investments from both the GFCR Equity Fund and other private sector financing. During the programme development phase, CI, through CI Ventures were able to identify an indicative pipeline of opportunities, some

of which are already being evaluated for co-investment by the Asian Development Bank (ADB), and other private equity and debt funds.

B. Challenges Encountered

1. **Establishment of Indonesian Affiliate.** The programme development phase coincided with the transition of CI’s Indonesia Country Program –an International Non-Governmental Organization (“INGO”)—to an independent Yayasan (domestic non-profit foundation). During the transition period, certain limitations on INGO activities restricted our ability to fully engage with government and private sector partners essential to the design and development of the GFCR programme for a number of months. With the Yayasan now formally established, Konservasi Indonesia, together with CI are now strongly positioned to implement the approved GFCR programme.
2. **GFCR Guidance and Coordination.** Being among the early cohort of Convening Agencies in a new and ambitious blended financing initiative presented a number of coordination challenges during the programme development stage.
3. **Delay in Debt Swap Negotiations.** The delay in the official negotiations for the debt for nature swap between the Government of Indonesia and the Government of the United States required a recalibration on focus for phase 1 of the program.

C. Lessons Learned

1. **Repeat and early socialization of blended finance:** Given the new nature of blended finance to most potential partners for this program, it became clear that we not only needed to talk to partners early and often about the proposal ideas, but also to continually socialize the concept of blended finance models.
2. **Focus is key:** CI underwent an expansive scoping effort, generating many exciting possible directions for the program. However, with so many possible options, resources and efforts were too thin and the ability to articulate a clear theory of change for each place was limited. It ultimately was key to keep the proposal and subsequent implementation realistic and to focus the geographies and the intervention sectors.

I. Progress, Challenges and Lessons Learned

1. Identification and Description of Priority Areas	
Summary	<p>Two initial Priority Areas – the Bird’s Head Seascape and East Sumba– were identified based on an assessment of:</p> <ul style="list-style-type: none"> • Indonesian government marine conservation priorities as evidenced by legal designation of marine management or protected areas with clear marine spatial and use planning and/or zoning; • Existing areas of CI and other international and local coral reef and marine conservation programming focus and investment; • Indicators of potential climate refugia and biodiversity value based on data related to coral and reef-associated species distribution and diversity and data on historical bleaching events and reef system resilience; • understanding of drivers of degradation, opportunities to develop blended finance opportunities, etc • Discussion and brainstorming sessions with CI field teams and partners in Indonesia to identify which areas had stronger potential for GFCR program success;

	<ul style="list-style-type: none"> • Engagement with national, provincial and regency-level governments on marine conservation and development priorities in both GFCR priority regions; and • Mapping and evaluation of prospective investment opportunities within and across GFCR sector priorities in priority regions
Objectives Achieved	Initial priority sites were selected based on their potential as climate refugia, biodiversity value, and addressable drivers of degradation based on the analyses above and consultant-led analyses relevant to their potential to absorb blended financing at multiple scales.
Challenges	Data Limitations – Particularly in East Sumba, limited data on the larger extent of coral reef systems encompassed within the prioritized marine management area were encountered. While some baseline data were available for coral species diversity, extent of live coral cover, and reef-species diversity and biomass were identified, these data were drawn from a geographically and spatially limited survey area. In contrast, while coral reef and environmental data for the Bird’s Head Seascape were comparatively more extensive and detailed, information on relevant sector development and investment opportunities were particularly limited.
Lessons learned	<p>Need for Updated Baseline Assessment – Based on data gaps identified during the planning grant phase, the need for updated and/or more targeted baseline assessments were prioritized for both Priority Areas in the initial phase of the programme implementation</p> <p>Distribution of Investment Opportunities Relative to Coral Reef Priorities – Within Indonesia, the areas identified by the GFCR as “priority reef areas” based on indicators of coral reef health and climate resilience are characterized by historically low levels of overall economic development and, with the exception of energy (oil and gas), mining and extractives, industrial palm oil, and small, highly concentrated areas of marine and coastal ecotourism, limited levels of private investment. Identifying opportunities for sustainable, “reef positive” investment, in these regions are likely to require significant investment in establishment and strengthening of enabling conditions conducive to attracting and scaling commercial investment that is also aligned with the coral reef conservation objectives of the GFCR.</p>
2. Partnerships	
Summary	<p>Public Sector Engagement – Engagement with government ministries at the national and sub-national (provincial, regency) levels through multiple bilateral meetings</p> <p>Local Community Engagement – Engagement with existing community partners, associations, and organizations within the Bird’s Head Seascape and East Sumba through CI and Konservasi Indonesia staff in Indonesia, the U.S., and through key local partner organizations</p> <p>Private Sector Engagement – Joint engagement by CI and Konservasi Indonesia and planning grant consultants (Starling Resources, CPI Indonesia) with domestic financial sector institutions, local and regional ‘blue economy’ investment funds, local industry stakeholders (tourism, seafood sector, seaweed industry, and coastal and marine infrastructure developers)</p>

	Global Private Investment – Leveraging existing network of ‘blue economy’ focused financial institutions and firms and prospective investees through CI Ventures and CI Conservation Finance Division and in collaboration with GFCR Equity Fund
Objectives Achieved	The proposal development process provided a valuable opportunity to engage with new and expanded set of public and private sector stakeholders and reinforce relationships with existing public and private sector partners. Programme development efforts in Sumba Timur (East Sumba) enabled CI to engage more strategically with the provincial government of Nusa Tenggara Timur (East Nusa Tenggara, “NTT”) and regency government of Sumba Timur, while expanding seaweed industry partnerships with PT. Algae Sumba Timur Lestari (ASTIL), a regency-owned enterprise and public-private development lead for seaweed sector development, trade and investment in East Sumba and Cargill Inc., a leading global seaweed off-taker with significant sourcing interests in Indonesia—both of which are essential to mobilizing efforts to promote reef-positive development of the seaweed sector in this region. The programme development phase also enabled CI to reinforce existing partnerships with government and local stakeholders in the Bird’s Head Seascape , providing new opportunities to support and guide tourism recovery and development efforts in this region.
Challenges	The COVID crisis and in particular a very significant surge in Indonesia during much of the planning grant period created constraints on engaging with some prospective and critical partners, most significantly local communities in each of the priority geographies that were unable to engage virtually. Once safe, additional in-person consultation is planned during project implementation to overcome this challenge.
Lessons learned	Alignment between GFCR programme objectives and those of government agencies and the private sector was critical to achieving support and buy-in for the proposed programme. CI and Konservasi Indonesia will continue to strengthen alignment with local public and private interests throughout the programme through active stakeholder engagement and dialogue.
3. Pipeline identification	
Summary	Enabling Investments – Enabling investments and baseline assessment needs described in the approved programme proposal were identified through extensive public and private stakeholder engagement and dialogue Incubation Investment Pipeline – Sourcing and preliminary screening of indicative “incubation” investment pipeline was led by CI Ventures by leveraging its existing network of portfolio companies, private investors and fund managers, and relevant accelerators and incubators active in Indonesia
Objectives Achieved	Incubation Investment Pipeline – The programme has identified in excess of USD \$25m in indicative pipeline opportunities at different stages of development and financing requirements a subset of which are already being discussed with the GFCR Equity Fund and with external prospective investors such as the Asian Development Bank (ADB). Additional detail regarding these opportunities will be made available to the GFCR Equity Fund following execution of a Mutual Confidentiality and Non-Disclosure Agreement.

Challenges	The Bird's Head Seascape is a place with historically marginalized indigenous communities and significant economic inequities. As a result, special attention needs to be paid to developing a pipeline of investments that are actually led by and benefit Papuan communities and reduce economic inequity. That is at times in conflict with the GFCR Equity Fund's preferred deal structure with much higher value deals than the pipeline of Papuan led enterprises can support.
Lessons learned	Early investments in enabling conditions to increase equitable access to capital will be critical as well as the inclusion of financing mechanisms at various scales.
4. Stakeholder engagement	
Summary	CI held one-on-one meetings with a variety of stakeholders in both target geographies to explore existing investments and reef conservation activities as well as potential future coral-positive investments. However, as described above, COVID related restrictions on travel and community access created a barrier to complete stakeholder engagement and so these activities have been included in the first phase of the approved project.
Objectives Achieved	<ul style="list-style-type: none"> • Community – Kehati, LMMA, MPA Authorities • Industry – Raja Ampat Homestay Association, Misool Eco Resorts, Indonesia Seaweed Industry Association (ASTRULI), East Sumba PT. ASITIL, Cargill Inc. and prospective pipeline companies • Academia & Research – Universitas Nusa Cendana, University of Papua, Universitas Mataram, UC Santa Barbara, University of Queensland • Finance & Investment – GFCR Equity Fund, Mirova Althelia Sustainable Ocean Fund, Marine Change, Deliberate Capital (Meloy Fund I LP), AquaSpark, Hatch Blue, Invest Oceans, 1000 Ocean Startups • NGO – TNC, Rare, UNDP Indonesia
Challenges	Because both COVID restrictions and the transition of CI from an international organization to a local Yayasan in Indonesia during the time of the planning grant, we were not able to hold the large socialization meeting we were hoping to in the planning grant so focused on one-on-one discussions which, which very informative, was limiting in how many people we were able to engage with. We recognize the need for additional engagement especially with local government leaders to socialize the project, align with their priorities and build trust. This will take place at the beginning of the first phase of the project.
Lessons learned	There is a need to broaden and diversify stakeholders which will be an area of continual focus of the programme throughout implementation.



II. Reporting on Activities

Outputs & Activities	Objectives Achieved	Objectives missed
Output 1.1: Potential partners convened to contribute to project design		
Activity 1.1.1: Hold initial partner dialogues with civil society partners working in target geographies to solicit input into project design and begin to aggregate potential ideas for the funding and project pipeline.	CI conducted one-on-one consultations with dozens of partners across the potential key geographies, including the Bird's Head Seascape, and various different geographies in the Lesser Sunda Seascape. This feedback fed into the project design.	The original plan to convene large partner dialogues was adapted based on COVID-restrictions and some unexpected restrictions that CI had during its transition from an International NGO to a local Yayasan in Indonesia.
Activity 1.1.2: Targeted outreach to specialist finance and investment professionals to inform design of blended financing approach(es) (see Activity 1.4.2 for additional detail)	The finance and investment experts within CI Ventures led outreach with Indonesian and regional finance experts as well as Systemiq, Pegasus Capital Advisors, and other Equity Fund partners.	
Activity 1.1.3: Agree upon a mechanism for continued partner engagement in the project, including a mechanism to gather and vet additional potential investable and fundable projects as they emerge.	CI collaborated with TNC who was invited by GFCR to be a convening agent for a second GFCR project in Indonesia, as well as UNDP and agreed upon a coordination structure among the partners.	
Output 1.2: Project consultation conducted with relevant National, Provincial, and Regency Governments		
Activity 1.2.1: Consult on project design with relevant agencies with the National Government,	CI consulted this program with regency and provincial governments to seek their endorsement and ensure our program was aligned with government priorities. Informal consultations were held with staff in the Ministry of	During the transition from an international NGO to a locally registered Yayasan, CI was unable to engage formally with ministries outside of the Ministry of

Outputs & Activities	Objectives Achieved	Objectives missed
including but not limited to the Coordinating Ministry of Maritime and Investment Affairs, Ministry of Environment and Forestry Ministry of Maritime Affairs and Fisheries, Ministry of Finance, Ministry of National Development Planning (BAPPENAS), and the Peat and Mangrove Restoration Agency.	Marine Affairs and Fisheries, BAPPENAS and Ministry of Maritime and Investment.	Environment and Forestry (with whom we have our MOU).
Activity 1.2.2: Consult on project design with relevant governments in the Bird's Head Seascape, possibly including but not limited to the West Papua Provincial Government, Regency Governments in Raja Ampat, Kaimana, FakFak, Tambrauw, South Sorong, Wondoma Bay, and Bintuni Bay.	The project in the BHS was developed through consultations with regency and provincial governments in the BHS and program activities were designed to complement and enhance government plans. For example, our activity in Bomberai to strengthen the revenue scheme for the BLUD will directly support the West Papua Department of Marine and Fisheries BLUD responsible for managing the Kaimana and Fakfak MPAs.	Our programme changed a few times during this proposal development process to keep the scope manageable and stay within the budget limits. Because of this, we kept the program geography to areas CI already has a strong field team and relationships. We did not connect with the government of Tambrauw, South Sorong, Wondama Bay or Bintuni Bay at this time although may open these conversations in later phases of the grant.
Activity 1.2.3: Consult on project design with relevant governments in the Lesser Sunda Seascape.	The project design was consulted with regency governments in Sumba as well as the provincial government, most notably the provincial department of marine and fisheries.	Because we focused out geography on Sumba in this phase of the project, we prioritized conversations with governments in Sumba Island, not in other islands within the Lesser Sunda Seascape.
Activity 1.2.4: As part of Activities 1.2.1-1.2.3, specifically consult agencies, ministries and focal points related to economic development, finance, trade and	Throughout the proposal development process, we continued to consult with government counterparts to identify synergies and opportunities within existing legal and policy frameworks. This will continue to be an open and ongoing discussion with government throughout the program implementation to ensure alignment.	As mentioned above, because of CI's transition to a local Yayasan, we were limited in terms of our ability to have formal consultations with some ministries at the national level.

Outputs & Activities	Objectives Achieved	Objectives missed
investment, in order to identify policy and regulatory parameters related to investment in key verticals and to identify potential incentives, synergies and opportunities to facilitate private investment within existing legal, policy frameworks.		
Activity 1.2.5: If other geographies emerge through partner dialogues, CI or the relevant partner consult with relevant governments.	During this proposal development, we ended up reducing our target geographies so did not consult with governments outside our initial concept although we will certainly continue to engage relevant governments throughout program implementation.	
Output 1.3: Negotiations for the Blue Abadi Debt for Nature Swap are progressing; the detailed opportunity and business case for GFCR investment is submitted with the full proposal.		
Activity 1.3.1: As invited, participate in negotiations for the debt for nature swap between the Government of Indonesia, the Government of the United States, and CI and TNC for coral reef conservation in West Papua.		After CI's submission of the "Financing the Bird's head Seascape Proposal" was submitted to the GFCR executive board, the official negotiations for the debt for nature swap between the Government of Indonesia, the Government of the United States were delayed as the two governments resolved a few outstanding constraints and the Government of Indonesia worked through which ministry would lead the swap. As a result, the CI team tracked these side negotiations, but the full negotiations did not start during the period of the planning grant. They have now started in earnest and CI is supporting negotiations using additional resources.
Activity 1.3.2: Map the flow of proceeds (sources and uses) from Debt for Nature Swap investment and describe options for earmarking the GFCR		This activity was postponed when the debt swap negotiations were delayed.

Outputs & Activities	Objectives Achieved	Objectives missed
proceeds within Blue Abadi to support local businesses with coral-positive business models, including building their technical capacity to access private investment.		
Activity 1.3.3: Compile any necessary additional documentation on Blue Abadi and/or the debt for nature swap mechanism for the Global Fund for Coral Reef joint programme proposal submission.	CI submitted a proposal to the GFCR Executive Board on June 9, 2021 entitled “Financing the Bird’s Head Seascape” that focused on a coral reef debt for nature swap between the Government of Indonesia and the United States Government to finance the Blue Abadi Fund. That proposal, of US \$2 million was provisionally and partially approved, pending the successful negotiations of the debt for nature swap. As the swap was temporarily put on hold by the two governments (see above), the GFCR proposal was similarly put on hold. The swap negotiations have since restarted, and this proposal will be resubmitted to the GFCR board if and when the swap negotiations successful conclude.	
Output 1.4: Blueprints of promising direct investment opportunities for coral reef positive economic development, including actionable business and finance and investment models, submitted with full proposal.		
Activity 1.4.1: Commission landscape assessment and mapping of relevant financing and investment institutions, including domestic, regional, and international entities across both public and private sectors.	Through a consultancy, we were able to learn about the financial landscape in Indonesia with the Jakarta team from Climate Policy to inform the CI team of the current lending mechanisms and schemes within the public, private and informal sectors.	
Activity 1.4.2: In conjunction with landscape assessment, conduct targeted outreach with relevant	We did connect with some of the institutions suggested by the consultant to learn more about their activities and opportunities for coral reef positive financing. Through these conversations we were able to learn about the barriers to investment for specific business types.	We wanted to learn more about micro financing opportunities in our specific geographies so have included that in our program proposal.

Outputs & Activities	Objectives Achieved	Objectives missed
<p>financial sector institutions to identify new and existing relevant existing initiatives, and “coral reef positive” finance and investment ecosystem opportunities, gaps and synergies to inform design of blended financing approach (vehicles, instruments, etc.)</p>		
<p>Activity 1.4.3: Document design alternatives and key implementation partners and stakeholders</p>	<p>The proposal development process included a design phase with the field teams to understand the needs and opportunities in our focal geographies and to ensure that the teams that work directly in these areas have an opportunity to share their ideas. These were well documented and used as the foundation for the program development.</p>	
<p>Activity 1.4.4: Commission industry and market assessment(s) for coral reef positive small and mid-sized enterprises across relevant GFCR thematic priorities and verticals, with emphasis on but not exclusive to initial site priorities of the Bird's Head Seascape and Lesser Sunda Seascape.</p>	<p>With a consultancy from the Indonesian firm, Starling Resources, we explored some market sectors which have links to coral reefs including waste management, tourism and aquaculture. This analysis included discussions with private sector companies and social enterprises that are working in or starting to work in these spaces. We have continued these discussions after the consultancy was complete and will work with some of the connections secured through this study.</p>	
<p>Activity 1.4.5: Based on results of preliminary targeted industry and market analyses (see Activity 1.4.4), map key stakeholders across</p>	<p>Based on the results of the market analysis we informally mapped out the stakeholders across the various value chains.</p>	<p>As we went through the proposal development process, our plan initially grew to be much more involved in a wide variety of value chains but ultimately was reduced to a more discrete set of activities in 3-4 value chains: seaweed aquaculture, tourism and MPA management. Within these value chains, we have</p>

Outputs & Activities	Objectives Achieved	Objectives missed
significant value chains (e.g. ecotourism, surf tourism, fisheries, aquaculture, restoration technology, water and waste management, clean energy, coastal agriculture, forestry, and other land use, etc.)		mapped out the key stakeholders but in the other value chains explored earlier in the proposal development and in this concept development, we have not fully mapped out key stakeholders.
Activity 1.4.6: Time permitting, conduct initial targeted outreach to key industry and enterprise development leaders to identify opportunities for expanding “coral reef positive” enterprises and/or market activities at multiple scales (SME to industrial). This activity will be ongoing throughout the life of the project.	We had a few very targeted discussions with key industry and enterprise development leaders during this planning grant which helped to shape the proposal and helped us to understand what industries made sense within the guidelines of the GFCR and which industries were maybe less aligned with GFCR financing but could be a partner in the future.	
Activity 1.4.7: Identify 3-5 potentially actionable market-based opportunities for early investment by GFCR, across risk-return profiles (concessional to market-priced).	We selected two geographies for initial focus and three main workstreams. While discussing options with partners in West Papua and Lesser Sundas, it became clear that West Papua needed a bit more foundational support before we had an actionable opportunity for a coral-positive business.	The proposal development process resulted in 1 workstream that will be actionable in the near-term, fewer than we were hoping at the outset of the project development, but we will be laying a strong foundation for actionable opportunities in future phases.
Activity 1.4.8: Compile and synthesize findings from preceding activities into proposed strategy and roadmap for addressing conditions antecedent to attracting private sector investment	Findings from assessments were synthesized into the final proposed strategy and informed the ultimate decisions for which projects and workstreams we proposed in the full proposal.	

Outputs & Activities	Objectives Achieved	Objectives missed
finance to support “coral reef positive” market developments		
Output 1.5: Detailed strategy and workplan to replicate key MPA and MPA finance innovations first developed in Raja Ampat to other locations within the Bird’s Head Seascape, the Lesser Sunda Seascape, and potentially other key geographies identified by partners, is developed and submitted with the full proposal.		
Activity 1.5.1: Building from Activity 1.1.1, convene potential civil society partners in the Bird’s Head Seascape and the Lesser Sundas Seascape to ensure alignment and identify priorities and additional opportunities.	As described in Activity 1.1.1, CI conducted extensive one-on-one consultations with partners in both the Bird’s Head Seascape as well as various locations within the Lesser Sunda Seascape.	The original plan to convene large partner dialogues was adapted based on COVID-restrictions and some unexpected restrictions that CI had during its transition from an International NGO to a local Yayasan in Indonesia.
Activity 1.5.2: Identify key activities for the development and implementation of a sustainable financing plan and an ecotourism development plan for Cenderawasih Bay National Park.	CI developed a shared workplan and scope of work with the Cenderwasih Bay National Park Authority to design a sustainable financing plan, user fee system, and ecotourism development plan.	Due to turnover in the Park Authority that led to some shifts in priority as well as budget constraints in the phase 1 budget, CI made the decision to move activities in Cenderwasih Bay to phase 2, allowing more time to ensure full alignment with the new Park Authority staff on the planned activities.
Activity 1.5.3: Prioritize potential locations and MPA management authorities for the replication of the Public Service Agency “BLUD” status and Raja Ampat MPA tourism fee system in the Bird’s Head Seascape and potentially in the Lesser Sundas.	For phase 1, CI decided to focus efforts to replicate the Public Service Agency “BLUD” status and MPA tourism fee system first piloted in Raja Ampat for the Bomberai MPA Authority. Other locations were also scoped, including for Cenderwasih Bay and for MPAs in East Sumba that will be prioritized in phase 2.	
Activity 1.5.4: Identify priority existing (or potential) MPAs	CI originally identified 3 priority areas within the Lesser Sunda Seascape for the programme—East Sumba, Sumbawa, and Indonesia-Timor Leste transboundary	Proposed work on surf protected areas in Sumba, shark tourism in Sumbawa, and sustainable fisheries in the proposed Indonesia-Timor Leste transboundary

Outputs & Activities	Objectives Achieved	Objectives missed
<p>protecting resilient reefs within the Lesser Sunda Seascape for targeted conservation programming and blended finance mechanisms, including the Indonesia-Timor Leste transboundary Peace Park and candidate surf protected areas.</p>	<p>Peace Park. After presenting all three to the GFCR Executive Board in November 2021, the decision was made to prioritize East Sumba for the first phase of the programme given its significant and growing seaweed aquaculture production and CI's work to identify a very strong pipeline of potential investment opportunities to make the industry coral-positive.</p>	<p>Peace Park, were put on hold to prioritize fewer initial geographic priorities for the programme.</p>
<p>Output 1.6: Initial scientific justification, strategy, and workplan for a dedicated workstream on mangrove/peat/seagrass protection, alternative livelihood development, and blue carbon financing potential is developed and submitted with the full proposal</p>		
<p>Activity 1.6.1: Compile existing and as necessary develop additional detailed maps and analysis of globally significant irreplaceable blue carbon (including location, quantity and threat analysis), in the Bird's Head Seascape, and other high potential geographies as relevant.</p>	<p>Irreplaceable carbon maps were compiled and analysed for potential blue carbon investments in our target geographies. Based on the analysis from the CI team and a consultant, Terra Carbon, we did not find that blue carbon would be a strong investment opportunity in our target geographies at this stage.</p>	
<p>Activity 1.6.2: Compile scientific evidence of the direct ecological link between mangrove and seagrass ecosystems with priority coral reefs, and the potential impacts of planned conversion of mangroves and coastal peat on specific reefs in the Bird's Head Seascape, and other high</p>	<p>An early analysis of the scientific evidence on the direct ecological link between mangroves and seagrass ecosystems with priority reefs and planned conversion was conducted although there is no planned conversion in our target sites.</p>	<p>This analysis was preliminary and was not as robust as we were hoping. It did not shed much light on the connections between mangrove and seagrass ecosystems as a source of blue carbon financing for coral reefs.</p>

Outputs & Activities	Objectives Achieved	Objectives missed
potential geographies as relevant.		
Activity 1.6.3: Initial assessment of market (demand, supply side) for mangrove offsets, other blue carbon investments, and alternative livelihood options in the Bird's Head Seascape.	Through a consultancy with the US-based consultant firm, Terra Carbon, we did a complete review of the potential for blue carbon financing in West Papua. Although West Papua has some of Southeast Asia's largest mangrove forests, the mangroves do not show much historical deforestation in coastal areas which makes it very hard to demonstrate additionality for carbon financing.	
Activity 1.6.4: Conduct policy scoping analysis to assess readiness for domestic blue carbon implementation and potential carbon trading (for meeting national targets and/or voluntary carbon markets), including identifying relevant policy windows and levers and identifying appropriate legal counsel to conduct additional legal analysis of carbon rights and land tenure during project implementation.	We contracted a Jakarta based consultant group, Carbon Ethics to conduct a comprehensive review of carbon policies and land tenure issues relating to carbon in Indonesia, with a specific focus on West Papua. The results of this consultancy showed that despite significant discussions on carbon at the national level and how to reach Indonesians NDC goals, the system for carbon financing remains unclear. We anticipate that this will be clarified in the coming years but because it was hard to show additionality in mangrove ecosystems in our target geographies and the policies were not there to support carbon financing, we decided to wait on this workstream for phase I. However, we will continue to monitor this for potential projects in the future.	
Activity 1.6.5: Commission an analysis of future-threat to blue carbon ecosystems in the Bird's Head Seascape, using internationally respected methodologies approved by the Verified Carbon Standard, in order to build case for additionality of any	As noted in 1.6.3 above, the analysis commissioned of the future-threat to blue carbon ecosystems in the Bird's Head Seascape showed that because of low historical deforestation, the potential for blue carbon financing at this stage in coral -reef linked mangroves will be very challenging. We will continue to monitor this to see if the situation evolves. While this activity was fully achieved, we did not find that blue carbon made sense to include in our program at this stage.	

Outputs & Activities	Objectives Achieved	Objectives missed
mangrove conservation initiatives conducted in Bird's Head Seascape.		
Output 1.7: Proposed programme governance, staffing structure, and initial partner coalition designed		
Activity 1.7.1: Develop proposed project governance and staffing structure to ensure effective and efficient oversight of the project and collaboration and coordination with partners.	A proposed project governance and staffing structure was submitted as part of the project proposal.	



III. Highlights

Highlight #1:

Descriptive Title: Papua Barat Mooring System (formerly Raja Ampat Mooring System)

Description of objective and/or challenge faced:

CI and partners have been tossing around this idea of developing a mooring system for Raja Ampat to reduce the damage on reefs caused by dropping anchors too shallow and/or on coral reefs, often causing irreparable damage to the reef structure. Although partners have wanted this system for years, we have had difficulties organizing ourselves and clarifying who in the government has authority over moorings in the MPAs.

Description of activities conducted including stakeholder engagement:

With support from the GFCR planning grant we were able to have more in-depth discussions with all the stakeholders involved and the provincial government who suggested rather than working on only the Raja Ampat regency, we develop the legal base at the provincial level and pilot the mooring system in Raja Ampat. This legal structure would enable easier replication of the mooring system in other Bird's Head Seascape MPAs. We also worked with a technical expert to develop clear plans for location-appropriate moorings and have found a local NGO in Manokwari to support the legal aspects of this project.

Results:

The Papua Barat Mooring System (formerly the Raja Ampat Mooring System and referred to as such in the proposal) is now starting to take shape with the partner in Manokwari beginning to draft some of the legal documents we will need for the legal base, and the technical lead in Sorong identifying locations and mooring styles to install when they have the authority from the provincial government.

Challenges:

One particular challenge is that the governor of West Papua will end his term in May and will be replaced by a caretaker governor until the 2024 election cycle (Indonesia is changing their election cycle to synchronize all elections). We were hoping to finalize the legal base before the governor steps down but are unsure if all the documents necessary will be ready in time. However, we are building a strong coalition of partners around this project so are confident that with the proper funding and technical support, we will be able to launch this pilot within 18 months.

Lessons learned:

1. Things are constantly evolving, and the programme needs to remain flexible enough to adapt to the evolving status of government and partners. The goals to install a mooring system in Raja Ampat have remained constant, but the road we plan to take to get there has evolved several times since we started this proposal development, and we anticipate that things may change again as we adjust to a government in flux.
2. Partnerships are essential. Because this mooring system is very complex and needs the agreement of many government agencies, NGOs, communities and stakeholders, the process has been a bit slow but made easier by building partnerships and coordinating with others who can share insight and expertise. The GFCR funding is helping to unify these partners with CI as the coordinating agent.

Link to supporting visuals: pictures and videos of ecosystem, communities, supported businesses, key stakeholders. Strive to provide a variety of shots– e.g. extreme close-ups, close-ups, mid shot, long shot, staged shots, and action shots. Landscapes, portraits, etc. Strive to provide good images of the people that have provided quotes. Link:

N/A