



ANNUAL NARRATIVE REPORT: KORALESTARI

January – December 2023

Report submitted by:

Yayasan Konservasi Alam Nusantara

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Programme Overview

Programme Title & Project Number		Programme Duration			
Programme Title: KORALESTARI: Sustaining Indonesia's Coral Reefs through Bankable Conservation and Restoration Initiatives		Start Date: November 2023			
Programme Number: 00140485		End Date: May 2025			
Programme Location		Co-recipient Organisation/s and Implementing Partners			
Country/ies: Indonesia		Co-recipient Organisation/s:			
Priority Coral Reef Site/s: 1) Berau, East Kalimantan 2) Savu Sea, East Nusa Tenggara 3) Riau Islands		Implementing Partner/s:			
Total Approved Budget					
Total GFCR Budget: USD 2,006,615.00					
[Convening Agent]: Yayasan Konservasi Alam Nusantara (YKAN)					
[UNCDF Blue Bridge, if applicable]:					
[Other Co-recipients, if applicable]:					
<u>GFCR Preparatory Grant awarded for proposal development:</u> Y					



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The KORALESTARI Programme aims to address the decline of coral reef health in Indonesia, due to unsustainable fishing and aquaculture, uncontrolled coastal development, land and marine pollution, climate change impacts, and invasive species. The programme will operate between 2023 and 2029 in three priority areas: Berau in East Kalimantan, Savu Sea in East Nusa Tenggara, and Natuna Sea (specifically in Riau Islands). The strategic vision (desired change) of the programme is to enable a transformative change in the way coral reefs are protected and restored through establishing sustainable management systems of MPAs and stimulating a reef-positive blue economy that improves local livelihoods, is inclusive, and enhances coastal resilience to climate change impacts.

To tackle the drivers of coral reef degradation, KORALESTARI will pursue the following outcomes: 1) Improved coral reef conservation through developing innovative finance mechanisms; 2) Supporting bankable reef-positive projects that advance the livelihoods of reef-dependent communities; and 3) Coral reefs are restored and recovered after major shocks, maintaining climate resilience. The KORALESTARI Programme contains five solutions: 1) Coral Reef Funding Facility (CRFF); 2) Sustainability standards and incubation support to coral reef fisheries, sustainable aquaculture farmers, and local micro-business group; 3) Self-financing models for MPAs and other reserves; 4) Blue carbon pilot project; and 5) Reef insurance mechanism.

Key activities and undertakings from December 2023 to February 2024:

1. Assembly Team Formation and work plan: Initiated establishment of Highly Effective Team (HET) and starting the recruitment process for new team members. Develop an annual consolidated work plan across all workstreams detailing outputs and corresponding timeframes.
2. Coordination meeting: A coordination meeting with the Ministry of Marine Affairs and Fisheries was held on January 29, to discuss alignment and establish a regular coordination system. During the session, project solutions and priority sites were discussed. Related to Natuna Sea sites, it was mutually agreed to focus our efforts on the Lingga Islands within the Natuna Sea, situated under the jurisdiction of the Riau Islands Province. This decision was influenced by the significant potential to implement the KORALESTARI project solutions in the Lingga Islands, in contrast to the Natuna and Anambas Islands, primarily due to their remote locations.
3. Studies on sustainable seaweed and shrimp-carbon aquaculture (related to Solution Number 2: Sustainability standards and aggregation support to coral reef fisheries, sustainable aquaculture farmers): Two Terms of References (ToRs) for studying national mapping, growth projections, and an investment roadmap have been drafted and discussed with team members. The discussion revolved around ensuring that the proposed outputs do not duplicate existing studies but rather complement them and filling the information gaps. Additionally, collaborative efforts with other experts and consultants involved in the study were explored and discussed.
4. Discussion on Solution Number 1: Coral Reef Funding Facility (CRFF): The conversation with the team member and TNC's NatureVest centered on exploring various types of CRFF forms (investment vehicle options) and their structures. A rapid analysis will be conducted to evaluate

the most appropriate investment vehicle tailored for CRFF, considering both its functionality and legal implications.

5. Discussion on Solution Number 3: Self-financing models for MPAs and other reserves or specifically UPTD-BLUD MPA Model: The UPTD-BLUD MPA Management Unit consists of the UPTD, which is a Regional Technical Implementation Unit under the Provincial Marine and Fisheries Agency. The BLUD constitutes the business unit of the UPTD which allows for private income generation, also known as the Provincial Agency for General Service, which is a semi-public business unit.

Following discussions with team members and communication with the East Kalimantan Provincial government, it has been determined that the UPTD for Marine Protected Areas (MPA) is currently being finalized by the provincial government. YKAN will maintain ongoing updates on this process, and once the UPTD for MPA is established, YKAN will support the establishment process of the UPTD-BLUD MPA Management Unit through a series of meetings and policy efforts. Parallely with the process, YKAN will conduct a feasibility study for the UPTD-BLUD MPA Model, including an examination of its potential revenue streams and business model.

6. The forthcoming activities in the upcoming quarter are including: (i) Coordination meetings with provincial governments of East Nusa Tenggara, East Kalimantan, and Riau Islands; (ii) Developing a draft of the communication and education plan; (iii) Initiating scientific assessments and baseline data collection; and (iv) Commencing several studies related to sustainable aquaculture, UPTD-BLUD MPA Model, and exploring investment vehicle options for CR

