



GLOBAL FUND FOR
CORAL REEFS

ANNUAL NARRATIVE REPORT:

Koralestari

January – December 2024



Programme Overview

Programme Duration	
Programme Title & Project Number	
Programme Title: KORALESTARI: Sustaining Indonesia's Coral Reefs through Bankable Conservation and Restoration Initiatives Programme Number: 00140485 Programme webpage: [If applicable]	Start Date: December 2023 End Date: December 2029
Programme Location	Co-recipient Organisation/s and Implementing Partners
Country/ies: Indonesia Priority Coral Reef Site/s: [Categorise priority sites within programme scope, if applicable] <ol style="list-style-type: none">1. Berau Regency, East Kalimantan2. Savu Sea, East Nusa Tenggara3. Lingga Island, Riau Islands	Implementing Partner/s: <ol style="list-style-type: none">1. Ministry of Marine Affairs and Fisheries2. East Kalimantan Province and Berau Regency Marine and Fisheries Agency3. East Nusa Tenggara Province and Rote Ndao Regency Marine and Fisheries Provincial Agency4. Riau Islands Province and Lingga Regency Marine and Fisheries Provincial Agency5. Balai Konservasi Kelautan dan Perikanan Nasional Kupang (BKKPN Kupang)
Total Approved Budget	
Total GFCR Budget: USD 2,006,615.00 0 [Convening Agent]: Yayasan Konservasi Alam Nusantara (YKAN) [UNCDF Blue Bridge, if applicable]: [Other Co-recipients, if applicable]:	

Programme Description

KORALESTARI takes place in 2024 – 2029 in three priority areas : (i) Berau, East Kalimantan; (ii) Savu Sea, East Nusa Tenggara, and (iii) Lingga, Riau Islands. The vision of the KORALESTARI Program is a transformation in efforts to protect and restore coral reefs through sustainable financing of Marine Protected Areas (MPA) and encouraging a blue economy that has a positive impact on the sustainability of coral reefs (reef-positive investments), which can increase the income of local communities, encourage inclusiveness, and increase coastal resilience to climate change.

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I. Executive Summary

1. Programme Progress Update

Koralestari has been impacted by a series of political events including national and sub national elections followed up by government transitions. This has led to a delay on the start of the program by 6 months. The national election cycle ran throughout 2024 starting with the Presidential election in February 2024 and again in November 2024 with regional elections. This disrupted decision-making, with many senior officials focused on campaigning and lower-level staff unwilling to act without clear policy direction from the incoming administration. Although initial project approvals were secured, implementation stalled due to a leadership vacuum and uncertainty over whether the new government would maintain support for reef conservation. This particularly impacted activities related to the initial endorsement of activities—which is key to the start of the programme. As a result, the program kicked off in July and thus left only about six months of implementation in 2024. Despite the setback, our significant activities and achievements in 2024 is to get the government's approval both at the national and subnational levels as well as their participation and enthusiasm in taking the journey together.

In this inception phase we have concentrated our efforts in finding the baselines and identifying the local drivers of coral reef degradation and how our solutions could address the issues. YKAN ongoing projects on Koralestari's priority sites contribute to our activities. For example, in some areas, through another project, we are equipped with the best management practices for some commodities that are in line with our solutions for example in seaweed aquaculture and shrimp aquaculture.

2. Milestones and Adaptations

CRFF

Milestone: we completed the investment landscape assessment and the design of the funding facility. We also launched a call for proposal at the end of the year for the fund manager.

Adaptation: originally designed as an impact investment facility, we redesigned it into a recoverable grant facility understanding the our assessment findings highlight the need for pre-commercial enterprises support

BLUD

Milestone: in 2024 we completed a study that models the effective management of the MPA in East Kalimantan. This modeling includes cost analysis for the management as well as revenue projection from entrance fees. We also received the green light from the government during our kickoff for their commitment in the setting up of the public service entity to manage the conservation area.

Sustainable Practices

Milestone: we have initiated three studies on commodities and sector: seaweed, Asian tiger shrimp, and snapper grouper. The study explores the market projection, industry growth projection, challenges and opportunities faced by the value chain. At the end of the year we have received the seaweed and Asian tiger shrimp draft final report.

Feasibility studies identified several revenue-generating opportunities for the BLUD, such as establishing or partnering with ecotourism resorts and developing local enterprises like an ice block factory to support coastal communities. The team is optimistic about exploring these models during the implementation phase together with the BLUD, as well as the seaweed and shrimp-related value chains that have been previously studied.



General adaptation: the last two months of the year we were faced by seasonal challenges in which we were hindered from going to our sites due to the weather and sea condition. Some of our activities are there need to be postponed until April 2025.

3. 2025 Outlook

Completion of the inception phase

Our strategy is to apply for a no-cost extension (NCE) due to our late start in this phase. The NCE will allow us to execute our activities thoroughly and ensuring the objectives are met. We plan to ask for 6-month NCE that will extend the inception phase to November 2025.

Establishment of Berau BLUD and pilot activities

The BLUD will mark the independence of the Berau MPA management including revenue generation. The BLUD will be the basis of our conservation work and reef restoration as well as the MPA financing scheme that we try to replicate in all MPAs in Indonesia. This will contribute to Koralestari outcome in innovative finance mechanism in financing coral reef conservation and restoration.

Establishment and the running of CRFF

The CRFF will be Koralestari's heart as well as the vehicle for the investment in reef-positive businesses. It will be supporting the other solutions such as sustainable aquaculture and fisheries to get the fund they need. And that is how this objective contributes to achieving Koralestari's outcomes.

II. Programme Progress Overview

1. Progress Toward Outcomes and Outputs

Koralestari have had its start delayed for six months—due to elections and government transitions leading to and throughout 2024—having only less than six months to run last year. Despite the delay, the programme managed to finish some activities before the end of 2024.

- 1) Outcome 1: Innovative finance mechanisms are implemented and generate additional resources for coral reef restoration and conservation

Output 1.1 focuses on understanding the policy and regulatory framework to support innovative financing mechanisms like BLUD and blue carbon markets. Support to East Kalimantan's provincial government in establishing a public service company BLUD¹ is on track, with Koralestari assisting each step. Meetings and workshops have been conducted since July 2024. The establishment of BLUD is crucial for effective MPA management in Indonesia. Activities were paused due to a change in government in November 2024.

For Output 1.2, in November 2024, Koralestari completed a study on revenue and costs for managing the Berau MPA, providing an overview of resources needed and modelling revenue streams from tourist fees. In December 2024, a workshop explored additional revenue streams for BLUD, including ice factories, ecotourism, and a public-private partnership for a luxury resort.

Output 1.3 attempts to demonstrate mangrove and seagrass areas adjacent to reefs and we have started locations identifications and a pre-feasibility study for blue carbon projects. These activities are still ongoing. This output and activities will contribute to one of the innovative financings for coral reefs conservation and rehabilitation with the revenues coming from Blue Carbon projects.

Output 1.4 centers around creating learning and communications plan to share the knowledge of these innovative financing mechanism. This has not yet started in 2024 and are planned to be conducted closer to the end of this phase.

- 2) Outcome 2: Bankable reef-positive projects are implemented and support livelihoods of reef-dependent communities

Output 2.1 aimed at establishing the Coral Reef Funding Facility (CRFF). In 2024, a landscape assessment revealed a lack of precommercial financing, leading to several iterations of the CRFF concept. The CRFF

¹ The Badan Layanan Umum Daerah (BLUD) is a system implemented by regional government work units in Indonesia to provide public services with greater financial management flexibility. Unlike typical regional government work units, BLUDs can adopt healthy business practices to improve service delivery. This flexibility allows them to operate more efficiently and effectively, often exempting them from standard regional financial management regulations. BLUD is a hybrid of government institution and a business arm thus it can operate as a business (including hiring non-government official professionals) but can still access government funding such as the state and/or provincial budgets. More importantly, they can manage finance themselves—including investing and accessing loans—ensuring revenues in the conservation areas will be used in the area and not transferred to the provincial or national government without guarantee of receiving them back as earmarked fund for conservation.



shifted from an impact investment facility to a recoverable grant facility to support reef-positive community enterprises. A call for proposals was launched at the end of 2024 for the CRFF manager.

Output 2.2 focuses on sustainable aquaculture for reef-positive projects. By the end of 2024, Krealogi completed a study on national mapping, growth projections, and business models for sustainable seaweed aquaculture, covering YKAN's interventions in Kupang, Rote Ndao, and Sabu Raijua. With cofinancing from Margaret A. Cargill Philanthropy, Koralestari engaged with a farmers group from Rote Ndao to develop sustainable business models.

In November 2024, our partner Blue You started a study on national mapping, growth projections and business model for shrimp-carbon aquaculture (SECURE) in YKAN's existing pilot sites in Berau. The study is expected to be completed in March 2025.

Output 2.3 intends to provide support packages and technical assistance to micro-businesses in the priority sites. It is designed to start with micro-business rapid assessments in the three priority sites to identify the appropriate support packages and technical assistance. This activity has been delayed because when we identified partners for the study, the season is not supportive to visit the locations. April 2025 will be the earliest convenience to visit and conduct these studies.

Output 2.4 focuses on sustainable fisheries as reef-positive projects. The team identified project sites in Savu Sea, conducted surveys, fleet assessments, and supply chain mapping. Stock assessments for snapper and grouper fisheries were completed. Collaborating with Supernova, they developed sustainable business models. Coordination with local government and MPA management ensures synergy and long-term change.

3) Outcome 3: Local capacity to protect, restore, and recover coral reefs, including after major shocks, is enhanced

Output 3.1 establishes the baseline for Koralestari's three priority sites through participatory mapping and scientific assessments in Lingga, Berau, and Rote Islands. It identifies coral reef utilisation, degradation drivers, and other marine resources, providing the foundation for village selection. Data is integrated with strategies like the Blue Economy and Coastal Resilience. Rapid coral monitoring using the manta tow method was conducted in late 2024 to assess reef conditions for restoration and health monitoring.

For the Output 3.2, the team has assisted KKP3K-KDPS (Berau MPA) management body with the revisioning of its zoning and management plan according to the national regulation by allocating a new core zone of 10% of the total area of habitat conservation target. However, the government of East Kalimantan decided to postpone the zoning system revision until early 2026 while waiting for the document of the spatial plan of East Kalimantan Province to be finalised and legalised by the new government (newly elected Governor).

In 2024, Output 3.3 began a feasibility study for implementing a reef financing mechanism in the Derawan Archipelago, analyzing ecological and economic importance, threats, and current initiatives. The study focuses on sustainable financing, private sector involvement, and local stakeholder capacities. It will continue until April 2025 to develop recommendations and a roadmap for parametric insurance.

Output 3.4 in establishing 'reef brigade' as community-based reef monitoring initiatives will be done in 2025.

Output 3.5 Selections of priority villages have been finalised upon baseline survey and initial assessments to target Laboh and Senayang Villages in Lingga, Boa, Nembrala, and Daodulu Villages in Rote to maximize project impacts. In general, community's know-how about climate change and its impacts are relatively low. Using YKAN's Indonesian Climate Adaptation Tools for Coastal Habitat (I-CATCH), vulnerability assessments in those 5 villages will be carried out until April 2025. The I-CATCH is a community-centered tool designed to facilitate a participatory process that captures local knowledge and expertise through dialogues with diverse community representatives. The assessment's primary objective is to uncover various climate change-related issues affecting the communities and gauge their vulnerability levels. Simultaneously, the process aims to uncover potential opportunities and support packages that could enhance community's resilience to unfavorable climate events.

2. Grants, Investment, Revenue Mobilised

1) Grants and Investments

In this inception phase, we started with engagements and promotion of our programmes to various stakeholders. The innovative financing approach has received good feedback and recommendation as well as interests from several potential partners.

We have leveraged Koralestari's activities in this phase with several on-going grants in our priority sites from Margaret A. Cargill Philanthropy, Chevron, and Samudera Indonesia.

On the investment part, we have been in close collaboration with CI Ventures in sharing pipelines and other investment activities. We have consulted each other in our works including sharing learning from their earlier experience that help shape our CRFF design. Koralestari also sits in TeKSI investment advisory committee to ensure synergy and overview of both our investment pipelines. CRFF decision to support earlier stage of enterprises is expected to help feed into CI Ventures' (or other investors') pipeline in the future as soon as CRFF cohorts graduate or become eligible for the next-level funding.

2) Revenue and Sustainability:

In this inception phase, our focus is still on designing the revenue models and its sustainability. The five solutions that we offer in Koralestari are being further explored to ensure there is a viability in revenue streams and their sustainability to contribute to coral reef conservation and restoration.

3) Challenges and Next Steps:

Identifying fund managers that have experience in managing Blue Economy portfolio is like finding a needle in a haystack. We did identify several very qualified managers in the end, but we realise that this will need to be a journey together where YKAN will learn about investing and the fund managers will learn from our Ocean expertise.

4. Challenges and Lessons Learned:

- Our biggest challenge comes from the government transition² which started before we commenced our programme in January 2024. A year leading towards the presidential and legislative election in February 2024, the subnational government election in November 2024 and several months after provide uncertainty for our government partner. Officials focusing on campaigns, staff waiting for new directions, interim posts, and other unpredictable outcomes have put most of our activities on hold. Our kick off was delayed for 6 months, so by the end of 2024 we had finished just one third of our 18-month inception phase. Learning from this, we will be more prepared when we approach the next election cycle close to the end of this programme in 2029. We did start activities that are somewhat independent of government endorsement such as the CRFF.
- Another big challenge comes from staffing and recruitment side where Koralestari finally could hire its programme lead at the end of September 2024. Finding the expertise on the market which combines the investment, sustainable finance, and oceans plus experience in managing big programmes is proven to be difficult. The absence of programme lead caused operational issues such as the hiring of other positions and the coordination of the day-to-day activities in the three sites.
- As everyone had been excited with the start of the programme, the season changed, and the two locations (Savu Sea and Lingga) became difficult to reach towards the end of October 2024. Normally the areas are reachable again around March or April. We still try to do activities to produce the output as planned and coordinate with our partners and stakeholders. With the climate change making it even more unpredictable, we need to plan way ahead and provide contingency plan when nature does not permit. We also collaborate with local organisations and universities to help us so that there is no pause in activities at the community level.

5. Emerging Risks

- **Government transition and political instability:** The elected subnational heads of government during the Nov 2024 election will officially start office in late Feb 2025. There were election result disputes in some Koralestari areas but were settled in courts in time for the leaders inauguration. The absence of power could potentially have an impact on activities with partners (especially local government) preferring to hold activities until there is a definite leader. Two (Lingga and East Kalimantan) out of three Koralestari sites have pending disputes in court. Our strategy is to continue activities with non-government partners, or with government activities that are independent from head of local government decision making.
- **Change in the regulatory framework in Indonesia:** With the new government not yet revealing its mid- and long-term development plan, there is a risk that with regulations relevant to conservation, power division between the national and subnational, carbon market regulations, and insurance may change. The existing and evolution of regulations and regulatory framework will be discussed in the Policy landscape assessment. The potential impact is that Koralestari's programme design and solution may need to be altered or removed following changes in the

² The 2024 general elections in Indonesia led to significant political changes, notably the end of Joko Widodo's presidency and the inauguration of Prabowo Subianto as the new president on October 20, 2024. Prabowo's administration introduced the largest cabinet since 1966, comprising 109 members. [Link](#)

direction of regulations and policy. We hope that with our Policy landscape assessment being postponed to starting in Q1 2025 we will get a in-depth understanding to prepare a better strategy.

- **Natural hazards:** Earthquakes, volcanic eruptions, unpredictable seasons and rainfall, storm, and other natural hazards have been exacerbated by climate change. Some programmes suffer from these delay due to weather conditions making us unable to cross islands or must postpone ocean activity. Our partners such as farmers have also experienced uncertainty and even failure in harvest. To reduce the impact, we will try to make use and be more active when the season and weather are more favourable.
- **Lack of horizontal and vertical coherence:** Lack of vertical coherence between the national, provincial, regency, and even village government may hinder the objectives of Koralestari. For example YKAN has been facilitating a discussion and decision—on the authority and management of tariffs within the MPA— between the regency and the provincial Marine and Fisheries Agency. The regency authority lost its conservation mandate to the provincial government when Law No.23/2014 was passed. However, the regency bodies are the one closest to the conservation areas and will be the first on site when things happen. Such tension is prevalent throughout the country in every government sector and YKAN attempts to create harmony and agreement between the provincial and regency government to work together. In addition to that, horizontal coherence between fisheries authority, tourism authority, and the revenue authority is also an issue that YKAN needs to address to ensure programme success.
- **Lack of stakeholder participation in MPA management:** A key challenge is ensuring active participation and buy-in from all stakeholders, as co-management frameworks require coordination among multiple parties with potentially conflicting interests. Tensions may arise between local and central governments who have jurisdiction of within and beyond 12 nautical miles from the shoreline, as well as between government and the private sector, particularly when balancing sustainability recommendations with economic goals such as maximising profitability while reducing fishing effort. Additionally, developing a sustainable and inclusive business model that benefits all stakeholders, especially small-scale fishers, remains complex due to market constraints and logistical challenges. These factors highlight the need for continuous engagement, transparent dialogue, and adaptive strategies to align conservation efforts with economic viability.
- **Unable to find sufficient reef-positive projects in priority sites:** with the Blue Economy mostly falling under the higher risk category—due to the lack of reliable data, lack of collaterals and assets, and seasonal nature—we are facing the same issue of the difficulty in finding investible businesses or projects that are reef positive. We will mitigate this by collaborating with similar initiatives such as TeKSI and also working with our CRFF manager to build more enterprises.

III. Solutions

1. Overview of Progress and Composition of Solution Portfolio

Koralestari offers six solutions and since this is still the inception phase, none of these solutions have been deployed nor started enjoying revenues. Instead, in this phase, the focus is on preparing and assessing their viability and to identify what is needed to make it work.

Baseline Assessments

Participatory mapping, including scientific assessment and habitat mapping, has been done in all three targeted areas of Lingga, Riau Islands (July 2024), Berau East Kalimantan (Nov-Dec, 2024), and Rote Islands at Savu Sea Marine National Park, East Nusa Tenggara (Dec 2024). The utilisation and threats to the coral reef and other marine resources in all target sites have been identified and used as an additional feature during the scoring and site selection as cross-cutting strategies with Blue Economy, Coastal Resilience, and Sustainable Fisheries strategies to determine the village target. Rapid coral monitoring Activity using the manta tow method was also conducted during the 2nd semester of 2024. This method aims to collect a large area of coverage condition of coral reefs within the MPA areas, whether it's in good condition/or damaged, and it will be used as a basis for determining the following program of coral reef restoration and reef health monitoring in the next 1st semester of 2025 in all target site.

Financial Mechanism:

- BLUD MPA Financing (User fees): We have completed a study that models the revenue from user fees and the optimum management effort.
- Coral Reef Funding Facility: Landscape assessment was completed in 2024 leading to the CRFF design as returnable grant facility. The process of hiring a manager is still on-going
- Blue Carbon: In 2024, we were only able to start designing the study and priority locations. YKAN plans to focus on mangrove and seagrass ecosystems in the areas that YKAN works, such as low-productivity shrimp ponds being restored into mangrove systems. While the national blue carbon market is not yet in place, YKAN is preparing early-stage interventions to position for future crediting. YKAN is part of the Global Mangrove Alliance and currently developing a national proposal seeking US\$30–50 million in mangrove financing over seven years. YKAN is leading the sustainable finance component, with potential to leverage CRFF and other solutions incubated through this programme.
- Reef insurance: A feasibility study has started at the end of 2024 and is planned until Q1 2025 to look into the possibility of implementing this mechanism in Berau, East Kalimantan. YKAN has spent several years mapping seven priority sites in Indonesia for potential reef insurance schemes. The current feasibility study—exchanging with similar initiatives by Konservasi Indonesia and RARE—explores a model where the BLUD could act as a local trust to coordinate and receive reef insurance payouts. This approach draws on lessons from TNC's model in Mexico, where a trust was established as the insurance policyholder to fund rapid reef restoration after extreme events. Although reef insurance is new in Indonesia, YKAN is working to build the enabling environment by collaborating with partners like RARE and ADB, and has brought in a consultant firm with experience with parametric insurance in terrestrial sectors.

YKAN is conducting feasibility studies across seven priority reef sites in partnership with Conservation International and PT KI, drawing from global models like TNC's trust-based insurance mechanism in Mexico. The concept is to enable BLUDs to act as local trust entities that can hold and manage reef insurance policies. Although reef insurance is new in Indonesia, YKAN is working to build the enabling environment by collaborating with partners like RARE and ADB, and leveraging its consultants' experience with parametric insurance in terrestrial sectors. The goal is to help establish a viable marine insurance market, with the BLUD acting as a potential national enabler.

Sustainable Ocean Production

- Sustainable Aquaculture: one study each for seaweed and tiger shrimp has been initiated in 2024 to understand the supply chain, growth projection, market, and the opportunity of investment in the sector. The studies are in its final stage and are expected to complete in Q1 2025.
- Sustainable Fisheries: priority location assessment and a study on the supply chain, growth projection, market, and the opportunity of investment in the sector has started at the end of 2024.

2. Support and Financing

Financial Mechanism:

- BLUD MPA Financing (User fees): We have assisted the government in fulfilling its requirements to establish the BLUD. This includes support in facilitating meetings and workshops as well as the experts and knowledge. We have spent USD 39,137 in grant for this mechanism.
- Coral Reef Funding Facility: The process in creating landscape assessment, searching for potential fund manager, and pipeline building have amounted to USD 49,044.
- Blue Carbon: We have spent USD 25,543 in 2024 to initiate a pre-feasibility study to determine the location and mechanism.
- Reef insurance: A feasibility study that was initiated in 2024 has contributed to the total disbursement of USD 17.912 in grant.

Sustainable Ocean Production

- Sustainable Aquaculture: one study each for seaweed and tiger shrimp have been initiated in 2024 to understand the supply chain, growth projection, market, and the opportunity of investment in the sector cost a total of USD 53,582.
- Sustainable Fisheries: The team has spent USD 120,286 to understand the supply chain and for the commission of a study in the business projection.
- We will use 2025 to reflect on this studies and prepare our main commodities pathway to sustainability: carbon shrimp, seaweed, and snapper-grouper. We are looking into mapping the gaps to sustainable markets (e.g. certifications) along the value chains. This is part of the preparation for Phase 2 where we will focus our attempts on providing access to sustainable, premium markets.

3. Challenges and lessons learned

Since we have not yet deployed any of these solutions in this Inception Phase, we could not yet share the challenges and lessons learned.

4. Objectives and Milestones for 2025

Financial Mechanism:

- BLUD MPA Financing (User fees): Establishment of BLUD and pilot user fees as well as other revenues streams as BLUD’s business units.
- Coral Reef Funding Facility: Fully functional CRFF, investing the first USD 100,000 and getting co-financing and collaborating in a co-investment.
- Blue Carbon: A report and analysis to show us whether it is feasible to initiate a blue carbon project in Berau Regency—and whether this should be pursued in Phase 2 of Koralestari.
- Reef insurance: A report and analysis to show us whether it is feasible to initiate a parametric reef insurance project in Berau Regency—and whether this should be pursued in Phase 2 of Koralestari.

Sustainable Ocean Production

- Sustainable Aquaculture: An investment in a community hatchery and a community-based seaweed trading and regenerative industry
- Sustainable Fisheries: An investment along the supply chain, a Fisheries Improvement Programme as pathway to sustainable market.

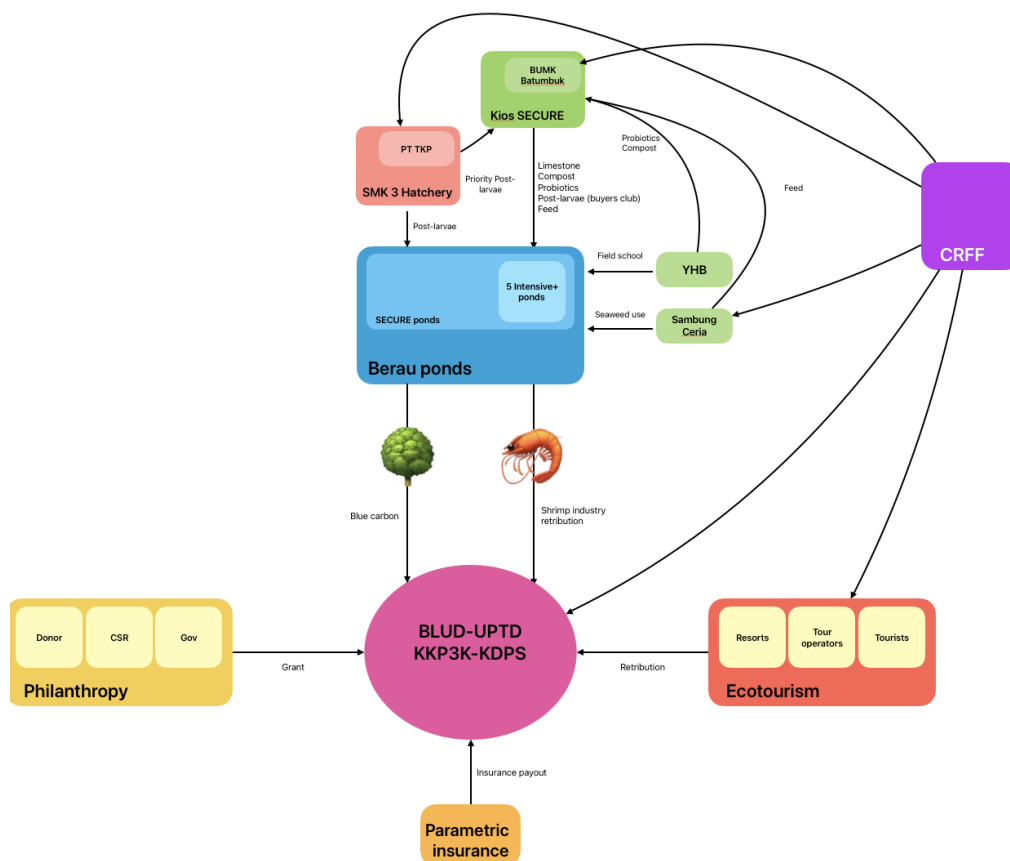


Figure 1 - Sustainable finance scheme of MPA in East Kalimantan showing all Koralestari solutions in play: BLUD, sustainable practices in sectors, blue carbon, parametric insurance, and CRFF

In Figure 1, we try illustrate on how the different Koralestari solutions come into play and interact with one another—creating a synergy. The centre of the solution is the BLUD-UPTD (MPA management body that has been transformed into a Public Service Agency and thus independently run the MPA). The BLUD

would need revenue streams for effective MPA management (e.g. surveillance, monitoring, etc). These streams could come from philanthropic funding, entrance fees, payment for ecosystem services (like ecotourism), or innovative financing schemes such as reef insurance or blue carbon credit. To catalyse their business activities, CRFF could potentially invest in BLUD’s business development. Furthermore, CRFF will invest in reef-positive MSMEs within the surroundings of the MPA to stimulate economic activities which in turn will contribute to the conservation effort and potentially BLUD revenues.

IV. Facilities and Conservation Trust Funds

1. Design Overview

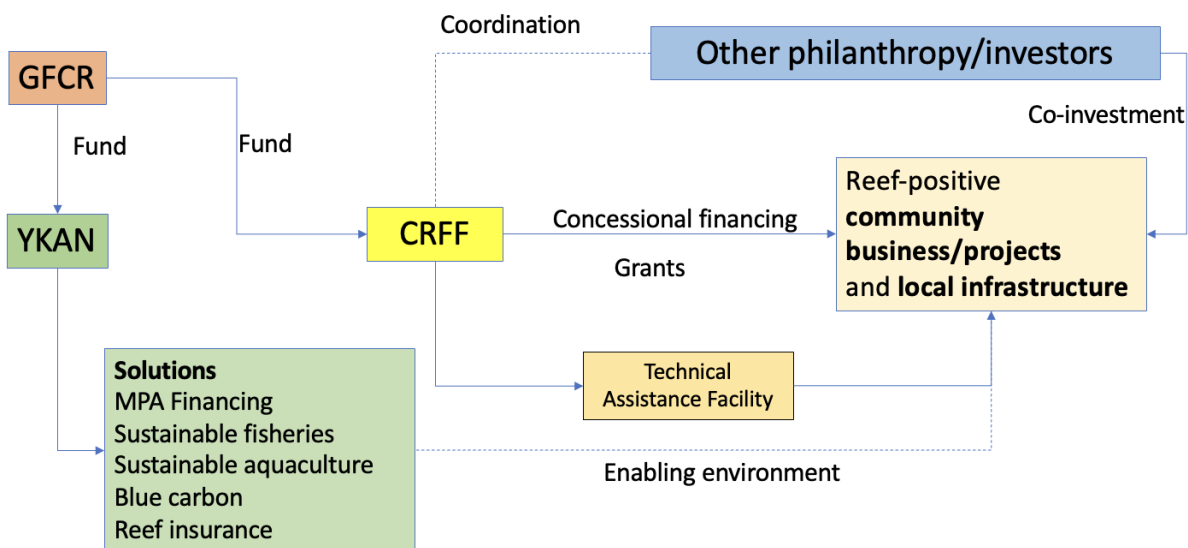


Figure 2 - Interconnectivity between GFCR, implementer, partners, and the communities

The fund for GFCR will be split into: 1) work on **solutions** building for coral reef conservation and restoration, and 2) **Coral Reef Funding Facility**. CRFF provides **recoverable grants** as concessional financing to community MSMEs with orientation to build local infrastructure. Traditional **grants** will be another instrument that the CRFF disburses to projects that are not commercial in nature such as *the reef brigades*.

With our decision to focus our support into pre-commercial enterprises, we feel that a **technical assistance facility** is mandatory to ensure the necessary help is provided for the businesses to grow.

A coordination with other donors and investors is also important—such as the close relationship we have with another Convening Agent KI and CI Ventures—to ensure synergy in the blue investment landscape. Additionally this coordination will open up to opportunity for co-investment or follow up investment as the businesses within our incubation are ready to graduate to a higher level of investment.

2. Progress and Challenges:

To come to this design, we first did an in-house study on the investment landscape as part of our activity. From this study, we devised a structure as pictured in the above, with the consideration of supporting in areas where there is still a gap (see figure below).

Originally, the plan for CRFF under the GFCR program was to orient it as an impact investment vehicle, deploying capital to blue economy ventures. However, following an internal landscape assessment of the blue finance ecosystem—led in-house leveraging the team’s relevant expertise—it became clear that this approach would have limitations. Specifically, we foresaw challenges around identifying investable ventures that aligned with the GFCR metrics, especially the local-level reef impact in the priority sites. This was evidenced in the CI Venture experience through the TEKSI programme. Based on this analysis, the team decided to reposition CRFF to fill a critical gap in the **pre-commercial catalytic space** rather than focusing efforts on finding ventures that already tick all the boxes in terms of commercial and impact metrics. The evolution of CRFF design can be summarised as:

- While equity-based impact investing was initially considered the default approach, landscape and market scans revealed that many reef-positive businesses are **local, small-scale, and not yet suited for equity**. CRFF is therefore adopting a more flexible capital approach.
- Many of these businesses face the classic **SME financing gap**—they lack the track record or scale needed to access traditional bank loans. CRFF aims to bridge this gap by using **returnable grants that mimic credit structures**, helping build financial history and readiness.
- CRFF is designing its capital stack to allow businesses to **gradually "graduate"** from returnable grants to concessional loans and, eventually, commercial investment (equity or credit). This makes the model **scalable and adaptive** over time.
- By structuring returnable grants within a **revolving fund model**, CRFF enables fund managers to **engage more deeply and longer-term** with enterprises. Managers can support businesses across multiple stages—not just one-off transactions.

This repositioning is intended to ensure CRFF effectively supports the goals of the GFCR while responding to real market needs. The main feedback we received from GFCR consultation was how are we going to ensure the long-term sustainability of the facility and we are still formulating that.

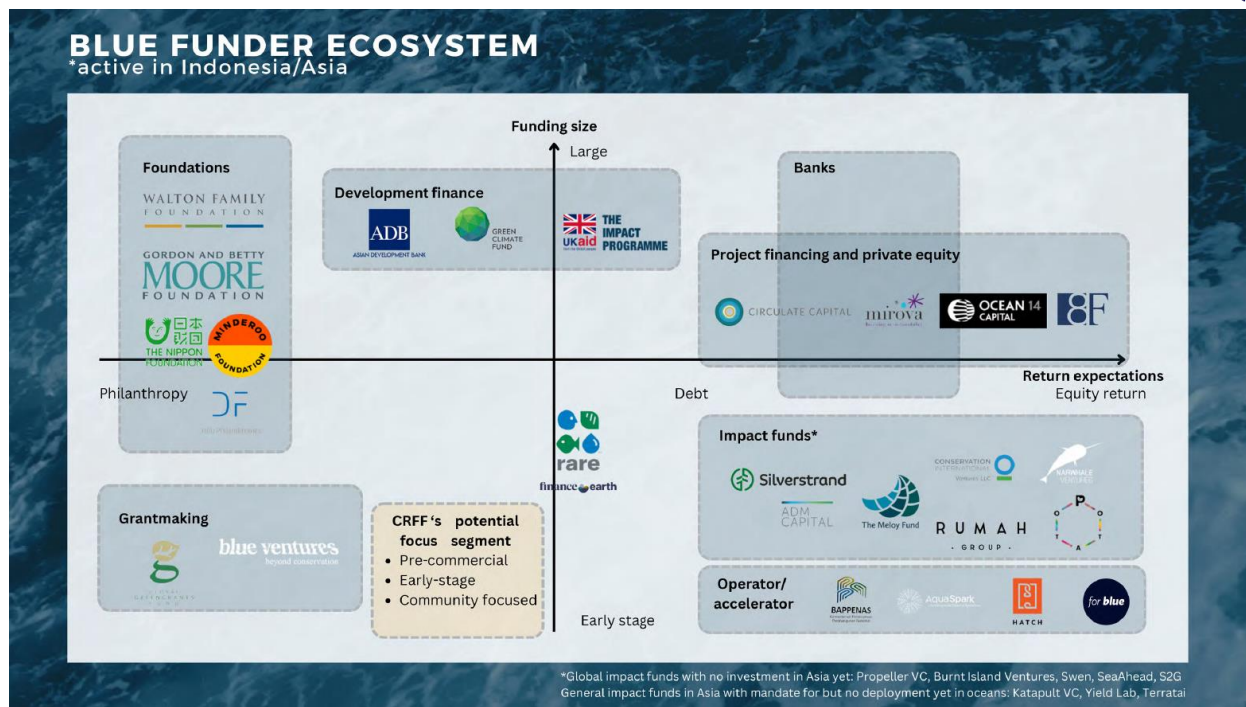


Figure 3 - Landscape of blue funder ecosystem in Indonesia and Asia

Figure 3 outlines our investment landscape scan in Indonesia and Asia where we listed various sources of funding including public, philanthropic, and commercial investment. After this scan, we realised that CRFF could play a bigger impact if it fills in the space that is rarely pursued by many (often referred to as the “valley of death” where enterprises fail). We also learned that the impact fund space—in which we initially wanted to be in—are already crowded. Thus, taking the current position will also help other funding players to get the investible businesses they need.

To find a local manager for the right CRFF manager that ticks all the boxes is challenging. We want the manager to be a local institution with the understanding of the local context. The local institution status will also help with several administrative requirements such as compliance with fund disbursement regulations. But the biggest challenge is to find a manager that has the experience in disbursing investment in the Blue sector.

At the closing of 2024, we have published a request for proposal and later received very capable and impressive applications that we are processing at the beginning of 2025. Proposals coming from both local and foreign institutions.

V. Enabling Environment

1. Policies at National and Sub-National Levels

Koralestari is a response to Ministry of Marine Affairs and Fisheries (MMAF) 30x45 initiative (MPA Vision 2045) where Indonesia declared the commitment to increase protection for key ecosystems such as coral reef, fisheries, and carbon-rich areas up to 97.5 million hectares (30% of Indonesian waters) by 2045. The government needs a big help from various partners to hit this ambitious target.

Apart from the conservation area establishment, the government also needs help in ensuring there is sustainable financing mechanism to ensure optimum running of the MPA. Thus come the BLUD mechanism to ensure that revenues are earmarked and designated towards the MPA conservation activities. Unfortunately, user fees may not be enough to fund the entire activities and thus Koralestari aims to help BLUD to look into different revenue streams for the BLUD such as from ecotourism, sustainable fisheries, sustainable aquaculture, community supporting infrastructure, and more.

The subnational government at the provincial and regency level are very supportive of our cause due to the responsibility that they have in supporting the national agenda MPA Vision 2045. The provincial government are also motivated to set up BLUD to ensure their local MPAs get the funding they need and that their regional revenues stay in the area. The only caveat here is the coherence between the provincial and regency government coordination on the management of the MPAs, the distribution of the revenues, and other aspects relevant to both levels of government. Despite the regulations (especially Law No. 23/2014) which specify that the authority and management of several activities (including marine conservation) fall under the provincial jurisdictions (including the revenues), it will be difficult to exclude the regency or village administration who are closer to the action everyday. This also apply to Koralestari various solutions such as the blue carbon implementation and reef insurance.

The Indonesian government is pushing for sustainable fisheries including promoting access to premium market. However, the government has limited resources and thus relying on the private sector and NGO/CSO together to reach the goals. YKAN and Koralestari intends to collaborate with the national and regional government and particularly with value chain actors for this purpose.

Other national government policy and initiatives that coincides with our sites include Coral Bond (in progress) and debt-for-nature swap (TFCCA) for coral reef conservation and restoration. Koralestari will enjoy the additional support to Savu Sea as one of the priority locations for both initiatives. Both initiatives could leverage our activities especially on funding leverage. The additional fund from both initiatives could allow us to scale our efforts.

While the carbon regulations, framework, and market are not yet 100 per cent ready, our Blue Carbon work is to help the government formulate their national strategy. And likewise for the parametric insurance for coral reef that will be the first of its kind in the country will need a strong national policy and support on that front. In this inception phase, Koralestari starts with scanning the regulations, framework, and pathway to market readiness. After getting a better understanding of the situation, Koralestari will then prepare support packages and activities to help implement the two innovative financin schemes in the country—starting at Koralestari’s priority sites.

2. Other Enabling Environment Factors



Partnership and support from the national and subnational government, and their enthusiasm is crucial for the success of this programme. We have also enjoyed the support and enthusiasm from the local communities, including local leaders, businesses, and other prominent stakeholders.

3. Complementary Initiatives

Collaboration with CI Ventures in investment-related activities has been helpful for both sides in pursuing each other's objectives. Sharing and learning from KI—who started about a year earlier—helps us learn to avoid pitfalls and mistakes. YKAN's donor such as MACP, Darwin Foundation fund similar activities and sector as KORALESTARI so that we could co-finance and scale our work better. An example would be our seaweed work investment in Rote that has been funded greatly by MACP in promoting sustainable farming practices. Likewise with CI Ventures, we are exploring a regenerative seaweed aquaculture investment that is linked to shrimp aquaculture.

VI. Gender, Equity and Social Inclusion (GESI)

1. Gender Roles and Risks:

We are still about to conduct gender assessment in three priority sites. We have identified several business solutions that will fit with the 2X Challenge. Additionally, we are also ensuring that our investment committee will have gender balance. Our vulnerability assessments in the three priority sites are exactly intended to learn about the roles and risks in the GESI aspects.

2. Programme Actions and Outcomes:

Since in this phase we concentrated our work in studies, assessments, and other preparation, we have ensured that women are represented in these studies and assessments. We have also identified—where possible—business solutions that fall into the 2X Challenge categories. In addition to gender inclusion, we are also focusing on youth and other minority's involvement .

3. Lessons Learned & Future Direction:

We have not started implementing activities thus our lessons are limited. However, we learn that each of the sector that we pursue have the potential of greater women involvement for example the seaweed sector has a ratio of almost 1:1 for women-men participation. In sustainable fisheries and shrimp aquaculture, women are dominant at the processing level.

We will make sure that our investment and solutions will have a gender transformative approach.

VII. Partnerships

1. Partner Contributions (Maximum 1 page):

A. Implementing Partners

a. Direct partners

- i. BLUD-UPTD KP3K-KPDS in Berau, East Kalimantan is our main partner for the sustainable MPA financing scheme. Their enthusiasm in transforming into a public service entity motivates our work in replicating YKAN's success in establishing Raja Ampat BLUD-UPTD as a success story in the country. We are hit by some challenges with the lack of resources (staffing and knowledge) as well as the political transition that hinders key decisions. To mitigate this, we have been closely assisting the institution so they could fulfill the administrative and technical requirements for the establishment.
- ii. CI Ventures and Konservasi Indonesia
As a fellow Convening Agent, we have worked directly and indirectly in sharing our objectives. Close coordination with CIV has been happening since the start of Koralestari where we share our progress and insights on pipelines. We also share our strategy and we have agreed to be part of their Investment Advisory Committee. We are still considering to either set up a similar committee or just use the same committee for our purpose.
- iii. RARE, CI Ventures, and Konservasi Indonesia
The three organisations are key players in exploring reef insurance mechanism in Indonesia and Asia. While Konservasi Indonesia has used YKAN's baseline work in reef insurance to advance the study and site selection under the Asian Development Bank programme, RARE is doing the same thing in the Philippines. We are aligning our work to make reef insurance a possibility in the region—considering both regions are prone to climate change impacts. In addition, we also align on each institution's financing schemes in the Blue space including RARE's latest Impact Bond which is the first of its kind in Indonesia that we also like to learn from.

B. Research/scientific Partners

The following are the partners we worked with in 2024 to assist in our study and research

- a. **Krealogi** developed business models for reef-positive seaweed projects in the Savu Sea, created an investment roadmap, while also enhancing market connections. Krealogi is a company that specialises in inclusive and sustainable entrepreneurship, connecting MSMEs to entrepreneurial education, digital tools, financing, and markets.
- b. **Supernova** conducted feasibility study, developed business models for reef-positive fisheries project, created an investment roadmap, while also enhancing market connections. **BlueYou** developed business models for reef-positive Asian tiger shrimp projects in Berau, created an investment roadmap, while also enhancing market connections. Supernova ecosystem is a catalyst organization to help boost the impact investing at subnational level in Indonesia. Sustainable Development Goal is our framework, climate change is our focus, the green and sustainable commodities is our playground.
- c. **Moores Rowland Indonesia** conducted an income analysis of the regional technical implementation unit (UPTD BLUD). Following up on this, Starling will continue to work on the "willingness to pay" analysis related to visitor fees and other costs to be covered by conservation area users (i.e. resorts, dive operators). Moores-Rowland (formerly Starling

Resources) is a business consulting that has the experience working in natural resources management and was responsible for the Raja Ampat financing study.

d. Yayasan Rekam Jejak Alam Nusantara (REKAM)

REKAM and YKAN shared roles in snapper and grouper stock assessment where REKAM carried out data preparation, preliminary analysis, and result review while YKAN contributed to stock assessment and document review. REKAM is a science-based organisation that focuses on studies, conservation actions, and social communications.

C. Government partners

- a. **Ministry of Marine Affairs and Fisheries (MMAF), DG Marine Spatial Management, Directorate Water Ecosystem and Biota Conservation** is our main national partner in which we align and design our Koralestari programme with their objectives.
- b. Agency for Marine and Fisheries in East Kalimantan, East Nusa Tenggara, and Riau Islands Provinces are a prominent partner in ensuring that the BLUD is established. It will be under their management and jurisdiction. They will also contribute to the budget of BLUD from the provincial budget. The Provincial government is our main partner that will give the permission to execute our programmes in the area.
- c. Agency of Marine and Fisheries at the Regency level in Berau, Rote Ndao, and are a key ally in the management of the MPA especially within their Regency areas. Despite having no longer jurisdiction in marine conservation, their participation and coordination especially in monitoring will be crucial to the success of effective MPA management.
- d. Kupang National Marine Conservation Area (BKKN Kupang) is a national MPA management body that is responsible for the Savu Sea and Raja Ampat. Unlike the other Koralestari sites, the Savu Sea MPA is a national park and thus coordination with this body is important as the extension of the national government.
- e. National Commission on Fish Stock Studies (Komnas KAJISKAN)
Komnas KAJISKAN provided (1) guidelines on the principles on data collection, preparation, and analysis during the preparation phase; (2) supervision during analysis; and (3) review and input on the analysis result. Komnas KAJISKAN also facilitated member of Komnas KAJISKAN attendance during the committee meeting.

2. Fostering Collaboration Among Partners (Maximum 1 page):

YKAN has established a lasting collaboration with the MMAF and the subnational governments with our continuing work in mangrove restoration and sustainable aquaculture in Berau, East Kalimantan as well as the sustainable seaweed programme in Rote Ndao, East Nusa Tenggara. Recently, thanks to our USAID Kolektif work in the area, we have also established a good relationship with the government of Lingga, Riau Islands province. We really enjoy working with supporting, and enthusiastic government who share the same visions and objectives. This is also the spirit of YKAN that is to be the development partner for the government and the community.

A close collaboration with Indonesia's other Convening Agent KI/CI Ventures is proven to be beneficial for both, especially in tackling the difficulty in building investible pipelines. We have been exchanging information and insights as well as held coordination meetings to keep each other updated.

VIII. Monitoring and Evaluation (M&E)

1. Overview of M&E Activities

In 2024, Koralestari M&E activities revolve in setting up and updating the baselines as the entire team is working on their research, study, and assessments. The new GFCR M&E framework was released after we submitted our proposals, so significant adjustments and alignments are needed. We are grateful that the GFCR M&E team—led by Gabriel Grimsditch—has been patient and supportive in this effort.

2. Entities Responsible for M&E

Margret Schwarzkopf, Hilda Leonata, and the Project Lead coordinate the M&E works in 2024. Additional consultant hiring was initiated at the end of 2024.

3. Key Achievements and Insights

The key achievement in this initial phase is the alignment of the original indicators of Koralestari with the GFCR M&E framework

4. Challenges and Lessons Learned

In its original proposal, Koralestari did not propose a dedicated MEL specialist so the work was not prioritised. However realising this absence and how crucial the MEL as the foundation of the programme, we are preparing an FTE for this work to assist our MEL coordinator.

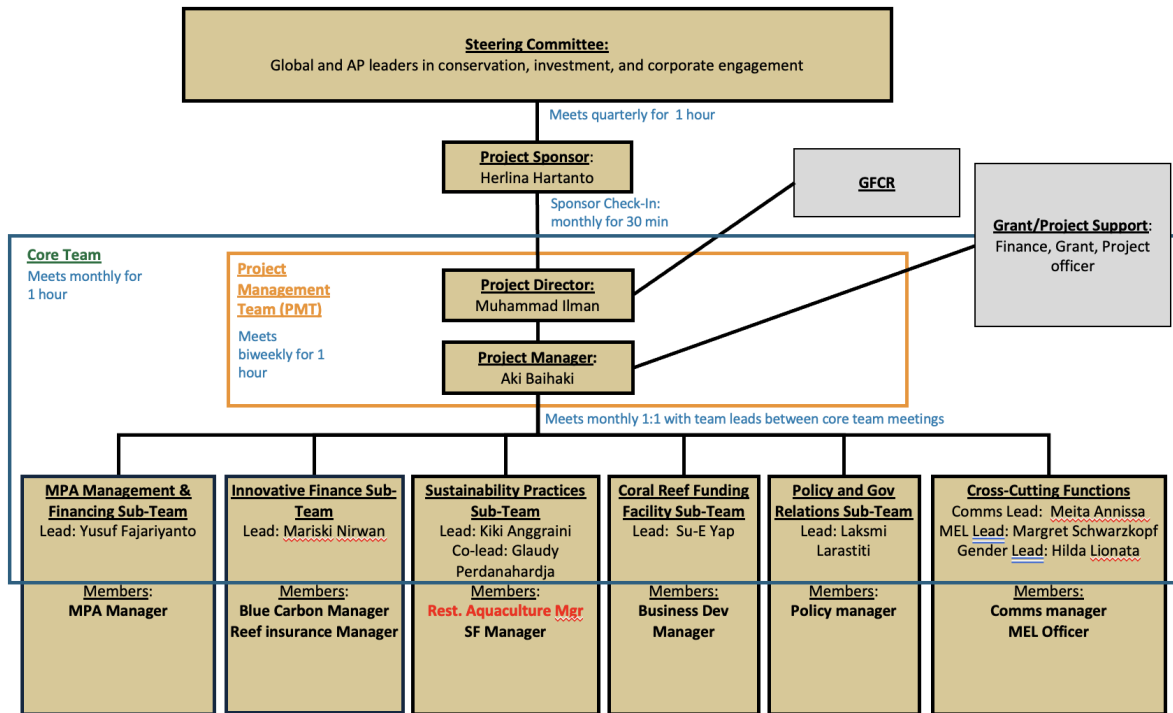
5. Next Steps and Timeline

With the inception phase still on going, the M&E team will update the baselines and other indicators of the programme to have a robust framework that is aligned with the GFCR M&E framework. More importantly, the team is coordinating a reasonable framework that meets the achievable goals and objectives.

IX. Programme Management

1. Decisions and Resolutions by Governance Body:

Conforming to YKAN’s Highly Effective Team (HET) framework for project management, the ideal team structure—with the staffing challenges—was nearly finalised in early December 2024. This goes as well for the Steering Committee as the governing body of this programme. The Committee held its inaugural meeting on 12 March 2025. The diagram below outlines Koralestari’s project structure with position in bold red pending hiring. The Restorative Aquaculture Manager will start in mid-April 2025.



2. Work Plan & Budgetary Adjustments:

In 2024, there has not been any work plan or budgetary adjustment.

3. Operational Adjustments:

The Project Lead started assisting the programme at the kick offs in July 2024. He joins the programme full time at the end of September 2024. Recruitment for other key positions resumed.

Project Lead was hired at the last week of September 2024 – 9 months after the supposed kick off. Business dev manager in Oct 2024, MPA manager in Jan 2025. Aquaculture manager. Aquaculture manager to start in April 2025

When the Project Lead joins the team at the end of September, structured update meetings are held every two weeks. However, a consensus among the core team (Project Lead and Subteam Leads) to hold these update meetings once a month to allow meaningful reporting after sufficient implementation time. The Project Lead supplements the monthly meeting with bi-weekly one-on-one meeting with the Subteam Leads to ensure the activities are on track.

The Sustainable Fisheries team has decided to change its priority site from Lingga Island to the Savu Sea. The decision was made as a result of a rapid assessment for the snapper-grouper supply chain and fishing activities in all priority sites. The team believes more impact will be made from working with the snapper-grouper value chain in East Nusa Tenggara—bordering with Australia and Timor Leste—as one of prominent suppliers to the domestic and international markets.

Since Koralestari has been selected as our Asia-Pacific pilot project for the Highly Effective Team (HET)³ framework, the Lead decided to use the recommended Smartsheet as the project management tool. The information from the Smartsheet will automatically feed into the project Dashboard at the Asia-Pacific office.

4. Operational Challenges & Mitigation:

The difficulty in forming the team and the absence of a project lead since the start poses coordination and keeping the project on track. The mitigation was to hire consultants to help execute the activities including temporarily hiring a consultant for the project lead position.

5. Replenishment

The initial plan for replenishment is June 2025—as soon as this inception phase officially ends on 27 May 2025. However, due to the challenges in this phase, we plan to request a no-cost extension (NCE) for six months until November 2025 for this inception phase.

As for the replenishment, we are looking forward to a discussion with GFCR in the second half of April 2024 to anticipate the annual GFCR replenishment approval in July and November. As each outcome and output progress in different pace, our proposal is to request for progressive replenishment (replenishment in tranches). This is to allow some activities with a head start to continue without disruption to the second phase. We foresee that several outputs could even continue to the next phase around June 2025.

X. 2025 Objectives

- Outcome 1: Innovative finance mechanisms are implemented and generate additional resources for coral reef restoration and conservation
 - **Policy landscape analysis** for reef conservation and its innovative financing
Despite significant delay, this deliverable is going to be the underlying element of our work and activities. We have selected the consultants that will help us prepare this deliverable.
 - **BLUD Berau Official launch**
Koralestari has assisted the provincial government in fulfilling their administrative, technical, and substantive requirements for setting up the BLUD. We have submitted these requirements in March 2025 to the newly elected Governor for his endorsement and later to the Ministry of Home Affairs. A very optimistic estimate foresees the launch to be in May 2025. The BLUD will mark the independence of the Berau MPA

³ HET is a project management framework used by the Nature Conservancy where a healthy and productive team led by one team manager focused on process, team building, and facilitation with members who feel happy, valued, and committed and deliver quality content.

management including revenue generation. The BLUD will be the basis of our conservation work and reef restoration as well as the MPA financing scheme that we try to replicate in all MPAs in Indonesia..

- **BLUD establishment as national learning module**
As the organisation that has established the only successful MPA BLUD (Raja Ampat) and has seen established other BLUDs, YKAN is taking its experience a step further by crystallising this experience as a learning module and certification. We want to see more experts and initiatives in setting up MPA management units as a BLUD especially with our government 30 x 45 MPA vision—targeting around 100 million hectares of MPA establishment by 2045.
- **Blue Carbon policy analysis—including supporting national and regional action plan**
The study commencing in March 2025 will assess the Blue Carbon within the MPA’s potential contribution towards conservation financing to BLUD—including for coral reef conservation and restoration.
- Bankable reef-positive projects are implemented and support livelihoods of reef-dependent communities
 - **Official launch of CRFF (Biru Fund) – The first reef-positive investment window**
The CRFF will be Koralestari’s heart as well as the vehicle for the investment in reef-positive businesses. It will be supporting the other solutions such as sustainable aquaculture and fisheries to get the fund they need. And that is how this objective contributes to achieving Koralestari’s outcomes. For example, based on the shrimp feasibility study in Berau that revealed a key value chain bottleneck: the lack of locally available post-larvae (PL), which limits productivity for shrimp farmers, the team is envisioning a pilot investment in a **community-linked hatchery**, supported by a commercial partner, to improve yields and embed conservation incentives. This way the shrimp aquaculture project serves as an early **pipeline example for CRFF**, showcasing how catalytic capital can address ecosystem challenges while strengthening local livelihoods.

We have submitted the launch to be a side event at the UN Ocean Conference in Nice, France in June 2025—pending approval.

- **First investment in shrimp hatchery**
The hatchery in Berau, East Kalimantan will start its due diligence in April and will be conducted by the CRFF Fund Manager SecondMuse. The initial investment is targeted at USD 50,000 and a potential scaling in Koralestari’s second phase to US\$200,000. This investment is expected to improve the shrimp survival rates and ponds’ yield.
- **Establishment and investment in Kios Konservasi – community business in seaweed**
Funded through MACP and ending in June 2025, Koralestari will continue the baton and support the farmers-led business through investment and technical assistance. The business will start as middleman and coordinator for hundreds of farmers and later on devising a scheme for more sustainable, and premium markets.
- **Gap analysis of seaweed, snapper-grouper, and tiger shrimp certifications**
These studies will be discussed and further validated in 2025, including disseminating them at the national and provincial level. For example, in April we are planning to hold a

roundtable of seaweed experts to discuss the finding and devising concrete actions. Similar activities to be done with the other studies.

- **Best Management Practice modules for carbon shrimp and sustainable seaweed**
In 2025, we will continue working on perfecting the BMP modules for these commodities. These modules will be used as the basis for reef-positive aquaculture guidelines.
- **Reef-positive tourism strategy**
YKAN understands that it could improve its ecotourism strategy formulation. It will use Koralestari as an opportunity to define a reef-positive ecotourism strategy that will feed into and give guidelines to CRFF investment.
- **Outcome 3: Local capacity to protect, restore, and recover coral reefs, including after major shocks, is enhanced**
 - **Reef brigades launch at each site**
Koralestari will set up a reef brigade in each site, consisting at least 20 local youth and community members. The brigade will function as community-based monitoring group for MPA, first-response team to coral reef conservation and restoration, as well as for other disasters.
 - **Baseline assessments completed**
Various assessments (e.g. reef health, fisheries stock) which have been delayed since October due to seasonal reasons, could resume in April 2025 and are foreseen to be completed by September 2025.
 - **Reef insurance recommendation**
The insurance study is projected to be completed in April and a seminar and dissemination package is planned for May or June 2025.

XI. Communication, Visibility and Knowledge Management

1. Strategic Role of communications:

In the initial stage, the role of communications for the program focused on developing a communication strategy and stakeholder engagement strategy. By December 2024, a consultant had been selected to assist in developing both strategies. The communication strategy was tailored to the program's stages, from the inception stage, growth stage, to the consolidation and sustainable exit stage.

Additionally, to strengthen the visual identity of the program's initiative, a Koralestari logo was designed during the July-December 2024 period. This logo will be used in various media, both print and digital, including social media platforms, promotional materials, and official communications with stakeholders such as government, local communities, and the public. With the presence of this logo, it is expected to comprehensively represent the vision, mission, and values of the Koralestari program.

2. Alignment with programme goals:

In our early design of communication strategy in 2024, we want to project the innovative financing mechanism for coral conservation and restoration and at the same time we want to amplify our effort in creating more reef-positive businesses through our sectoral work and especially promoting our financing facility CRFF.

We are designing our communications to reach younger audience to fit the Indonesian demography. And as one of the world's largest social media users, we aim to cultivate the media as our biggest target. However, we also understand that our stakeholders at the community level have different access to media and the level of engagement. Thus a balancing strategy for these audience will be developed.

3. Effectiveness and Future Planning:

In the early stages of the program, mass media (earned media) and YKAN's internal media (owned) proved to be effective channels for publicizing program activities. The YKAN brand as an organisation focused on environmental conservation activities was one of the supporting factors for the success of Koralestari communications. Moving forward, to align with the program's goals, communications will be directed towards:

- Increasing public awareness through data-based storytelling, social campaigns, and interactive media.
- Encouraging community participation and strategic partnerships through two-way communication such as community discussions, scientific forums, and social media.
- Supporting policy advocacy by presenting easily understandable research to stakeholders, including policymakers.
- Strengthening the program's image and appeal through strong branding, engaging visuals, and messages that are easily accepted by various groups.
- Enhancing media relations by establishing relationships through press release distribution and conducting media trips to the Koralestari project site.

4. Knowledge Sharing:

In this inception phase, knowledge sharing will only be developed as strategy for the next phases.



- Annex A – Results Framework

GUIDANCE

Submit the programme’s results framework as a separate Excel document, following the GFCR results framework format. Ensure it includes baselines and targets for all GFCR indicators and sub-indicators. For any clarifications, please contact **Gabriel Grimsditch** at UNEP gabriel.grimsditch@un.org



○ Annex B – Programme Milestones by Activities

Format: Programme Milestones by Activities Table

Deliverable or Milestone	Target Date of Completion	Status	Supporting Text
Outcome 1 – Innovative finance mechanisms are implemented and generate additional resources for coral reef restoration and conservation			
Output 1.1 – Policy activities are supported to improve enabling conditions for the blue economy, including regulation to allow for the BLUD MPA Management model, the blue carbon market, and a reef insurance mechanism			
Activity 1.1.1 – Conduct an in-depth policy landscape assessment to update and detail the policy activities.			
Deliverable: Policy landscape assessment report	Original: Dec 2024 Revised: May 2025	Revised	YKAN has identified a consultant to conduct a policy analysis, including an in-depth review of existing policies related to self-financing models for MPAs and other reserves (UPTD BLUD) and blue carbon at the national and provincial level. In addition, to identify policy gaps and opportunities, providing actionable recommendations for interventions aligned with the overarching project strategic objectives. The final report will be available in May 2025.
Activity 1.1.2 – Support the government in the development of a regulatory framework that allows the devolution of power to provinces to locally administer the resources generated through tourism fees and other revenue models in MPAs (BLUD model).			
Strategic plan document for regional public service agencies (UPTD)	May 2025	On track	YKAN facilitates the stipulation of the governor’s decree on BLUD assessors and the governor’s decree for the declaration of BLUD. Current activities are on-going to accelerate the study of the BLUD model in East Kalimantan province. The support provided includes the preparation of a timeline for BLUD model and a plan to facilitate meetings between the regional government and the central government (Ministry of Maritime Affairs and Fisheries), prior to the operational of BLUD. See activity 1.2.1 for detailed update of the BLUD model in East Kalimantan.
Activity 1.1.3 – Support the formulation of an umbrella policy on coral reefs conservation and restoration, including national and provincial level funding mechanisms.			
Draft regulation on coral reefs conservation and restoration, including	October 2025 (subject to approval of the NCE)	Delayed	Drafting of regulation on coral reefs conservation will take place once the result from the policy landscape assessment (Activity 1.1.1.) is available



national and provincial level funding mechanisms.			
Activity 1.1.4 – Support policy activities to formulate regulations for a blue carbon market.			
Supporting the necessary formulation of regulations for blue carbon market	May 2025	Delayed	This activity will start after the blue carbon pre-feasibility study
Activity 1.1.5 – Support the formulation of a national action plan and facilitation of provincial action plans for blue carbon.			
Supporting the national and provincial action plan for blue carbon	May 2025	Delayed	This activity will start after the blue carbon pre-feasibility study
Output 1.2 – MPAs and other reserves have self-financing models in place (BLUD model)			
Activity 1.2.1 – Prepare business model and implementation plan for MPA Management Units (using the BLUD model) in Berau, in collaboration with the government, MPA staff, and community partners.			
<ul style="list-style-type: none"> ▪ Administrative document consisting business model and implementation plan including revenue projection for BLUD ▪ Study report on feasibility and potential revenue of BLUD-UPTD 		On track	<p>In July 2024, YKAN has prepared a timeline with the Marine and Fisheries Agencies (Provincial and District level) for the establishment of Regional Public Service Agency (<i>Badan Layanan Umum Daerah, BLUD</i>). BLUD is a financial management mechanism, enabling provinces to locally administer the resources generated through tourism fees and other revenue models For East Kalimantan Province, the initial drafting of the BLUD document has been commenced in November 2024 with the support from the Regional Secretary.</p> <p>Follow up: In the year 2025, various activities are planned: (i) Preparation of the BLUD Strategic Plan, in parallel with the analysis and investigation of BLUD expenditure plan (ii) Facilitate and support the Regional Secretary to issue a decree regarding the BLUD evaluation team that will assess whether the establishment is a go or no-go based on the readiness.</p>
Output 1.3 – A blue carbon demonstration project in mangrove and seagrass areas adjacent to reefs is implemented and provides evidence for policy activities			



Activity 1.3.1 – Identify locations for expansion of TNC YKAN’s pilot blue carbon project in Berau, based on scientific assessment under Output 3.1 and partner identification.			
Identified locations for blue carbon pilots	May 2025	On track	A study to commence in Q1 2025 to cater 1.3.1 and 1.3.2 Finding the right consultant is a challenge (limited experts on blue carbon experts).
Activity 1.3.2 – Conduct a (pre-)feasibility study and detail the project development document for the expanded blue carbon project.			
Prefeasibility study of project development	May 2025	On track	A study to commence in Q1 2025 to cater 1.3.1 and 1.3.2 Consultant searching is a challenge (limited experts on blue carbon experts).
Output 1.4 – Innovative finance mechanisms are adopted with targeted communication interventions			
Activity 1.4.1 – Carry out a detailed communication and education plan for each FM to help create the enabling conditions for their implementation.			
Communications and education plan	May 2025	On track	the communication strategy and education plan is in progress
Outcome 2 – Bankable reef-positive projects are implemented and support livelihoods of reef-dependent communities			
Output 2.1 – The Coral Reef Funding Facility (CRFF) is operational and supports a portfolio of reef-positive projects to become bankable (sustainable fisheries and aquaculture, ecotourism, waste management, bioprospecting)			
Activity 2.1.1 – Landscape assessment to identify investment needs, industry practices, investment opportunities, and optimal CRFF portfolio composition in collaboration with the GFCR Investment Fund. This will build on the scientific assessment of climate refugia in Output 3.1 and the aquaculture investment roadmap in Output 2.2 , identifying target sectors and relevant organisations to support the design, implementation, and provide co-financing for the CRFF.			
Landscape assessment	Nov, 2024	achieved	<p>The landscape assessment was initially announced as a consultancy but attracted little interest. Fortunately, we have in-house capacity Ms Su-E Yap who has had extensive experience in the impact investment world. With the landscape assessment we understand that there is lack of financing facility in the precommercial where most enterprises fell into “the valley of death”.</p> <p>The assessment also shaped the eventual CRFF design to be a recoverable grant facility to finance community businesses and community infrastructure surrounding the MPAs.</p>
Activity 2.1.2 – Fully design and set up the CRFF together with co-implementers and secure co-financing.			



CRFF and Fund manager setup	May 2025	On track	We have shortlisted and to announce the CRFF manager at the end of Feb 2025.
Activity 2.1.3 – Build a pipeline of projects, including building on incubation and acceleration support for sustainable aquaculture and fisheries under output 2.2 and 2.3.) and launch various calls for proposals.			
Pipeline of projects	May 2025	On track	We have listed and engaged with 15 startups that are potentially eligible for CRFF funding. We have also identified a viable investment for an Asian tiger shrimp hatchery, together with an implementing partner. The CRFF manager’s first assignment is to perform due diligence on this inaugural investment.
Output 2.2 – Sustainable aquaculture is scaled up with incentives and technical assistance to farmers who implement environmental standards			
Activity 2.2.1 – Conduct national mapping of aquaculture growth projections and overlap with coral reef areas.			
Seaweed and tiger shrimp industry growth projection study	Feb 2025	On track	The seaweed study was conducted by Krealogi in Savu Sea while Blue You assisted the tiger shrimp study in Berau, East Kalimantan. Seaweed draft final reports were submitted at the end of 2024, as for tiger shrimp will be submitted in March 2025.
Activity 2.2.2 – Prepare investment roadmap for Indonesia’s aquaculture sector in collaboration with Hatch Blue. This includes the identification of locations for sustainable aquaculture projects, pipeline development, and priority investment opportunities.			
Seaweed and tiger shrimp investment roadmap	Feb 2025	On track	The seaweed study was conducted by Krealogi in Savu Sea while Blue You assisted the tiger shrimp study in Berau, East Kalimantan. Seaweed draft final reports were submitted at the end of 2024, as for tiger shrimp will be submitted in March 2025.
Activity 2.2.3 – Prepare a support package for each sustainable aquaculture site (including stakeholder engagement and targeted TA).			
Support package to shrimp and seaweed farmers based on the identified needs from the study	May 2025	On track	Based on the study, support packages will be deployed to the shrimp and seaweed aquaculture business partners.
Output 2.3 – Economic incentives and technical assistance are provided to micro-business groups to improve their access to sustainable markets and to financial capital, including women’s active participation.			
Activity 2.3.1 – Identify locations for support to micro-business groups, based on scientific assessment under Output 3.1.			



Microbusiness landscape assessments for three sites	May 2025	Revised	Microbusiness assessments are planned at the three sites but are potentially delayed due to seasonal conditions and difficulty finding consultants. The areas could only be reached after April 2025 which will not give enough time for May completion.
Activity 2.3.2 – Support package preparation for each micro-business group (including stakeholder engagement, feasibility studies, incentive design, and engagement of consultants).			
Support package for seaweed industry, shrimp, BLUD, and ecotourism	May 2025	Partly Delayed	We have prepared some support package e.g. Best Management Practice modules for shrimp and seaweed aquaculture—in collaboration with a programme by Margaret A. Cargill Philanthropy. However there are still some packages (modules, grants, and technical assistance) need to be disbursed based on the landscape assessments in Activity 2.3.1
Activity 2.3.3 – Provide technical assistance and incentives to micro-business groups to improve access to market and financial capital and other sources of finance, including setting up BUMDes entities.			
Technical assistance	May 2025	Partly Delayed	We have prepared some technical assistance e.g. Best Management Practice modules for shrimp and seaweed aquaculture—in collaboration with a programme by Margaret A. Cargill Philanthropy. However there are still some technical assistance planned based on the landscape assessments in Activity 2.3.1
Output 2.4 – Coral reef fisheries participation in ecolabel-certified supply lines promoted			
Activity 2.4.1 – Identify locations for sustainable reef fisheries projects, based on scientific assessment under Output 3.1.			
The location for the sustainable reef fisheries project has been identified in the Savu Sea, with snapper grouper fisheries as the main focus of this project.	December, 2024	On-track	The identification was based on the results of the fisheries frame survey, fishing fleet survey, and supply chain mapping. The status is still in progress, with only the survey in Sabu Raijua remaining to finalize the fishing fleet survey and supply chain mapping.
Activity 2.4.2 – In priority locations, conduct stock assessment per location and identify constraints and opportunities for business development informed by supply line assessment, fleet survey, and catch assessment survey among representative small-scale fishers.			



<p>The stock assessment for snapper and grouper fisheries in WPP 573 was completed in late December 2024 through a comparative study of 2023 and 2020 catch data.</p>	<p>December, 2024</p>	<p>On-track</p>	<p>The stock assessment will be updated in the following year using data currently being collected in collaboration with partner fishers in Kupang and Rote, representing fishers from the Savu Sea. Meanwhile, the business model identifying opportunities and constraints is being developed through a business landscape analysis, supply line assessment, catch assessment, and feasibility study. Data collection from fisheries partnering with small-scale fishers has reached 12 out of the target 15 partners. The upstream business landscape assessment has been completed in key locations across the Savu Sea, while the downstream supply line assessment for snapper and grouper is ongoing from February to April 2025. This will help finalize a suitable business model for the Savu Sea region, ensuring a positive impact on all fishery stakeholders and sustainable fisheries.</p>
<p>Activity 2.4.3 – Develop management plans in collaboration with local governments to secure access to sustainable resources for small-scale fishers and ensure sustainability standards are in place.</p>			
<p>Communication with local governments and the small-scale fishery community for snapper and grouper fisheries has been initiated.</p>	<p>December, 2024</p>	<p>On-track</p>	<p>Key issues and relevant stakeholders have been identified. YKAN plans to initiate a preliminary meeting in April 2025, inviting all stakeholders to discuss challenges related to sustainable snapper and grouper fisheries management. Additionally, a workshop will be held to train participants on multi-species identification for snapper and grouper in these waters. This meeting and workshop will serve as an initial platform to bring together local and central governments, as well as private sector actors across the supply chain. The goal is to establish a co-management framework that enables focused discussions on the priority fisheries conditions in the region.</p>
<p>Outcome 3 – Local capacity to protect, restore, and recover coral reefs, including after major shocks, is enhanced</p>			
<p>Output 3.1 – Refugia are identified in the priority areas to inform MPA management and restoration efforts</p>			
<p>Activity 3.1.1 – Conduct scientific assessments and habitat mapping to identify resilience coral reef priority areas (climate refugia) in the target regions, including identification of blue carbon and sustainable aquaculture and fisheries project locations.</p>			
<p>Participatory mapping of utilisation and threat to coral reef and other marine resources and Rapid Coral</p>	<p>December 2024</p>	<p>Done</p>	<p>Participatory mapping, including scientific assessment and habitat mapping, has been done in all three targeted areas of Lingga, Riau Islands (July 2024), Berau East Kalimantan (Nov-Dec, 2024), and Rote Islands at Savu Sea Marine National Park, East Nusa Tenggara (Dec 2024). The utilization and threats to</p>



Reef Survey Using Manta tow			the coral reef and other marine resources in all target sites have been identified and used as an additional feature during the scoring and site selection as cross-cutting strategies with Blue Economy, Coastal Resilience, and Sustainable Fisheries strategies to determine the village target. Rapid coral monitoring Activity using the manta tow method was also conducted during the 2nd semester of 2024. This method aims to collect a large area of coverage condition of coral reefs within the MPA areas, whether it's in good condition/or damaged, and it will be used as a basis for determining the following program of coral reef restoration and reef health monitoring in the next 1st semester of 2025 in all target site.
Output 3.2 – MPA management bodies are supported with developing and implementing Management plans			
Activity 3.2.1 – Support MPA management bodies in developing and implementing MPA management plans and provide TA to improve effective management practices.			
Draft Zoning and Management Plan of KKP3K KDPS has been revised	December 2024	Done	The zoning and management plan of KKP3K KDPS has been revised according to the national regulation of Permen KP no.31 about MPA management in Indonesia by allocating a new core zone as 10% of the total area of habitat conservation target. Yet, the government of East Kalimantan decided to postpone the zoning system revision until early 2026 while waiting for the document of the spatial plan of East Kalimantan Province to be finalized and legalized by the new government (newly elected Governor)
Output 3.3 – New reef insurance products, including a funding mechanism, are developed			
Activity 3.3.1 – Conduct a feasibility study to identify suitable locations and partners involved in the reef insurance mechanism (e.g. insurance companies, buyers of policy, communities, and the ADB-GEF project)			
Feasibility study of to identify suitable locations and insurance mechanism	May 2025	On track	The consultant Ms Anita Untario started her work in 2024 but needed to wait for the good season to travel to the sites in Berau to conduct field research and interviews.
Output 3.4 – Local “Reef Brigades” (with local dive shops, rangers, and MPA managers) are established with the capacity to restore coral reefs and support reef recovery after damages			
Activity 3.4.1 – Identify suitable partners to be trained as Reef Brigades in priority locations, including identification of coral reef nurseries and existing MPA restoration initiatives to collaborate with. This includes preparation of support packages for each reef brigade (including stakeholder engagement, training design, and engaging consultants)			



One reef brigade at each priority sites	October 2025 (subject to approval of the NCE)	Delayed	A site survey assessment for coral reef restoration will be conducted in March this year to identify the reef brigades in Rote Island as the pilot project in phase 1. YKAN staff will also learn coral reef conservation competency training in Makassar at MARRS site ⁴ as part of the trainers' training in Mei later this year, followed up with community and reef brigades training related to the restoration program in all Koralestari sites.
Output 3.5 – Community-based vulnerability assessment in the priority areas is carried out to support the development of climate adaptation and Disaster Risk Reduction plans			
Activity 3.5.1 – Identify priority communities and partners based on assessments in Output 3.1 and prepare support package.			
Village selection	January 2025	On track	Villages selected from the three main sites to fit in the criteria for coral reef conservation, blue economy, and coastal resilience
Activity 3.5.2 – Carry out community-based vulnerability assessments in target areas.			
Vulnerability assessments	May 2025	Delayed	Seasonality has hindered our team from going to the sites. This is scheduled to run in April 2025

⁴ Mars Assisted Reef Restoration System - MARRS is a reef conservation and restoration by Mars Inc– a global food manufacturer
<https://www.buildingcoral.com/>

○ Annex C– Dashboard Intake Form

GUIDANCE

The Dashboard Intake Form is a critical input for the GFCR dashboard, which monitors and analyzes the status of all programmes. This dashboard enables real-time tracking and provides actionable insights into programme progress. Ensuring the accuracy and completeness of the data from the start is essential for maintaining a reliable overview of programme performance. Programmes will update this form at the annual and mid-annual reporting stages. Previously completed Dashboard Intake Forms will be shared by the GFCR with the Convening Agent.

- Ensure all data fields are completed comprehensively with accurate and verified information. Cross-check entries against programme records and reporting materials for consistency.
- Use the workbook to provide detailed data that complements the high-level analysis presented in the narrative report.
- For clarifications or guidance, contact Rammahi Al Rammahi, Junior Programme Consultant, at rammahi.al.rammahi@uncdf.org

1. Review and Validate Existing Data: The excel file is pre-filled using data from earlier reporting periods.

- Ensure the pre-filled sections are accurate and consistent with current programme activities and achievements.
- Validate all data fields to ensure alignment with the narrative report.

2. Add Updates to Key Sections: Ensure all relevant new information is added.

- **Solutions:** Add new solutions implemented during this period, along with associated metrics and progress.
- **Facilities:** Record additional facilities such as Technical Assistance Facilities, Special Purpose Vehicles/Entities, Financing Facilities, and Conservation Trust Funds established, including relevant details.
- **Policy Work:** Include updates on new or ongoing policy activities, agreements, and milestones achieved.
- **Partners:** Document new partners engaged during this period, specifying their roles and contributions.



○ Annex D – Risk Log

GUIDANCE

Use the Risk Log below to provide a summary of risks identified using [GFCR’s Risk Management System](#), including:

- **Updates on Risks:** Assess any changes to previously identified risks, including increases or decreases in severity or likelihood.
- **New Risks:** Identify and describe any new risks that have emerged during the reporting period.
- **Responses & Mitigation:** Summarize responses to these risks in the reporting period and outline future mitigation strategies.
- **Grievance Management:** Document any programme-related grievances reported by internal or external stakeholders. Include details of how these grievances were resolved or are being managed. Describe the management structure within the implementation team and procedures followed (or planned) for handling grievances related to programme implementation.

Format: Risk Log

Event / Risk	Cause	Impact/s	Risk Category	Risk Level	Mitigation / Management Measures	Remarks
Specify the event (past) or risk (potential future event) and indicate whether and how this has changed since programme inception	Explain the event / risk causes	Describe the actual / potential impact/s of the event or risk identified	Choose an item.	See GFCR Risk Management System	What actions have been /will be taken to mitigate / manage this? Who is responsible for treatment and the status of treatment? Each risk can have multiple treatment measures.	Indicate whether risk/event is new or existing and provide additional details if necessary
Event: Change in national government	Indonesia held its 5-year cycle of direct	One year leading to the presidential & legislative	Political	4	We continued with activities that are not reliant on	Existing. The impact is still on going with lowered magnitude (minor) since the



	<p>presidential election on 14 February 2024</p>	<p>election, government officials especially at key posts below the ministers are occupied with campaigns. They are also reluctant to make decisions beyond the term—anticipating potential new direction of the new regime. This translates to some activities may be halted or upcoming ones pending</p>			<p>government-related activities. We also continue working with some level of government officials whose existing programmes are in line with <i>Koralestari</i>.</p>	<p>elected government is still formulating their strategy even until today.</p>
<p>Event: Change in subnational government</p>	<p>The election for the governors and regents for 38 provinces and 415 regencies occurred on 27 Nov 2024</p>	<p>Like the February election, heads of subnational governments mostly went on campaigning. Furthermore, some of them are replaced by acting heads</p>	<p>Political</p>	<p>4</p>	<p>We continued with activities that are not reliant on government-related activities. We also continue working with some level of government officials whose existing</p>	



		<p>due to ending term. There is no one high-level making decision or focusing on everyday issue.</p> <p>Koralestari's Kick Off at the three locations were delayed at the three locations by six months due to unavailability of officials.</p>			<p>programmes are in line with Koralestari.</p>	
<p>Event and Risk: Expertise/Staffing issue</p>	<p>Limited expertise in the market leads to late hiring of project lead, and trickled down to delays of other team members hire</p>		<p>Operational</p>	<p>4</p>	<p>The project was led collaboratively by sub-team leads and did not have one-person orchestrating staffing, budgeting, activities and other project management activities</p>	<p>Project Lead was hired at the last week of September 2024 – 9 months after the supposed kick off.</p> <p>Business dev manager in Oct 2024, MPA manager in Jan 2025. Aquaculture manager.</p> <p>Aquaculture manager to start in April 2025</p>



<p>Risk: Political instability</p>	<p>The elected subnational heads of government during the Nov 2024 election will officially start office in late Feb 2025. But if there are disputes, court process may delay the appointment. Two out of three Koralestari sites have pending dispute in court.</p>	<p>The absence of power could potentially have an impact on activities with partners (especially local government) preferring to hold activities until there is a definite leader.</p>	<p>Political</p>	<p>3</p>	<p>Continue activities with non-government partners, or with government activities that are independent from head of local government decision making.</p>	<p>Lingga Regency and East Kalimantan Province entered election dispute. Results typically around Feb or Mar 2025.</p>
<p>Risk: Change in the regulatory framework in Indonesia</p>	<p>With the new government not yet revealing its mid- and long-term development plan, there is a risk that regulations relevant to</p>	<p>Koralestari programme design and solution may need to be altered or removed following changes in the direction of</p>	<p>Regulatory</p>	<p>3</p>	<p>Policy landscape assessment is scheduled to start in Q1 2025 and expected to get a better understanding to prepare strategy.</p>	

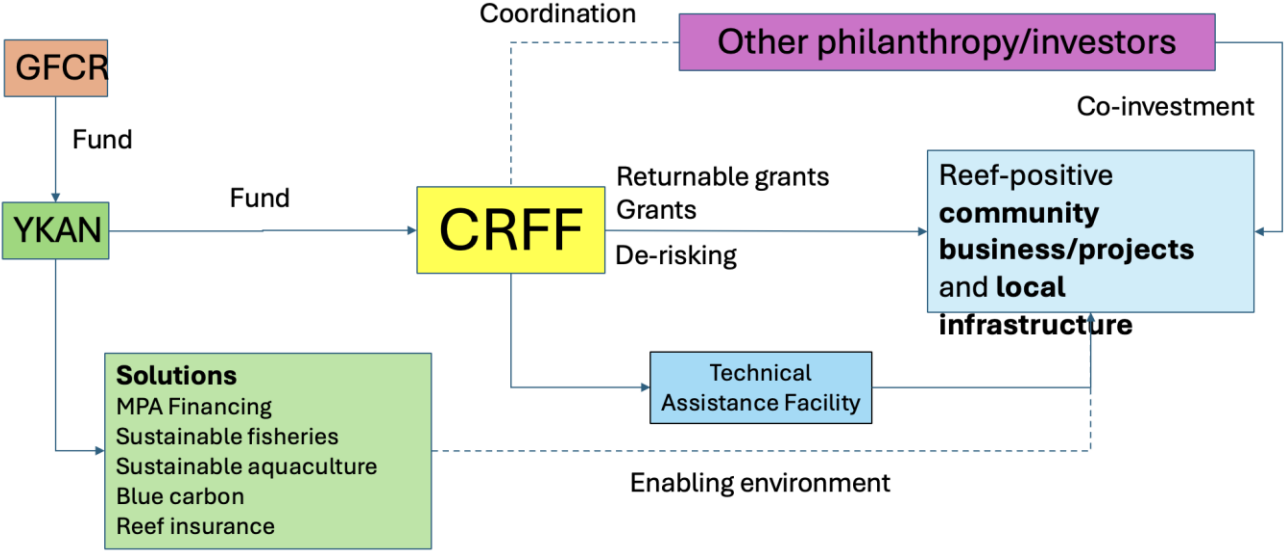


	conservation, power division between the national and subnational, carbon, and insurance may change.	regulations and policy.				
Event and Risk: Natural hazards	Earthquakes, unpredictable seasons and rainfall, storms, and other natural hazards have been exacerbated by climate change.	Some programmes suffer from delay due to weather conditions making us unable to cross islands or must postpone ocean activity. Our partners such as farmers have also experienced uncertainty or failure in harvest.		2	We will try to make use and be more active when the season and weather are more favourable.	



○ Annex E – Solution Case Study Template

Solution Title	Coral Reef Funding Facility (CRFF)
Context	<p>Indonesia is the world’s largest archipelago which holds the world’s highest marine biodiversity and is located in the heart of the Coral Triangle (CT) region. The country’s important marine and coastal ecosystems include the largest area of coral reefs in South-East Asia, an estimated 39,500 km², which accounts for 16% of the world’s coral habitat. The KORALESTARI programme will focus on three priority sites in Indonesia: Savu Sea, East Kalimantan, and Riau Islands. These sites hold important ecological status, showing the levels of climate resilience, and the potential to scale sustainable Blue Economy and reef-positive businesses with community benefits. CRFF is a recoverable grant facility to help grow reef-positive community enterprises focusing on local infrastructure. The facility is also intended for early stage, pre-commercial level reef-positive MSMEs. The fund focuses on local impact first and also aims to fund businesses with orientation to local infrastructure to encourage community ownership which in turn will motivate its sustainability beyond the life of the programme.</p> <p>In addition to those areas, we are looking into collaboration with CI Ventures and Konservasi Indonesia—the other GFCR convening agents—in building pipeline and co-investment activities in their project sites in Sumatra Seascape, Sunda-Banda Seascape, and Bird’s Head Seascape.</p>
Website or other links	
Image	<i>Please share at least one image highlighting this solution.</i>
<p>FINANCE SOLUTION</p> <p><i>**This is the most important part of the case study!! This section should aim to demonstrate whether blended finance is working to support coral reef ecosystems and communities.</i></p>	

<p>Finance Solution Diagram</p>	 <p>The diagram illustrates the flow of funds and support. GFCR (orange box) provides 'Fund' to YKAN (green box). YKAN provides 'Fund' to CRFF (yellow box). CRFF provides 'Returnable grants', 'Grants', and 'De-risking' to 'Reef-positive community business/projects and local infrastructure' (light blue box). CRFF also provides 'Technical Assistance Facility' (light blue box) to the same infrastructure. 'Other philanthropy/investors' (purple box) provide 'Co-investment' to the infrastructure. A dashed line labeled 'Enabling environment' connects the 'Solutions' box (green) to the infrastructure. A dashed line labeled 'Coordination' connects 'Other philanthropy/investors' to CRFF. The 'Solutions' box lists: MPA Financing, Sustainable fisheries, Sustainable aquaculture, Blue carbon, and Reef insurance.</p>
<p>GFCR Fund usage</p>	<p>The fund has been used for landscape assessment and the call for Proposal for the Fund Manager.</p> <p>The GFCR fund also goes to YKAN as the convening agent to carry out the solutions to contribute to coral reef restoration and conservation. These solutions are also designed to assist the community and businesses so that the YKAN's other solutions (e.g. MPA financing, sustainable fisheries) contribute to the enabling environment for the community businesses and projects.</p>
<p>Company Overview (Reef-positive business only)</p>	<p>N.A.</p>
<p>Finance Solution Overview</p>	<p>Provide an overview of the finance solution or the form of the support provided to the reef-positive business.</p> <ul style="list-style-type: none"> • Flow of funds: The funds from GFCR will go directly into the CRFF that will be managed by a third-party manager. CRFF manager will then disperse the fund to reef-positive community businesses in the form of concessional loans and (returnable grants). The manager will also disperse the money as traditional grants into reef-positive community projects it has no commercial nature such as the Reef Brigades.



- **Technical assistance:** the CRFF manager is also responsible in providing and setting up the technical assistance facility. This facility is to provide business sustainability assistance from the economic viability of the enterprise, the social aspect, and especially the environmental aspect focusing on positive impacts on the coral reefs. The facility will focus on assistance to business owners on building their ventures, increasing their (financial) credibility, as well as key business skills such as marketing, and sustainability (more reef-positive activities). The technical assistance is crucial since the CRFF's decision to support early stage community enterprises involves a commitment into tackling the bigger and more complex challenges of early stage, pre-commercial enterprises.
- **Types of financing:** we are designing this facility to be able to disburse grants, recoverable grants, and concessional loans so that we can cover a wide range of community enterprises and projects. We have selected this pathway after our landscape assessment that concluded with the need for bigger participation from blue funders in Indonesia and Asia in the pre commercial stage where most enterprises fail to surpass this stage. This is why we think the fund will be catalytic because our aim is to grow the enterprises to be able to graduate and access next level investment.
- **Financial sustainability and leverage of investment capital:** at the beginning we will focus on disbursing recoverable grants and traditional grants to the community enterprises and projects. We are hoping to find matching vision from other donors and private investors. We plan to organise a blue funders platform in Indonesia (and some of this work will be jointly done by our fund manager) and we will start our private investment collaboration with CI Ventures.. In the mid to long term, we are this facility to also disburse concessional loans so that it can ensure the sustainability of the funds.
- We envision that about \$2-3 million of GFCR fund will be disbursed as concessional financing to reef-positive businesses and as traditional grants to non-commercial community projects.
- To build our pipelines, we went through the following:
 - i) market research and engagement (e.g. for shrimp hatchery),
 - ii) ecosystem engagement/existing networks of the team (e.g., identification of reputable players in the space like *Banyu, Sejiva*),
 - iii) Discussions with partners (e.g., co-investment discussion with CI on seaweed pilot for shrimp farms)

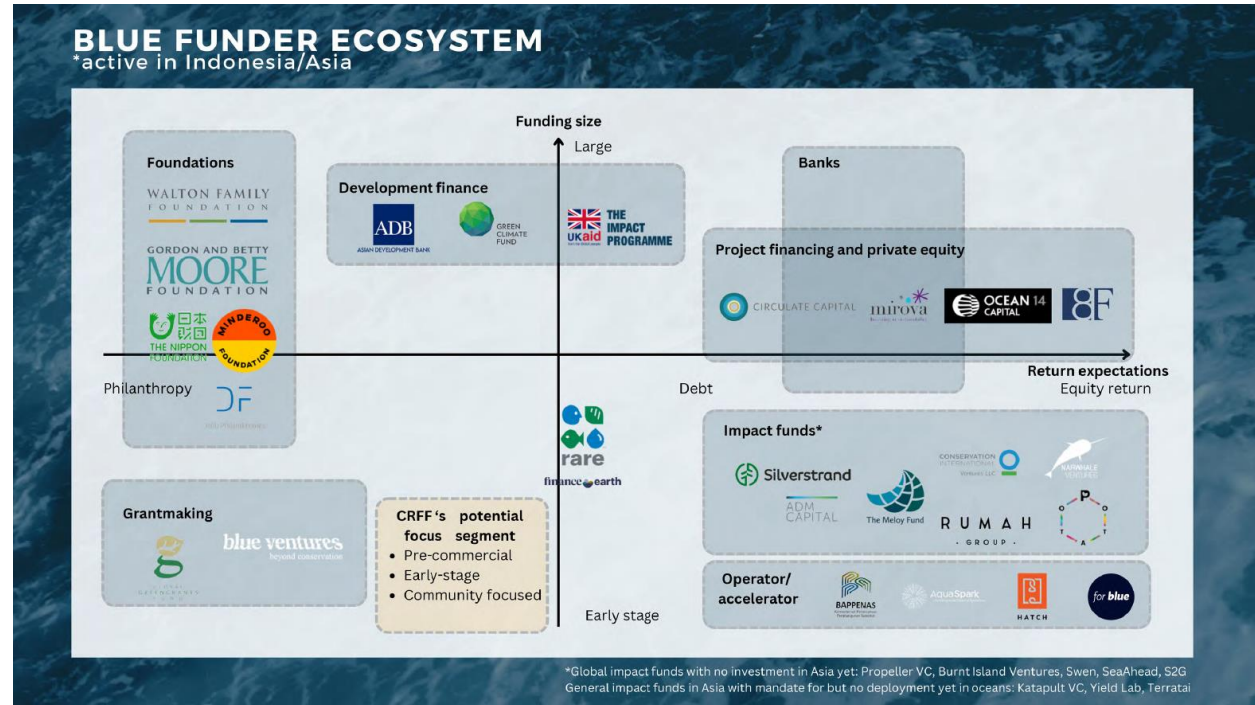
We have not yet called for proposals as we do not see them as effective in community context - however, we may consider innovation challenges in future depending on further structuring discussions with the manager (e.g., plastics technology)



IMPACT							
Impact Ambition	<p>The impact that we want to achieve from this facility is that we could provide better economic pathway from the traditional livelihood programs or activities that we have executed the past few years. We want to take a step ahead where community livelihood gets scaled up especially in the access to market and access to financing. Furthermore, we want to ensure that the community activities will be sustainable beyond the life of this programme. We are looking into supporting between 10-15 enterprise throughout Koralestari's programme.</p> <p>With strict investment criteria that we will impose to the enterprises and projects following GFCR framework and guidance on coral reef degradation drivers, we will demonstrate how these community enterprises and projects could contribute positively towards the conservation and restoration of coral reefs. We attempt to motivate the enterprises by canceling the obligation to return the grants if they achieve a set of reef-positive criteria that we agreed upon the fund disbursement. Meanwhile, the traditional grants that we disburse to reef-positive projects, will also go through strict criteria that is in line with promoting reef conservation and restoration.</p>						
Fund Indicators	<p><i>If you disaggregate data collection by solution, please provide information on any of the following indicators:</i></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="width: 30%;">% Local coral cover</td> <td> <i>Baseline: 48,713.23 ha Target: 48,713.23 ha in better condition Current status: mixed, from poor to healthy conditions</i> </td> </tr> <tr> <td>Local Fish biomass</td> <td> <i>Baseline: pending assessment Target: pending assessment Current status: pending assessment</i> </td> </tr> <tr> <td>Area of coral reefs under conservation and sustainable management</td> <td> <p>MPAs and OECMs: <i>Baseline: 4,066,554 ha (Derawan Islands MPA: Silver, Savu Sea Marine National Park: Gold, Lingga MPA: n/a) Target: 4,066,554 ha (Derawan Islands MPA: Gold, Savu Sea Marine National Park: Increased one point in Gold level, Lingga MPA: Silver) Current status: Derawan Islands MPA: Silver, Savu Sea Marine National Park: Gold, Lingga MPA: n/a</i> </p> </td> </tr> </tbody> </table>	% Local coral cover	<i>Baseline: 48,713.23 ha Target: 48,713.23 ha in better condition Current status: mixed, from poor to healthy conditions</i>	Local Fish biomass	<i>Baseline: pending assessment Target: pending assessment Current status: pending assessment</i>	Area of coral reefs under conservation and sustainable management	<p>MPAs and OECMs: <i>Baseline: 4,066,554 ha (Derawan Islands MPA: Silver, Savu Sea Marine National Park: Gold, Lingga MPA: n/a) Target: 4,066,554 ha (Derawan Islands MPA: Gold, Savu Sea Marine National Park: Increased one point in Gold level, Lingga MPA: Silver) Current status: Derawan Islands MPA: Silver, Savu Sea Marine National Park: Gold, Lingga MPA: n/a</i> </p>
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	<table border="1"> <tr> <td data-bbox="560 203 968 399"></td> <td data-bbox="968 203 1873 399"> <p>LMMAS and fisheries management: <i>Baseline pending assessment</i> <i>Target pending assessment</i> <i>Current status: pending assessment</i></p> </td> </tr> <tr> <td data-bbox="560 399 968 477"># Local jobs created</td> <td data-bbox="968 399 1873 477"> <p><i>Target: 789</i> <i>Current status: 0 (not yet started)</i></p> </td> </tr> </table>		<p>LMMAS and fisheries management: <i>Baseline pending assessment</i> <i>Target pending assessment</i> <i>Current status: pending assessment</i></p>	# Local jobs created	<p><i>Target: 789</i> <i>Current status: 0 (not yet started)</i></p>
	<p>LMMAS and fisheries management: <i>Baseline pending assessment</i> <i>Target pending assessment</i> <i>Current status: pending assessment</i></p>				
# Local jobs created	<p><i>Target: 789</i> <i>Current status: 0 (not yet started)</i></p>				
Project Indicators	<ul style="list-style-type: none"> - F8. Amount of public, private, and philanthropy finance mobilised by the GFCR - F9. Amount of revenue and ROI 				
Community and Stakeholder Engagement	<p><i>We have started looking into community pipelines and will embark on micro business assessment on the three priority sites. We are in our final stage in the appointment of the CRFF manager and intend to do the engagement and other preparatory works together with the manager. In this inception phase, Koralestari starts its programme with establishing baselines which include participatory mapping with the community, coral conditions monitoring, vulnerability assessments, and MSMEs assessments. These interactions with the community become the input to our design for the implementation stage, including the design of CRFF.</i></p>				
TAKEAWAYS					
Process and Challenges	<p>We developed this solution after an investment landscape assessment and exploring as well as talking to the people and institutions within the investment space (as depicted in the diagram below) in Indonesia and Asia. We have gone through several iterations of the CRFF design, and after the assessment was completed, we were confident that if we put impact first above commercial viability then this setup is ideal.</p>				



Our biggest challenge is to find an implementing partner as fund manager that ticks all the boxes. We need a fund manager that has an extensive knowledge in working with pre commercial enterprises in the marine and fisheries sector. The fund manager must have the capacity to disburse both grants and concessional loans. And more importantly the fund manager must have the capacity to provide technical assistance to these businesses.

Parallel to our search for the fund manager, we have started building up the pipelines that we think will match the criteria within the aquaculture, capture fisheries, ecotourism, and waste management sectors. It has been challenging to find these pipelines in the marine and fisheries sector since this sector is considered as high risk. One of the key strategies to address this issue is that we need to establish an incubation facility to give birth to more enterprises and a co-investment strategy to share the risk with other investors. The technical assistance facility is set up to also help address this issue so that the enterprises have a bigger chance of survival. One of the schemes that we envision is to set up a de-risking facility to compliment this scheme.



Key Takeaways	<i>We are pleased that we have conducted a landscape assessment of the investment ecosystem. Otherwise, we would have set up another financing facility that is already crowding the ecosystem and miss the opportunity of focusing on the local impacts to the community to help restore and conserve coral reefs.</i>

○ **Annex F – GESI Action Report**

We are still in the process of conducting gender and GESI assessment for the programme. Once the assessment is completed, we will be able to fill up this section



○ Annex G – Safeguards

Provide an update on any safeguard risks encountered by the programme. Also report on previous safeguard concerns and how they have been addressed. These may be specific to solutions or for the programme as a whole. Safeguards cover social and environmental risks. The Social and Environmental Checklist has been provided as a guide to complete this Annex. For responses with a “Yes” expand on the mitigation measure.

CHECKLIST POTENTIAL SOCIAL AND ENVIRONMENTAL RISKS		
Principles 1: Human Rights		
1.	Could the Project lead to adverse impacts on enjoyment of the human rights (civil, political, economic, social or cultural) of the affected population and particularly of vulnerable/marginalized groups?	No
2.	Is there a likelihood that the Project would have inequitable or discriminatory adverse impacts on affected populations, particularly people living in poverty or marginalized or excluded individuals or groups? ⁵	No
3.	Could the Project potentially restrict availability, quality of and access to resources or basic services, in particular to marginalized individuals or groups?	No
4.	Is there a likelihood that the Project would exclude any potentially affected stakeholders, in particular marginalized groups, from fully participating in decisions that may affect them?	No
1.	Is there a risk that duty-bearers do not have the capacity to meet their obligations in the Project? <i>There have been complaints from the community that their reports to the duty bearers (police and law enforcement) have not yet been followed up especially on environmental cases (such as fish bombing). Our mitigation is to engage closer and request a commitment from the duty bearers. As for the MPA management body, it is the goal of this programme to increase their capacity.</i>	Yes
6.	Is there a risk that rights-holders do not have the capacity to claim their rights?	No
7.	Have local communities or individuals (including local opinion leaders), given the opportunity, raised human rights concerns regarding the Project during the stakeholder engagement process?	No
8.	Is there a risk that the Project would exacerbate conflicts among and/or the risk of violence to project-affected communities and/or individuals?	No
Principle 2: Gender Equality and Women’s Empowerment		
1.	Is there a likelihood that the proposed Project would have adverse impacts on gender equality and/or the situation of women and girls?	No
2.	Would the Project potentially reproduce discriminations against women based on gender, especially regarding participation in design and implementation or access to opportunities and benefits?	No

⁵ Prohibited grounds of discrimination include race, ethnicity, gender, age, language, disability, sexual orientation, religion, political or other opinion, national or social or geographical origin, property, birth or other status including as an indigenous person or as a member of a minority. References to “women and men” or similar is understood to include women and men, boys and girls, and other groups discriminated against based on their gender identities, such as transgender people and transsexuals.



3.	Have women's groups/leaders raised gender equality concerns regarding the Project during the stakeholder engagement process and has this been included in the overall Project proposal and in the risk assessment?	No
4.	Would the Project potentially limit women's ability to use, develop and protect natural resources, taking into account different roles and positions of women and men in accessing environmental goods and services? <i>For example, activities that could lead to natural resources degradation or depletion in communities who depend on these resources for their livelihoods and well being</i>	No
Principle 3: Environmental Sustainability: Screening questions regarding environmental risks are encompassed by the specific Standard-related questions below		
Standard 1: Biodiversity Conservation and Sustainable Natural Resource Management		
1.1	Would the Project potentially cause adverse impacts to habitats (e.g. modified, natural, and critical habitats) and/or ecosystems and ecosystem services? <i>For example, through habitat loss, conversion or degradation, fragmentation, hydrological changes</i>	No
1.2	Are any Project activities proposed within or adjacent to critical habitats and/or environmentally sensitive areas, including legally protected areas (e.g. nature reserve, national park), areas proposed for protection, or recognized as such by authoritative sources and/or indigenous peoples or local communities? <i>All our sites are Marine Protected Areas and through this program we intended to promote an effective management of the areas. There is, however, no identified indigenous peoples our areas of work.</i>	Yes
1.3	Does the Project involve changes to the use of lands and resources that may have adverse impacts on habitats, ecosystems, and/or livelihoods? (Note: if restrictions and/or limitations of access to lands would apply, refer to Standard 5)	No
1.4	Would Project activities pose risks to endangered species?	No
1.5	Would the Project pose a risk of introducing invasive alien species?	No
1.6	Does the Project involve harvesting of natural forests, plantation development, or reforestation?	No
1.7	Does the Project involve the production and/or harvesting of fish populations or other aquatic species? <i>The project will work to promote the following sectors: capture fisheries (snapper-grouper), seaweed aquaculture, and Asian tiger shrimp aquaculture</i>	Yes
1.8	Does the Project involve significant extraction, diversion or containment of surface or ground water? <i>For example, construction of dams, reservoirs, river basin developments, groundwater extraction</i>	No
1.9	Does the Project involve utilization of genetic resources? (e.g. collection and/or harvesting, commercial development)	No
1.10	Would the Project generate potential adverse transboundary or global environmental concerns?	No



1.11	<p>Would the Project result in secondary or consequential development activities which could lead to adverse social and environmental effects, or would it generate cumulative impacts with other known existing or planned activities in the area?</p> <p><i>For example, a new road through forested lands will generate direct environmental and social impacts (e.g. felling of trees, earthworks, potential relocation of inhabitants). The new road may also facilitate encroachment on lands by illegal settlers or generate unplanned commercial development along the route, potentially in sensitive areas. These are indirect, secondary, or induced impacts that need to be considered. Also, if similar developments in the same forested area are planned, then cumulative impacts of multiple activities (even if not part of the same Project) need to be considered.</i></p>	No
Standard 2: Climate Change Mitigation and Adaptation		
2.1	Will the proposed Project result in significant ⁶ greenhouse gas emissions or may exacerbate climate change?	No
2.2	Would the potential outcomes of the Project be sensitive or vulnerable to potential impacts of climate change?	No
2.3	<p>Is the proposed Project likely to directly or indirectly increase social and environmental vulnerability to climate change now or in the future (also known as maladaptive practices)?</p> <p><i>For example, changes to land use planning may encourage further development of floodplains, potentially increasing the population's vulnerability to climate change, specifically flooding</i></p>	No
Standard 3: Community Health, Safety and Working Conditions		
3.1	Would elements of Project construction, operation, or decommissioning pose potential safety risks to local communities?	No
3.2	Would the Project pose potential risks to community health and safety due to the transport, storage, and use and/or disposal of hazardous or dangerous materials (e.g. explosives, fuel and other chemicals during construction and operation)?	No
3.3	Does the Project involve large-scale infrastructure development (e.g. dams, roads, buildings)?	No
3.4	Would failure of structural elements of the Project pose risks to communities? (e.g. collapse of buildings or infrastructure)	No
3.5	Would the proposed Project be susceptible to or lead to increased vulnerability to earthquakes, subsidence, landslides, erosion, flooding or extreme climatic conditions?	No
3.6	Would the Project result in potential increased health risks (e.g. from water-borne or other vector-borne diseases or communicable infections such as HIV/AIDS)?	No
3.7	Does the Project pose potential risks and vulnerabilities related to occupational health and safety due to physical, chemical, biological, and radiological hazards during Project construction, operation, or decommissioning?	No
3.8	Does the Project involve support for employment or livelihoods that may fail to comply with national and international labor standards (i.e. principles and standards of ILO fundamental conventions)?	No

⁶ In regards to CO₂, 'significant emissions' corresponds generally to more than 25,000 tons per year (from both direct and indirect sources). [The Guidance Note on Climate Change Mitigation and Adaptation provides additional information on GHG emissions.]



3.9	Does the Project engage security personnel that may pose a potential risk to health and safety of communities and/or individuals (e.g. due to a lack of adequate training or accountability)?	No
Standard 4: Cultural Heritage		
4.1	Will the proposed Project result in interventions that would potentially adversely impact sites, structures, or objects with historical, cultural, artistic, traditional or religious values or intangible forms of culture (e.g. knowledge, innovations, practices)? (Note: Projects intended to protect and conserve Cultural Heritage may also have inadvertent adverse impacts)	No
4.2	Does the Project propose utilizing tangible and/or intangible forms of cultural heritage for commercial or other purposes? <i>Ecotourism is a sector we would like to pursue in this project. For this purpose, we are promoting sustainable tourism and in the process of devising the strategy for sustainable tourism in our priority sites. This includes preparing safeguards in the planning.</i>	Yes
Standard 5: Displacement and Resettlement		
5.1	Would the Project potentially involve temporary or permanent and full or partial physical displacement?	No
5.2	Would the Project possibly result in economic displacement (e.g. loss of assets or access to resources due to land acquisition or access restrictions – even in the absence of physical relocation)?	No
5.3	Is there a risk that the Project would lead to forced evictions? ⁷	No
5.4	Would the proposed Project possibly affect land tenure arrangements and/or community based property rights/customary rights to land, territories and/or resources?	No
Standard 6: Indigenous Peoples		
6.1	Are indigenous peoples present in the Project area (including Project area of influence)?	No
6.2	Is it likely that the Project or portions of the Project will be located on lands and territories claimed by indigenous peoples?	No
6.3	Would the proposed Project potentially affect the human rights, lands, natural resources, territories, and traditional livelihoods of indigenous peoples (regardless of whether indigenous peoples possess the legal titles to such areas, whether the Project is located within or outside of the lands and territories inhabited by the affected peoples, or whether the indigenous peoples are recognized as indigenous peoples by the country in question)? <i>If the answer to the screening question 6.3 is “yes” the potential risk impacts are considered potentially severe and/or critical and the Project would be categorized as either Moderate or High Risk.</i>	No

⁷ Forced evictions include acts and/or omissions involving the coerced or involuntary displacement of individuals, groups, or communities from homes and/or lands and common property resources that were occupied or depended upon, thus eliminating the ability of an individual, group, or community to reside or work in a particular dwelling, residence, or location without the provision of, and access to, appropriate forms of legal or other protections.



6.4	Has there been an absence of culturally appropriate consultations carried out with the objective of achieving FPIC on matters that may affect the rights and interests, lands, resources, territories and traditional livelihoods of the indigenous peoples concerned?	No
6.5	Does the proposed Project involve the utilization and/or commercial development of natural resources on lands and territories claimed by indigenous peoples?	No
6.6	Is there a potential for forced eviction or the whole or partial physical or economic displacement of indigenous peoples, including through access restrictions to lands, territories, and resources?	No
6.7	Would the Project adversely affect the development priorities of indigenous peoples as defined by them?	No
6.8	Would the Project potentially affect the physical and cultural survival of indigenous peoples?	No
6.9	Would the Project potentially affect the Cultural Heritage of indigenous peoples, including through the commercialization or use of their traditional knowledge and practices?	No
Standard 7: Pollution Prevention and Resource Efficiency		
7.1	Would the Project potentially result in the release of pollutants to the environment due to routine or non-routine circumstances with the potential for adverse local, regional, and/or transboundary impacts?	No
7.2	Would the proposed Project potentially result in the generation of waste (both hazardous and non-hazardous)?	No
7.3	Will the proposed Project potentially involve the manufacture, trade, release, and/or use of hazardous chemicals and/or materials? Does the Project propose use of chemicals or materials subject to international bans or phase-outs? <i>For example, DDT, PCBs and other chemicals listed in international conventions such as the Stockholm Conventions on Persistent Organic Pollutants or the Montreal Protocol</i>	No
7.4	Will the proposed Project involve the application of pesticides that may have a negative effect on the environment or human health?	No
7.5	Does the Project include activities that require significant consumption of raw materials, energy, and/or water?	No