



9.79 PROJECT IDENTIFICATION FORM (PIF)

PROJECT TYPE: Full-sized Project

THE GEF TRUST FUND

Submission Date: 15 October 2007

Re-submission Date: 5 November 2007

PART I: PROJECT IDENTIFICATION

GEFSEC PROJECT ID¹:

GEF AGENCY PROJECT ID: PIMS No. 3879

COUNTRY(IES): Regional: Indonesia and Timor Leste (Papua New Guinea) and Australia

PROJECT TITLE: Arafura and Timor Seas Ecosystem Action Programme (ATSEA)

GEF AGENCY(IES): UNDP,

OTHER EXECUTING PARTNERS: Agency for Marine and Fisheries Research (BRKP) Ministry of Marine Affairs and Fisheries (Indonesia), in cooperation with Department of Agriculture, Fisheries and Forestry (DAFF) (Timor Leste), Department of Environment and Water Resources (DEW) (Australia) in collaboration with UNOPS

GEF FOCAL AREA (S): International Waters,

GEF-4 STRATEGIC PROGRAM(S): IW SO-1, SP1: Restoring and Sustaining Coastal and Marine Fish Stocks and Associated Biological Diversity

NAME OF PARENT PROGRAM/UMBRELLA PROJECT: ASIA CORAL TRIANGLE

INDICATIVE CALENDAR	
Milestones	Expected Dates
Work Program (for FSP)	April 2008
CEO Endorsement/Approval	April 2009
GEF Agency Approval	May 2009
Implementation Start	June 2009
Mid-term Review (if planned)	June 2011
Implementation Completion	June 2013

A. PROJECT FRAMEWORK (Expand table as necessary)

Project Objective: To ensure the integrated, cooperative, sustainable, ecosystem-based management and use of the living coastal and marine resources, including fisheries and biodiversity, of the Arafura and Timor Seas, through the formulation, adoption (at inter-governmental level) and initial implementation of a Regional Strategic Action Programme (SAP).

Project Components	Indicate whether Investment, TA, or STA**	Expected Outcomes	Expected Outputs	Indicative GEF Financing*		Indicative Co-financing*		Total (\$)
				(\$)	%	(\$)	%	
1. Transboundary Diagnostic Analysis (TDA) for the Arafura-Timor Seas	TA	Major immediate and root causes of depletion of fish stocks and other biological resources identified and priorities for action established	TDA Technical reports on fisheries, biodiversity, socio-economic drivers, etc.	0.66M	34 %	1.3M	66 %	1.96M
2. Strategic Action Program (SAP) for the Arafura-Timor Seas	TA	Agreed and adopted policy, legal, institutional-reform and investment actions that are required at both	High-level (e.g. Ministerial) agreement on SAP and NAPs; National inter-ministry committees	0.45M	33 %	0.9M	67%	1.35M

¹ Project ID number will be assigned initially by GEFSEC.

		the national and regional levels, in the form of National Action Plans (NAPs) and a regional SAP,						
3. Initial implementation of some NAP and SAP components, through targeted pilot projects addressing high priority transboundary threats to fisheries, coastal habitats and livelihoods of local communities identified by the TDA,		Demonstrations of implementation of joint activities, as the foundation for full SAP implementation leading to 15% increase in fish stocks and improved livelihoods of coastal communities in at least 3 pilot sites Districts in Indonesia and Timor Leste	Fish stock, habitat and livelihood assessments Local stress reduction through demonstrations / pilot projects on alternative fishing methods and protecting key habitats for shared stocks (e.g. Red Snappers)	0.81M	31 %	1.8M	69 %	2.61M
4. Strengthening of ATSEF as an effective regional mechanism for the cooperative ecosystem-based management of the ATSEA	TA	Political commitments made to ecosystem-based joint action on sustainable fisheries and habitat management in the ATSEA to improve cooperation and coordination between countries on ecosystem-based management; Enhanced collaboration with other regional institutions and initiatives, such as PEMSEA (SDS-SEA) and ADB and the CTI	Regional mechanism established; Strengthening of sub-committees formed by all littoral nations of ATSEA; Review of the institutional and policy options (ranging from an informal experts forum, through to more inter-governmental but still non-binding Arafura and Timor Seas Partnership Council, through to the possible formation of legally-constituted, inter-governmental organization such as an Arafura and Timor Seas Commission, with a regional treaty/ convention); Regional self-financing mechanism, such as a multi-lateral trust fund or partnership council; Annual reports on joint activities and partnerships with other regional institutions and initiatives	0.36M	31 %	0.8M	69 %	1.16M

5. Project management		0.22M	33 %	0.45	67 %	0.67M
Total project costs		2.50M	32 %	5.25M	68 %	7.75M

* List the \$ by project components. The percentage is the share of GEF and Co-financing respectively to the total amount for the component.

** TA = Technical Assistance; STA = Scientific & technical analysis.

B. INDICATIVE FINANCING PLAN SUMMARY FOR THE PROJECT (\$)

	Project Preparation*	Project	Agency Fee	Total
GEF	200,000	2,500,000	270,000	2,970,000
Co-financing	200,000	5,250,000		5,450,000
Total	400,000	7,750,000	270,000	8,420,000

* Please include the previously approved PDFs and planned request for new PPG, if any. Indicate the amount already approved as footnote here and if the GEF funding is from GEF-3.

C. INDICATIVE CO-FINANCING FOR THE PROJECT (including project preparation amount) BY SOURCE and BY NAME (in parenthesis) if available, (\$)

Sources of Co-financing	Type of Co-financing	Amount
Project Government Contribution	Grant	550,000
Project Government Contribution	In-kind	2,100,000
GEF Agency(ies)	Grant	400,000
Bilateral Aid Agency(ies)	Grant	600,000
Bilateral Aid Agency(ies)	In-kind	500,000
Multilateral Agency(ies)	(select)	
Private Sector	Grant	600,000
Private Sector	In-kind	300,000
NGO	Grant	200,000
NGO	In-kind	200,000
Others	(select)	
Total co-financing		5,450,000

D. GEF RESOURCES REQUESTED BY FOCAL AREA(S), AGENCY (IES) SHARE AND COUNTRY(IES)*

GEF Agency	Focal Area	Country Name/ Global	(in \$)			
			Project Preparation	Project	Agency Fee	Total
UNDP	International Waters	Indonesia, Timor Leste with Papua New Guinea	200,000	2,500,000	270,000	2,970,000
Total GEF Resources			200,000	2,500,000	270,000	2,970,000

* No need to provide information for this table if it is a single focal area, single country and single GEF Agency project.

PART II: PROJECT JUSTIFICATION

A. STATE THE ISSUE, HOW THE PROJECT SEEKS TO ADDRESS IT, AND THE EXPECTED GLOBAL ENVIRONMENTAL BENEFITS TO BE DELIVERED:

The tropical and semi-enclosed Arafura and Timor Seas (ATS) are shared by Australia, Indonesia, Timor-Leste and Papua New Guinea (PNG), although PNG's share of ATS is minimal. They are extremely rich in living and non-living marine resources, including major fisheries and oil and gas reserves. The gross-annual fisheries production from ATS fisheries is very difficult to estimate, given the extremely high level of illegal, unregulated and unreported (IUU) fishing in the region, involving sometimes large fleets from several countries to the north of Indonesia. In addition to IUU fishing,

these trans-boundary seas face severe threats from a number of human activities, including marine pollution and degradation of coastal habitats and marine and aquatic invasive species, as well as natural threats such as tsunamis.

In response to the developing natural resource management challenges in the ATS region, during the Preparatory Committee IV for the World Summit on Sustainable Development (WSSD) held in Bali, Indonesia in June of 2002, concerned stakeholders from Australia, Indonesia and Timor-Leste formed the Arafura and Timor Seas Expert Forum (ATSEF). ATSEF has agreed five priority foci:

1. Deter, prevent, and eliminate illegal and unsustainable fishing;
2. Maintain sustainable fish stocks, biodiversity and marine and coastal habitats;
3. Identify/develop alternative sustainable livelihoods with indigenous and coastal communities;
4. Research & monitor the systems dynamics of marine, coastal and catchment ecosystems, oceanography and climate change;
5. Improve capacity for information management and sharing among ATSEF member nations.

The rationale for the GEF Full project is therefore the need for the littoral nations to work cooperatively to sustain the ATS shared living resources, conserve the biota of the seas and coasts, and change the trend from poverty to sustainability among coastal and indigenous communities. It is also based on the need for international assistance and catalytic financing, recognizing the significant development challenges and resource limitations facing Timor Leste (LDC and SIDS) as well as those facing Indonesia and PNG (also a designated SIDS). Bordering the Indonesian Sea in the North and Northern Australian water in the South, the Arafura and Timor Seas provide unique condition as a sub-LME in this region. It is located at the intersection of the two major LMEs in this area. They are national in nature and the mounting transboundary natural resources management challenges facing the ATS countries therefore have to be addressed at this sub-LME level. Although ATS region has been known to support the economic development of the littoral nations surrounding it, the oceanography and the status and trend of marine and fisheries development are still poorly understood. The ATS is also an integral part of the Coral Triangle zone considered to have the highest marine biodiversity in the world. The Arafura Sea contributes significantly to the high primary productivity in the areas that sustain both small- and large-scale fisheries that provide the livelihood for millions of people in the region. Through the GEF intervention, including the undertaking of a TDA, development of a SAP, and implementation of innovative demonstration projects, the littoral nations will be greatly assisted to collaboratively understand and address the shared waters problems that cannot be solved by any one country on its own.

B. DESCRIBE THE CONSISTENCY OF THE PROJECT WITH NATIONAL PRIORITIES/PLANS:

The Full Scale Project (FSP) underlines the National Plans by the Government and Non-Government agencies of the littoral nations to work cooperatively to sustain the Arafura and Timor Seas shared living resources, conserve the biota of the Seas and coasts, and change the trend from poverty to sustainability among coastal and indigenous communities. In Indonesia, the law #31/2004 and # 17/2007 provide a legal umbrella to support activities as proposed in this project. The need for international assistance and catalytic financing is also based on the many competing development priorities in the littoral nations, including several severe natural disasters in Indonesia, and Australia's ultimately finite capacity to provide ongoing technical and financial support to the region. In August 2007, President Yudhoyono of Indonesia wrote to other world leaders proposing a new *Coral Triangle Initiative* (CTI), designed to stimulate action to safeguard the region's extraordinary marine and coastal biological resources. In early September 2007, the CTI received attention by governments at the APEC Summit in Sydney, Australia. The 21 heads of state formally endorsed the CTI in their APEC Leaders Declaration. The CTI has become a national priority issue for Indonesia. The President of the Philippines, the Prime Minister of PNG, and the President of the United States have explicitly expressed their support for the CTI. Such early, high-level political support provides a stimulus for developing an *Action Plan* that is genuinely ambitious in scope, and leads to accelerated and effective actions across the CTI countries.

The Timor Leste Government has declared that habitat restoration in the coastal area is of a national priority. This is due to the fact that approximately 44% of the country has more than 40% slope, which increases the incident of run-off, landslides, water turbidity and sedimentation in the downstream coastal areas. An initiative commissioned by the Ministry for Agriculture, Forestry and Fisheries of Timor Leste in collaboration with ATSEF, Charles Darwin University, the Northern Territory Government and the Australian Institute of Marine Science was put in place to assist the Timor Leste Government. The Indonesian government has also been engaged with PNG and Timor Leste in fisheries cooperation to conduct Fish Stock Assessments Studies in the areas bordering the countries. PNG is only marginally bordering the

Arafura-Timor Sea and is not a member of ATSEF and therefore not an active participant in this project. However, the proposed project and the wider Coral Triangle Initiative will provide a platform for involving PNG in dialogue on the threats facing the ATS with the long-term goal of having them join the ATSEF.

C. DESCRIBE THE CONSISTENCY OF THE PROJECT WITH [GEF STRATEGIES](#) AND STRATEGIC PROGRAMS:

The project is consistent with the first objective of the IW focal area to foster international, multi-state cooperation on priority transboundary water concerns through more comprehensive, ecosystem-based approaches to management as well as the Strategic Program 1 on Restoring and Sustaining Coastal and Marine Fish Stocks and Associated Biological Diversity which targets Southeast Asian seas as one of the global hotspots. The Arafura and Timor Seas region is a “new” transboundary system that to date has not benefited from GEF intervention and the implementation of foundational capacity building. The project will therefore build foundational capacity and pilot test some innovative demonstrations on fisheries conservation and coastal habitat management in the ATS that will generate socio-economic co-benefits for coastal communities. It is anticipated that successful demonstrations will be replicated and scaled up in a subsequent phase.

D. OUTLINE THE COORDINATION WITH OTHER RELATED INITIATIVES:

In line with GEF 4 IW Objective one, the ATSEA project will focus primarily on supporting policy, legal, and institutional reforms for meeting WSSD targets for sustainable fisheries; investments in alternative livelihoods to reduce stress on fisheries; ecosystem approaches to sustainable fisheries management and habitat restoration (including marine protected areas and reducing by-catch); technical assistance in developing sustainable distant fishing fleet agreements; and engagement of the business community in solutions. In particular, there have been several regional initiatives that could be linked to ATSEA in IW Focal Areas. This include, the Sulu-Sulawesi Marine Ecoregion (SSME) initiative led by Conservation International, Bismarck Solomon Marine Region, The Coral Triangle Initiative (CTI), and the Western Central Pacific Fisheries Commission (WCPFC). Moreover, the project on Implementation of the Sustainable Development Strategy for the East Asian Seas (SDS-SEA) with support from PEMSEA, will provide a platform for engaging with countries outside of the ATS that are involved in IUU fishing and thereby contributing to depletion of marine resources in ATS.

In the GEF Biodiversity Focal Area, there are several initiatives such as COREMAP and SGPGEF that can provide information on experiences and best practices to the demonstration component of ATSEA. Besides regional cooperation, bilateral cooperation between Indonesia, Australia and Timor Leste has shown increasingly positive results in the protection of the marine and fisheries resources in this region.

E. DISCUSS THE VALUE-ADDED OF GEF INVOLVEMENT IN THE PROJECT DEMONSTRATED THROUGH [INCREMENTAL REASONING](#) :

The baseline scenario is that IUU fishing, habitat destruction and marine pollution will seriously hamper the ability of the littoral nations of the ATS to export fish to the fish-protein reliant-nations in the Asia-Pacific region, and for the coastal communities in the ATS to feed themselves. Regional food security will be jeopardised and absolute poverty levels will continue to be high in coastal communities, except in pockets where alternative livelihood projects continue under current funding. Inter-coastal community violence will continue to rise. These impacts will continue to degrade marine and coastal ecosystems, harvested stocks and endangered species. The capacity to identify areas across the ATS that should be no-take zones or under marine protection will be diminished. While some research on chemical oceanography will continue along with research into the impact of global warming on the seas, it will take more than current funding available in Australia, where marine and coastal research funding is stretched from Antarctica to the Arafura and Timor Seas region. The net result of the baseline scenario has some serious implications for both the immediate region and Asia in general, in loss of a source of food security. Globally, the loss of an opportunity to further the understanding of ocean-atmosphere interaction in an area which, counter-intuitively is rich in carbon producing organisms yet sequesters carbon more than is normal for this type of seas, may be a serious loss. With the goal to sustaining the living resources of the seas and the livelihoods of the people who depend on them for food security, the littoral nations have formed ATSEF, and are undertaking a range of national and regional activities to address the five ATSEF priority areas. Yet a task of this magnitude requires a major injection of technical

assistance and investment to reach long-term regional goals. The GEF IW framework of TDA, SAP and IW Learn Networks can support this process.

F. INDICATE RISKS, INCLUDING CLIMATE CHANGE RISKS, THAT MIGHT PREVENT THE PROJECT OBJECTIVE(S) FROM BEING ACHIEVED, AND IF POSSIBLE INCLUDING RISK MEASURES THAT WILL BE TAKEN:

The initiative by Australia, Indonesia and Timor-Leste to form ATSEF in 2002, the strong commitment to and investment in ATSEF activities by these countries since then coupled with the strong support for the ATSEA GEF proposal as well as increasing bilateral cooperation on marine resource management issues between these countries (and PNG), bode well for a "low-risk" scenario in relation to the implementation and success of the ATSEA project. There have been significant challenges to setting up an acceptable regime of governance for the transboundary issues of the area, because of long-standing political conflicts, territorial disputes, and competition among and within countries regarding economic development. The main risks to the project are therefore of a geo-political / diplomatic nature, with periodic disagreements between the littoral nations on various issues, occasionally manifesting in the temporary suspension of bilateral diplomatic ties and similar actions. However, the very formation and operationalisation of ATSEF have already proven to be a mitigating factor against such risk, as the informal and non-governmental elements of the Forum have continued to operate when such events have occurred in recent years - providing a conduit for governments when formal inter-governmental channels have been temporarily closed, and maintaining momentum until resumption of formal ties. ATSEF has already created a sound basis for the development and implementation of effective cooperative, regional, integrated management of these transboundary seas. The other main potential risk to the project is the significant development challenges and resource limitations of Timor-Leste, Indonesia and PNG, their many competing development priorities, several severe natural disasters in Indonesia and the socio-political/security crises in Timor-Leste (as well as parts of Indonesia and PNG in recent times), and Australia's ultimately finite capacity to provide ongoing, large-scale technical and financial support to the region. Despite these challenges, the Arafura and Timor Seas littoral nations have continued to strongly support ATSEF and the ATSEA proposal. With GEF intervention to undertake the ATSEA project, to build and strengthen the existing and evolving cooperative arrangements as outlined above (including the development of a regional self-financing mechanism for ATSEA activities), these risks will be further mitigated. Finally, the development of a regional self-financing mechanism, such as a multi-lateral trust fund or partnership council, will mitigate the risk posed by competition for financial resources.

The impact of global warming on the ATS littoral nations could be significant. Although the exact effects will be difficult to predict, but it certainly would affect the poorest people who live in the coastal communities and in some remote islands. It is highly likely that climate change will exacerbate existing climatic problems. The Arafura Sea and Timor Sea areas have already been subjected to several climate-related hazards including floods, droughts, storms, landslides, and wild-land fires. One of the main climatic influences on the Arafura and Timor Seas is the El Nino-Southern Oscillation which provokes the extreme weather events every few years. During El Nino events, droughts become more frequent and severe, during La Nina events, floods become more frequent. Global warming has also implication for millions of coastal fishermen. They rely on highly sensitive ecosystem in which even small changes in water temperature can have large effects. Changing in sea-surface temperature that damage coral reefs will exacerbating other stresses such as over fishing which will lead to the reduction of fish stocks. Fishing boats will also have to cope with more erratic weather and rough seas on their way to the fishing grounds. The ATSEA project will provide capacity to the communities in the coastal areas of the Arafura and Timor Seas to adapt to climate change through support to sustainable practices in marine and fisheries development. To some extent, this will mean building on traditional knowledge that has been applied for generations.

G. DESCRIBE, IF POSSIBLE, THE EXPECTED COST-EFFECTIVENESS OF THE PROJECT:

A cost-effectiveness analysis will be undertaken during the PPG phase using economic valuation and qualitative analytical tools. The range of possible options will be considered, highlighting the cost-benefit differences between individual in-country and proposed collaborative interventions. A baseline scenario assessment will be undertaken to show the socio-economic impact of zero intervention on selected communities. Also, to be included is an evaluation of existing fisheries management best practices at selected critical sites.

H. JUSTIFY THE COMPARATIVE ADVANTAGE OF GEF AGENCY:

UNDP's experience with a broad range of international trans-boundary water interventions is based on high-level adoption of 11 SAPs, seven of which are currently being implemented. In addition to support for the establishment of the world's first post UN Fish Stocks conservation and management organisation for highly migratory fish stocks, the WCPFC, UNDP has strengthened, or established, 13 multi-country marine/coastal, river and Lake Basin management agencies or 6

Commissions including the Benguela Current and Guinea Current Large Marine Ecosystem Commissions in 2006. Strengthened internal coordination through the merging of the GEF IW cluster and the Water Governance Programme will lead to additional strengthening of UNDP's comparative advantage in servicing the full range of international waters interventions in environmental governance, including ocean governance and mainstreaming of environmental priorities into multiple sectors.

PART III: APPROVAL/ENDORSEMENT BY GEF OPERATIONAL FOCAL POINT(S) AND GEF AGENCY(IES)


A. RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT (S) ON BEHALF OF THE GOVERNMENT(S):

(Please attach the [country endorsement letter\(s\)](#) or [regional endorsement letter\(s\)](#) with this template).

<i>Indonesia Mr Agus Purnomo Special Assistant to the Minister for International Environmental Issues and Partnerships and GEF OFP</i>	<i>Date: October 31 2006</i>
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<i>Timor Leste Mr. Carlos Ximenes Ministry of Agriculture, Forestry and Fisheries GEF OFP</i>	<i>Date: October 12 2007</i>
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B. GEF AGENCY(IES) CERTIFICATION

This request has been prepared in accordance with GEF policies and procedures and meets the GEF criteria for project identification and preparation.	
 John Hough UNDP-GEF Deputy Executive Coordinator, a.i.	Anna Tengberg Project Contact Person
Date: 5 November 2007	Tel. and Email:+66-2-2288 2730

Annex 1: GEF Operational Focal Point Endorsements and letter of support from Australia.

Annex 2: Geographical extension of Arafura and Timor Seas.