



Department
for Environment
Food & Rural Affairs

Global Fund for Coral Reefs

Addendum to the Blue Planet Fund Official Development
Assistance Business Case

Department of Environment, Food and Rural Affairs

SUMMARY

Programme Code	TBD
Programme Name	Global Fund for Coral Reefs (GFCR)
Country or Region Targeted	All ODA eligible countries with critical coral reef habitats. Focus includes SIDS, Fiji, Indonesia, Philippines, Maldives, Kenya and Tanzania.
Programme Objectives	<p>The GFCR is the first Multi-partner Trust Fund for Sustainable Development Goal 14. It provides finance for coral reefs with particular attention on Small Island Developing States. The GFCR will promote a ‘protect-transform-restore-recover’ approach through the creation and management of Marine Protected Areas (MPAs) to save and protect coral reefs in the face of serious decline and extinction.</p> <p>The GFCR has four main outcomes:</p> <ol style="list-style-type: none"> 1. Protect priority coral reef sites and climate change-affected refugia 2. Transforming the livelihoods of coral reef-dependent communities 3. Restoration and adaptation technologies 4. Recovery of coral reef-dependent communities to major shocks
Original Programme Budget	Original Business Case: £5,000,000 Autumn 2021 COP Uplift: £1,000,000
Original Programme Start And End Dates	Funding between May 2021 to March 2022 Project implementation and UK engagement will continue after this point until the UK funded projects are completed. We expect timelines for this to be c3-5 years
Cost Extension Value (If applicable)	£3,000,000
New programme end date (if applicable)	End of March 2022 – cost extension maintains the original timeline to spend before end of 2021/22 financial year.
DevTracker link to original business case	See Annex

INFORMATION

What is the programme's purpose?

The Global Fund for Coral Reefs (GFCR) is the first Multi-partner Trust Fund specifically targeting Sustainable Development Goal (SDG) 14; Life Below Water. It integrates public grants with leveraged private finance to provide blended funding to reef positive investments with a particular focus on reducing poverty through sustainable livelihood diversification on Small Island Developing States (SIDS). The GFCR promotes a 'protect-transform-restore-recover' approach in priority locations to save and protect coral reefs in the face of serious decline and extinction.

The GFCR has four main outcomes:

1. Protect priority coral reef sites and climate change-affected refugia (areas capable of retaining suitable habitats despite climate change)
2. Transforming the livelihoods of coral reef-dependent communities
3. Restoration and adaptation technologies
4. Recovery of coral reef-dependent communities to major shocks

These outcomes focus on the need to protect and minimise the impacts of climate shocks on coral reefs and the people and services they support. Currently coral reefs are amongst the most valuable ecosystems on earth, harbouring the highest biodiversity of any ecosystem¹, supporting 25% of marine life² and providing a myriad of benefits to thousands of species³.

More than 1 billion people benefit directly from coral reef resources for their food and livelihoods. Two thirds of countries with coral reefs are developing economies and a quarter are Lower Income Countries (LICs)⁴. Improving equitable access to the reefs natural resources can reduce poverty in the poorest of these communities⁵. The economic benefits of healthy coral reef ecosystems are huge with coral reef tourism alone contributing \$36 billion annually to the global tourism industry⁶ and reefs globally providing net benefits of an additional ~\$9 billion USD per year as they reduce shoreline erosion, protect coastal zones and agricultural land⁷.

Coral reefs are also able to help communities cope with extreme weather events, a function that will only increase in importance as people have to increasingly adapt to climate change, now and in coming decades. Many of the millions of people living within 2km of the coast could benefit from coral reefs substantial potential to dissipate storm surges and improve resilience if they are well protected.⁸

¹ IUCN, 2021. Coral reefs and climate: <https://www.iucn.org/resources/issues-briefs/coral-reefs-and-climate-change#:~:text=Coral%20reefs%20harbour%20the%20highest,combined%20with%20growing%20local%20pressures.>

² ISRS Consensus Statement on Coral Bleaching Climate Change: https://www.icriforum.org/sites/default/files/2018%20ISRS%20Consensus%20Statement%20on%20Coral%20Bleaching%20Climate%20Change%20final_0.pdf

³ Burke, L., K. Reytar, M. Spalding, and A. Perry. 2011 Reefs at Risk Revisited. Washington, D.C., World Resources Institute (WRI), The Nature Conservancy, WorldFish Centre, International Coral Reef Action Network, UNEP World Conservation Monitoring Centre, and Global Coral Reef Monitoring Network, 114p. (pdf, 6.4M) (via) Reef Resilience Network: <https://reefresilience.org/value-of-reefs/>

⁴ Whittingham, Campbell and Townsley, Poverty and Reefs; Volume 1 a Global Overview. UNESCO and DFID, 2003

⁵ Ecosystem Services for Poverty Alleviation: Marine & Coastal Situational Analysis; Synthesis Report 2008. CEFAS et al,

⁶ Mapping the global value and distribution of coral reef tourism <http://dx.doi.org/10.1016/j.marpol.2017.05.014>

⁷ Coral Reef Life Declaration <https://www.icriforum.org/sites/default/files/CORAL%20REEF%20LIFE%20Declaration.pdf>

⁸ Jones et al. Global hotspots for coastal ecosystem-based adaptation, 2020, Plos One. <https://doi.org/10.1371/journal.pone.0233005>

However, coral reefs are also amongst the most vulnerable ecosystems on Earth, largely due to unprecedented levels of global warming and climate change, combined with growing local and unsustainable human activity. In a scenario of up to 2°C warming, coral reefs would all but disappear (99% eradication), and even if warming does not exceed 1.5°C, up to 90% of coral reefs would be lost⁹.

Identifying and protecting climate refugia (areas capable of retaining suitable habitats despite climate change) is likely to be critical in preventing a considerable loss of biodiversity and maintaining the ecosystem services on which many communities rely. Coral reefs can be one of these refugia but to date investments in their protection have not been sufficient or proportionate with the level of risk and threat they face¹⁰. There is a finance gap for coral reef protection which has been analysed through many reports, notably through the Conservation for Biodiversity High-Level Panel assessment, who estimated that the global investment required to meet this coral reef funding gap is seven times greater than current levels¹¹.

This funding gap is unlikely to be addressed by private sector markets since the services provided by coral reefs are typically difficult to monetise public goods such as scientific, cultural, and social value. In developing economies these are rarely provided on commercial terms without public finance (as grants or as part of blended finance). The negative impacts of wider marine/industrial activities on coral reefs are often not priced into decision making and activities and as such there is also often little by way of market policy or financial mechanisms to incentivise “reef positive” commercial activities on coral reefs and consequently, unsustainable practices are likely to continue without intervention from the public sector.

The Global Fund for Coral Reefs (GFCR) is seeking to contribute to meeting that funding gap, part of which public finance must fill, and has been identified as a strong contributor towards the Blue Planet Fund’s (BPFs) key thematic outcomes.

What is the objective of the cost extension or other changes?

The primary objective of the increased funding for the GFCR remains the same since coral reefs remain under significant threat. Under the BPF we have committed to supporting ODA eligible projects with clear management actions to address reefs under threat. The GFCR so far has proven itself adept at identifying and initiating projects which target the protection of these vital coral reef ecosystems across the globe, predominantly in the BPF’s priority countries.

Projects are assessed against the GFCR strategic criteria, which align closely with the BPF biodiversity thematic outcomes, and the Defra owned marine protected areas and other effective conservation measures (MPAs and OECMs) BPF programming outcome. This ensures projects contribute towards Defra’s and HMGs BPF goals. The GFCR also continues to demonstrate an evolving pipeline of well-developed and diverse projects managed by high-capacity downstream convening agents, and an ability to disburse finance to them quickly. The one GFCR project that has completed a year of

⁹ Summary for Policymakers of IPCC Special Report on Global Warming of 1.5°C approved by governments <https://www.ipcc.ch/2018/10/08/summary-for-policymakers-of-ipcc-special-report-on-global-warming-of-1-5c-approved-by-governments/>

¹⁰ Global Fund for Coral Reefs, Terms of Reference 2020-2030, http://globalfundcoralreefs.org/wp-content/uploads/2021/01/GFCR_TermsOfReference.pdf

¹¹ Global Fund for Coral Reefs, Terms of Reference 2020-2030, http://globalfundcoralreefs.org/wp-content/uploads/2021/01/GFCR_TermsOfReference.pdf

implementation reported that despite challenges with COVID-19, the expected KPIs for the end of 2021 are expected to be achieved early in 2022.

The objective of this cost extension is to continue to provide funding for new projects as they are developed and submitted to the Executive Board (EB) for approval, including by Defra.

To support this uplift, the GFCR team have provided strong evidence of a ready pipeline of projects that are ready to receive and disburse finance before the end of March 2022 and are aligned with BPF objectives. These projects go through a two stage qualitative assessment, firstly involving a self-assessment against the GFCR approaches and criteria, followed by a collaborative review to assess their technical merit, ensure proposals align with the GFCR, and are likely to deliver on their strategic outcomes. To ensure impartiality the GFCR team collaborates closely with various partners for feedback, with members of the GFCR Global team scoring independently before averages are collated. Summary presentations for each successful proposal are then presented to and can be approved by the EB, which includes Defra's seat. The below were recently presented and approved and are ready to receive funding, so additional UK funding is likely to support interventions in/on:

Table 1 - GFCR Remaining 2021 Funding Pipeline

Project	Convening Agent	Cash needs
Knowledge Management platform development	UNDP	\$240,000
Papua New Guinea reef system	UNCDF / UNDP	\$2,500,000
Miamba Yetu – Kenya and Tanzania	WCS	\$330,000
Coral Reef Rescue Initiative – Solomon Islands	WWF	\$100,000
Mamuhunan Sa Mga MPAs – Philippines	Blue Finance	\$570,000
SUBTOTAL		\$3,760,000

The above projects deliver within the BPF's priority regions. In addition, and to provide for flexibility of spend as needed, the GFCR team have also provided evidence of need for a project in Terumbu Karang Sehat, Indonesia with Conservation International as the convening agent, for the Meso American Regional MPA Programme with the MAR Fund & New Ventures as the convening agent and small scale preparatory finance in Brazil to support the Brazilian Biodiversity Fund (FUNBIO). These were presented to the EB in February 2022. These and several others are pending approval at the EB but show evidence of need of a further ~\$4.9m of pipeline.

Alternative Options

The original business case assessed a wide range of options for intervention, scoring them against the BPF two stage investment criteria and the strategic objectives of this portion of funding. The GFCR was identified as the preferred option to deliver on these objectives and a secondary assessment considered the level of funding to commit to GFCR. The higher level of funding (£10m) was initially not taken forward due to the potential risk of a relatively new fund being unable to establish a pipeline and disburse the funding within the timeframes. However, over the course of the last year, as set out in this note, the GFCR has established a project pipeline and proven itself able to disburse funding rapidly to areas that need it.

What is the additional and total support the UK will provide?

- The original Business Case for £5 million, was approved in May 2021 and went through full Investment Committee approval.
- At COP26 this was extended by £1m and announced by Minister Goldsmith.
- This amendment is now seeking approval for an additional £3,000,000, bringing the total programme value to £9,000,000. This additional £3m, as with the previous £1m, is budgeted from Defra’s BPF allocation for the 2021/22 financial year. The whole of the £9m is RDEL.

What are the expected results?

Activities

During the first full year of operation, the GFCR unlocked over \$25 million for grant and concessional loan funding from 6 donors (c\$8m from the UK, not including this proposed increase), and \$125 million from the Green Climate Fund in capital for investment.

It launched programmes in Fiji, The Bahamas, Papua New Guinea, Philippines and regionally in Kenya and Tanzania. These programmes are estimated to catalyse capital for the sustainable management of more than 300,000 hectares of Marine Protected areas and provide direct benefits to over 200,000 local community members¹². Supported investable business models include revenue generating MPAs, sustainable fisheries, plastic and waste management, mariculture, ecotourism, and blue carbon.

The UK’s additional funding will be invested into the continued implementation of GFCR pipeline. Due to the timing of the contribution this is likely to include projects in Papua New Guinea, Kenya and Tanzania, Philippines, and the Solomon Islands. As the GFCR is structured as a Multi-Partner Trust Fund (MPTF), the funding is co-mingled, but these projects are ready for funding at the same time as the UK is making this new contribution. These projects will continue the approach taken so far, to protect vital coral reef habitats and benefit local communities.

Table 1 demonstrates that the majority of the UK’s additional funding is likely to be invested into the continued implementation of the Papua New Guinea, Philippines and Kenya and Tanzania projects. While detailed estimates of the areas of habitats and ecosystems protected haven’t been conducted for the Kenya and Tanzania project, estimates have been made for the benefits delivered by the other two; set out in Table 2. Other benefits to tourism, sustainable finance and local businesses have also been identified but not quantified at this stage.

Table 2 - Ecosystem Areas Targeted and Beneficiaries

Areas Targeted	Papua New Guinea	Philippines
Coral Reef	23,000ha	36,000ha
Mangroves	2,400ha	40,000ha
Seagrasses	198,000ha	Not estimated
People benefiting	10,000	80,000

¹² [GFCR Annual Secretariat Activity Report 2021.pdf](#)

Jobs created	250	100
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Notes:

* Table sets out the area of ecosystem areas **targeted** by the GFCR projects. Actual impacts may vary depending on the success of delivery and implementation

** Targets and estimates are provided by GFCR and have not been verified by Defra

Key Performance Indicators

While it is not yet possible to formally evaluate the progress of the GFCR programme against the BPF KPIs given their early stage of implementation and the ongoing development of the methodologies of the BPF KPIs, we can consider them against the desired targets of the programme. The GFCR expected impact considers the overall impact of the programmes initiated in 2021, not solely the portion attributable to the UK's funding. As these progress estimates are based off targets rather than delivered outcomes they should be used purely for informative purposes. Going forwards, learnings from the early projects will be incorporated to future proposals and into the Defra Annual Review process of the GFCR.

Table 3 indicates that, if the GFCR is able to deliver on its targets, **the outcomes of the GFCR programme will contribute towards the BPF's KPIs.**

Table 3 - BPF KPIs

KPI Measure	GFCR Expected Impact
KPI 1: Volume of finance mobilised for purposes which match BPF objectives.	So far raised \$26.5m in grant funding and \$125m in equity through the Green Climate Fund between 2020-2022 (see Table 3)
KPI 2: Development Outcome: Number of people, as a result of BPF finance, with improved outcomes: i) income; ii) ability to cope with the effects of climate change; iii) climate resilience; iv) food security and nutrition; v) waste management.	200,000 people (GFCR target) estimated by GFCR to benefit through the 5 programmes initiated in 2021 once completed
KPI 7: Net change in greenhouse gas emissions as a result of BPF finance	No comprehensive estimate to date for the overall programme. Economic appraisal indicates the GFCR will deliver improvements against this KPI.
KPI 8: Area of marine ecosystems protected, enhanced or under sustainable management practices as a result of BPF projects.	300,000ha (GFCR target) estimated by GFCR for the 5 programmes initiated in 2021 once completed
KPI 9: Changes in marine natural capital asset extent and condition as a result of BPF funding.	No comprehensive estimate to date for the overall programme. Economic appraisal indicates the GFCR will deliver improvements against this KPI.

Value for Money

A detailed VfM appraisal of 2 case studies, Fiji and The Philippines was conducted for the original business case, which indicated that the type of projects in delivery for the GFCR are likely to deliver value for money if they achieve their targeted impact. The core benefits appraised vary by project but include the value of avoided losses for coral, mangrove and seagrass ecosystems within the project areas, as well as growth in fish stocks. Other non-monetised benefits include benefits to local tourism, jobs and incomes.

There are also associated carbon emission reductions through the reduced loss of sequestering ecosystems such as mangroves and seagrass. Updating this analysis to account for the increased priority of the Net-Zero agenda and subsequent higher carbon values (in line with the latest HMG Green Book Appraisal guidance) has further improved the case for investment¹³, with the revised Benefit Cost Ratio (BCR) now estimated to be at least 4.8 for the Fiji project and 4.5 for the project in the Philippines¹⁴. These estimates are considered partial and extremely conservative as they do not include the potentially significant non-monetised benefits to local tourism, jobs and incomes.

It is worth noting that these estimates are subject to some uncertainty around the estimated rate of losses avoided, and some relatively small sample sizes for the local value of ecosystems services. To avoid overestimating the impact and additionality of the GFCR projects, conservative assumptions have been used throughout the appraisal. The full appraisal approach is set out within the business case which went through the full governance and clearance processes in May 2021.

While these projects are not necessarily representative of the whole GFCR programme and the impact of the UK's funding, **they do provide an indication that the approach and type of projects the GFCR is targeting are likely to deliver strong value for money.** All of the UK's contribution is earmarked for ODA eligible countries only.

This cost extension also contributes significantly to the GFCR fundraising target for 2022 of \$10m which, when reached, levers a disbursement of \$2M from the Paul G Allen Family Foundation to the GFCR. From conversations with the GFCR team, we understand this additionally mobilised finance would likely not have been leveraged without the UK's contribution.

Risks

Originally, the GFCR business case conducted a Risk Potential Assessment (RPA), scoring it low, meaning very limited risks. We believe the risk remains the same and the attentive and robust delivery by the GFCR team in year one supports this. However, as the UK's contribution grows and given the limited timeline for disbursement, it is worth noting a few additional points which are set out below. They are judged as unlikely given the previous performance of the GFCR and mitigations set out.

1. **Funding Timescales** – with extremely limited time available for the GFCR to disburse the additional funding before the end of the financial year, there is a risk that there are not

¹³ Using UK values to value the benefits of carbon abatement in other countries may not be applicable. However, as the countries in consideration do not have their own carbon pricing and we are considering benefits from a UK perspective using the UK valuation is deemed appropriate in this case.

¹⁴ Estimated BCRs in the May business case was 1.44 for the GFCR Fiji project, and Philippines project was 2.53. The only change to that appraisal is using the updated carbon values as per HMT guidance.

sufficiently developed proposals and projects for the funding to be allocated to. This could result in the funding not being immediately utilised, bringing associated opportunity costs (as the funding could have been used elsewhere on a more urgent programmes) or that Defra will have made payment in advance of need.

Mitigation – The BPF team has been in close coordination with the GFCR, with evidence and assurance provided that there is a strong pipeline of projects with a higher value than the £3m offered which require funding, and that the GFCR is capable of distributing the funding rapidly as the projects are already approved by their executive board.

2. **Ongoing Funding** – With reliance on donors and investors there is a risk the GFCR will not be able to continue to mobilise sufficient resources to complete its initiated and planned projects, resulting in it failing to deliver on our desired outcomes.

Mitigation – Over the last year the GFCR has demonstrated its ability to mobilise funding, including significant capital from the GCF. The UK also has a claw back clause in the agreement if the GFCR cannot fulfil its commitments as made in the agreement.

3. **Reputational risk** – As the GFCR forms a larger part of the BPF portfolio, and the Fund itself continues to grow, it carries more reputational risk for the BPF and HMG.

Mitigation – The UNDP team that manages the GFCR have proved themselves to be proficient and are already taking steps to improve their monitoring evaluation and learning (MEL) with a proposed new MEL strategy submitted to this month’s Executive Board.

What is the approach to implementation?

Approach

The GFCR is delivered by the UNDP as a multi-partner trust fund (MPTF). The governance structure has three key components:

- Overarching governance by the Executive Board (EB) on which the UK has a voting seat for the final approval of project proposals alongside other public donors and UN agencies representatives. This EB is supported by a technical Advisory Board.
- Day-to-day management coordinated by a dedicated global team of UN staff (predominantly UNDP)
- Fiduciary management supported by two trustees (the Grant Administrator and Investment Manager).

Governance arrangements are built on and informed by the UNs five principles which are innovation, transparency, accountability, public-private partnership, and integrated programming.

The Grant Administrator and the Investment Manager will be responsible for coordination of the Convening Agents and as necessary other downstream implementing partners, such as the UN agencies, MDBs, NGOs and private companies. The GFCR Global Team will be responsible for the coordination, programming and monitoring and evaluation, which will receive its instructions from the Executive Board who are in turn advised by an independent International Coral Reef Initiative (ICRI) advisory board.

This uplift, as with the initial investment, will go towards the grant window of the Fund. Grants will be delivered on the ground by implementing partners, partners will be selected either based on an

initial expression of interest exercise, or an advertised open call for proposals over a specific period, ran in accordance with standard UN practices and procedures.

As with the original UK contribution, a new UNDP MPFT Standard Administrative Agreement (SAA) will be used to govern the relationship between Defra and the GFCR. This template is used by all donors to the Fund to standardise the approach to reporting, monitoring, and auditing, while recognising the individual needs of investors which will be reflected in dates and unique clauses in the agreement. The UK has signed various UN MPFT SAAs previously.

Gender

The Blue Planet Fund (BPF) continues to be committed to considering and incorporating the role, equality and inclusion of gender. All programmes will be required to deliver in line with relevant UK legislation (e.g. UK International Development Gender Equality Act 2014) and gender has been integrated into the design of the BPF through the following:

- **Cross-cutting themes:** gender consideration is one of the cross-cutting themes of the BPF and integrated into the underpinning outcomes that steer the direction of the programmes.
- **BPF equality, diversity, and inclusion (EDI) strategy** which sets out the approach to ensuring a portfolio where EDI is mainstreamed throughout, as well as programmes where EDI is specifically targeted.
- Investments are only made in programmes that meet the required **BPF Investment Criteria**. Such criteria include 'do no harm', 'country engagement and fit', 'poverty reduction' which includes inclusion for women and marginalised groups.

The GFCR itself has adopted UNDP Social and Environmental Standards (SES) and gender equality is an overarching principle in project-level screening. Gender equality and women's empowerment are programmatic principles embodied in all UN programmes and initiatives¹⁵. The GFCR is obligated to ensure adequate attention is paid to these principles in all of its programming. The Fund recognises that no development initiative is gender neutral, including marine conservation and blue economy, and the needs and realities of women, men, boys and girls must be adequately addressed to avoid gender-blind interventions¹⁶. Furthermore, empowerment of women is highlighted as an SDG co-benefit of the GFCR as detailed in the GFCR Theory of Change.

¹⁵ Global Fund for Coral Reefs, Terms of Reference 2020-2030, http://globalfundcoralreefs.org/wp-content/uploads/2021/01/GFCR_TermsofReference.pdf

¹⁶ Global Fund for Coral Reefs, Terms of Reference 2020-2030, http://globalfundcoralreefs.org/wp-content/uploads/2021/01/GFCR_TermsofReference.pdf

Describe any key changes to the original business case including the theory of change or new evidence from ongoing monitoring, evaluation or learning work.

With the business case only approved in May 2021, updates to the original business case are limited and projects are in the early stages of delivery. The project pipeline is now more certain and aligns closely with the BPF priority regions. While UK contributions are pooled with other donors, we now have more detail on what the UK investment has, and will, contribute towards. Projects are underway in Fiji, The Philippines, Papua New Guinea and Kenya-Tanzania, with upcoming projects approved in the Bahamas, Indonesia, Maldives and the Mesoamerican Reef.

Grant Commitments

In 2021 the GFCR secured funding commitments of \$14.5m, not including the UK's funding uplift of c\$4m (£3m GBP) proposed within this note which would take it to \$18.5m. This represents progress from the time of the business case in May 2021, at which point \$6.1m had been secured. A further \$7.9m has also been secured already for 2022, with further donations expected during the year.

Table 4 - GFCR Financial Contributions

GFCR Financial Commitments	2020	2021	2022	Total USD***
GFCR Grant Fund Donor Commitments/Pledges (secured as of Jan 31 2022)				
United Kingdom*	-	\$12,200,000	-**	\$12,200,000
Germany	\$3,600,000	-	-	\$3,600,000
France	-	\$2,300,000	\$1,200,000	\$3,500,000
Canada	-	-	\$4,700,000	\$4,700,000
Prince Albert II of Monaco	\$500,000	-	-	\$500,000
Paul G Allen Family	-	\$4,000,000	\$2,000,000	\$6,000,000
Total USD	\$4,100,000	\$18,500,000	\$7,900,000	\$30,500,000
GFCR Equity Fund Commitments				
Green Climate Fund	-	\$125,000,000	-	\$125,000,000

*UK Figure Includes the £3m uplift proposed within this note

**UK is also considering further funding for 2022 through the BPF separately

***All figures are in USD \$. Exchange rate used \$1=£1.36

As grant contributions have risen, administrative fees now make up a smaller proportion of funding than estimated in the original business case, improving the efficacy of delivery. The secretariat function was allocated \$840,000 in 2021, making the secretariat fee c4.5% in percentage terms following the uplift in UK contribution (down from 6.4% as estimated in May 2021). As the fund continues to grow, secretariat fees are likely to fall in line with similar organisations such as the Global Environment Facility (4%)¹⁷ and the Global Climate Fund (c3%)¹⁸.

It should also be noted that there has been a significant refresh of the values placed on carbon emissions in the time since the original appraisal following the UK government's stronger emission targets and a subsequent HMT review. The impact of this is set out in the expected results section, with the higher carbon prices improving the value of the carbon benefits achieved through the GFCR.

Development of the GFCR Strategy

Developments are also taking shape through a new GFCR strategy for monitoring and evaluation as the fund becomes more established. The form and function of this strategy and the tools that will support its implementation will be presented to the EB for feedback and final approval giving Defra influence over it to ensure it aligns with our BPF aims and our MEL expectations.

1. Evaluation

The Results framework within the GFCR Terms of Reference is currently being refined by UNEP with the support of a Scientific and Technical Advisory Group (STAG) that has been assembled through an open Expression of Interest. The STAG is composed of experts in marine resource management, coral reef restoration, resilience, and socioeconomics. Work is being done to refine the indicators which includes guidance on sub-indicators, targets and data collection. This work is expected to be finalised in March and a discussion around the indicators and linkages with other existing coral reef indicator frameworks will be the core text of the final GFCR M&E Strategy. During the initial phases of implementation, UNEP will work with M&E focal points in Convening Agent programmes to ensure the refined GFCR Fund-level indicators are reflected in the programme specific M&E Strategies.

The establishment of the GFCR M&E Strategy and of GFCR indicators in 2022 will feed into how Defra is able to assess the programme. The Fund's indicators will to be incorporated within the GFCR Log frame which will also include wider indicators to show alignment with the BPF outcomes and will be developed in the next 6 months, before June 2022. It will enable the department to review the performance of Defra funding which in turn will feed into the 2022 Annual Review set for June. The BPF KPIs are set out in Table 2, with assessment against those measures also likely to be supported by the implementation of the GFCR M&E Strategy. Initial GFCR indicators for development are below, and Defra have fed back on the need to include more qualitative indicators to reflect community/stakeholder satisfaction, i.e. the perception of positive change, and the department will continue to feed into those discussions.

Code	Indicator Name	Type
F.1	Reef Fish Species Richness and Biomass	Biophysical
F.2	Benthic Cover and Composition	Biophysical
F.3	Integrated Local Threat Index	Management
F.4	Proportion of coral reefs under effective protection and management	Management
F.5	Ratio of private and market finance to Grant Fund allocations	Financial
F.6	Ratio of co-financing leveraged	Financial
F.7	Adaptive Capacity / Social Vulnerability of coastal communities	Socio-economic
F.8	Impact and occurrence of climate-induced events	Biophysical / Socioeconomic
F.9	Selected environmental parameters of coastal waters at coral reef sites	Physiochemical

2. Funding Window Systems

The other key shift in the GFCR Strategy is no longer using a Grant Window and Investment Window structure but rather a GFCR Grant Fund and GFCR Investment Ecosystem. This Investment Ecosystem is the Toolbox of different sources of investment for GFCR Grant Fund pipeline, which is composed of the GFCR Equity Fund, Microfinance Institutions, Impact Investment firms, Commercial Banks, and Development Banks. The GFCR Secretariat and Equity Fund team are working to map out initiatives

and organizations that can source these different types of capital and build formal and informal partnerships to connect GFCR Grant Fund pipeline to sources of investment capital. They include for example, ADB's new Blue Impact initiative, Commonwealth Blue Charter and regional and country microfinance institutions.

