

Global Fund for Coral Reefs - Annual Review 2022/23

Title: Global Fund for Coral Reefs		
Programme Value £ (full life): £33,000,000		Review date: July 2023
Programme Code: GB-GOV-7-BPFGFCR	Start date: Jul 2022	End date: Jun 2023

Summary of Programme Performance

Year	2021	2022	2023	2024				
Overall Output Score	N/A	A	A					
Risk Rating	N/A	Med	Med					

DevTracker Link to Business Case:	2021-BPFGFCR-Business-Case-20221128101153.pdf (azure.com) 2021-BPFGFCR-Business-Case-20221128101153.pdf (azure.com) Global-Fund-for-Coral-Reefs-Y1-Annual-Review-2021-2022-20230411110428.pdf (azure.com)
DevTracker Link to results framework:	2023-Defra-GFCR-Logframe-20240201030214.pdf (azure.com)

A. SUMMARY AND OVERVIEW

A.1 Description of programme

Launched during UNGA75 in September 2020, the Global Fund for Coral Reefs (GFCR) is the first Multi-partner Trust Fund for Sustainable Development Goal (SDG) 14, Life Below Water. Led by the United Nations Development Program (UNDP), it integrates public and private grants and investments for coral reef nations around the world, operating with two funds under the same Theory of Change, the Grant Fund and the Investment Fund:

- The Grant Fund serves to incubate investible projects in tropical coral reef ODA-eligible countries, with a focus on interventions that support communities dependent on coral reefs, such a waste management projects, Marine Protected area financing and eco-tourism
- The Investment Fund supports with scalability to maximise the impacts of projects incubated by the grant fund.

The blended approach aims to expand and diversify funding, encouraging marine conservation away from dependency on short-term grant funding towards sustainably financed, “reef-positive” revenue streams.

To protect support coral reef ecosystems, the GFCR:

1. Convenes a global coalition of partners dedicated to bridging the coral reef funding gap
2. Facilitates an innovative ‘Reef-Positive Investment Ecosystem’ with a broad set of financial tools designed to incubate, de-risk and unlock public and private market-based investments aligned to coral reef climate refugia conservation
3. Offers an implementation tool for national marine biodiversity conservation and blue economies

The UN Global Team (UNGT), housed within the GFCR Secretariat, is responsible for the coordination programming and monitoring and evaluation of projects. Through the Executive Board, which is comprised of donors including the UK, final approval of project proposals, policy documents, and any new or amendments to existing Fund management documents are made.

The UK continues to maintain its position as the largest funder of GFCR since first contributing to the fund in 2021. Through the Blue Planet Fund, the UK has made several contributions, including most recently a multi-year commitment of £24m over three years (2022-2025), bringing our total commitment to £33m. To support this increased investment, the UK was approached by the GFCR Secretariat to take on the role as Co-Chair for the Executive Board (EB) from January 2023. The UK’s role as Co-Chair is complemented by UNEP, who hold the other Co-Chair position. Co-Chairs are rotated every two years with the next rotation being January 2025.

A.2 Summary supporting narrative for the overall score in this review

The programme score for FY 2022/2023 is an A. This has been assessed through output scoring which shows GFCR to be successful, meeting or exceeding 8 of the 11 output indicators in Year 2 (Y2) of operation, please refer to section C for details. The GFCR, therefore is on track to achieve its longer-term impacts outlined in the Theory of Change (Toc) which is set out in Section B.

Over this review period, the GFCR public-private coalition grew to include nearly 50 partners, including states, philanthropies, impact investors, UN agencies, NGOs and alliances. This growth reflects the

progress made by the GFCR coalition, and the demand for a coalition like this to continue to grow and strengthen.

In the reporting period, financing from DEFRA continued to support existing GFCR projects discussed in the Year 1 AR, in addition to supporting three newly approved projects¹ (in bold):

- Fiji - Investing in Coral Reefs and the Blue Economy (ICRBE)
- Kenya-Tanzania - Miamba Yetu: Sustainable Reef Investments (Kenya-Tanzania)
- Papua New Guinea - Gutpla solwara, gutpla bisnis ('Good oceans, good business')
- Philippines – Mamuhunan sa mga MPAs ('Responsible investment in MPAs')
- Indonesia – Terumbu Karang Sehat Indonesia
- Mesoamerican Reef - MAR+Invest
- **Colombia – Fi Wi Riif**
- **Maldives – Maldives Resilient Reef Ecosystem and Economy for the Future (Maldives RREEF)**
- **Indonesia – KORALESTARI Sustaining Indonesia’s Coral Reefs through Bankable Conservation and Restoration Initiatives**

Collectively these projects include solutions to develop or strengthen capacity and sustainable financing for those managing marine protected areas, solutions in aquaculture and waste management, several blue carbon and reef insurance initiatives, and incubators to develop reef-positive businesses.

A.3 Major lessons and recommendations for the year ahead

1. Local Community Engagement:

- **Lesson:** Engagement with local communities can be a complex process with significant efforts and time required to socialize the concepts of blended finance and linking this to the benefits of sustainable marine resource management. Thus, the blended finance concept and approach continues to be a relatively new concept that requires permanent engagement with local actors. Further, community engagement needs to be dealt in a sensitive manner that manages expectations and does not generate “consultation fatigue” that can put at risk long-term support for the programme.
- **Recommendation:** Moving ahead, GFCR should place a greater emphasis on consultations and engagement of local communities at all stages of activities development and implementation, using existing structures to facilitate those engagements (e.g., fishery cooperatives, tourism associations, etc.). At quarterly Executive Board meetings, via Defra’s seat on the board and UK’s role of Co-chair, the UK should review, assess and critically evaluate progress and standards with regards to community consultations; there should be sufficient evidence communities have been engaged and how these engagements have informed programme design. Defra should utilise the co-chair role to ensure this remains a priority item in the approval criteria of new projects.

2. Impact Monitoring

- **Lesson:** There is a need to harmonise the presentation of data and results across the portfolio. Measuring and reporting on environmental, social and financial indicators is a multi-faceted challenge that needs to be standardised across the GFCR portfolio to communicate achievements and allow for comparison of results; this will encourage

¹ Defra funding is also supporting the development of full project proposals for Brazil, Solomon Islands, Mozambique, Micronesia, Sri Lanka, Jordan and Egypt. These projects will be presented to the Executive Board for approval over the next year and will be discussed in the next review.

adaptive programming across the portfolio. Further, conservation oriented organisations are less experienced with collecting data on financial and economic indicators.

- **Recommendation:** Through the strengthened support from United Nations Environment Program (UNEP), the M&E toolkit should continue to be finessed via working with implementing partners to build their capacity with regards to data collection and methodology. Defra should continue to work closely with UNEP to streamline and strengthen their LogFrame. Due to restrictions of the Annual review process, it was not possible make changes prior to this report. The Defra team will update the LogFrame no later than December 2023. See section C.2 " Planned changes to LogFrame" below.

3. Government Engagement

- **Lesson:** While Grant Fund country/regional programmes and Investment Fund approach have been socialised with relevant government agencies, it has been identified that government engagement efforts need to increase to ensure success. This is related to ensuring support for building the enabling condition for reef-positive businesses and financial mechanisms. In addition, having a closer relationship with governments is also important to ensure GFCR’s success in having an impact at the global policy level and international fora. Ensuring governments’ collaboration with the GFCR coalition at the global level in turn will further support GFCR activities implementation as government partners can understand more clearly how GFCR advances national priorities and their compliance with international commitments.
- **Recommendation:** GFCR should increase its capacity in government and global policy engagement to fill this gap for example via engagement during international climate events. At the programme-level implementing partners need to ensure that government engagement is across more than one ministry to reflect ambitions of GFCR programmes. With this Defra should continue to prioritise engagement with Foreign Commonwealth Development Office (FCDO) colleagues in Post in GFCR project countries; High Commissions/embassies are ultimately accountable for all UK activity and spend in country, this will likely help with championing/showcasing them in country, to benefit our wider relationships and the projects themselves and identify any political sensitivities. Following EB meetings with BPF regional coordinators and the programme team should be scheduled from October onwards.

4. Safeguarding and GESI

- **Lesson:** While there are intentions for Executive Board meetings to include discussions on risks and safeguarding, these agenda items are frequently deprioritised due to time constraints. Active monitoring of safeguarding and Gender Equality and Social Inclusion (GESI) is a requirement for ODA funded projects. While the GFCR has a gender inclusion and safeguarding policy and a risk management system, updates and conversations surrounding risks, challenges and issues surrounding these are infrequent.
- **Recommendation:** Moving forward, both Defra and GFCR should make a considered effort to ensure there is sufficient time allocated to have productive discussions regarding risks and safeguarding. Defra will raise this at the next Executive Board meeting (November 2023) and will use the co-chair role to facilitate a formalised approach which is integrating in all EBs going forward. Moving forward, GFCR should consider a GESI ambition statement to showcase its’ commitment to ensuring GESI is embedded within it’s programming, in addition, all projects should undertake a GESI assessment.
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B: THEORY OF CHANGE AND PROGRESS TOWARDS OUTCOMES

B.1 Summary of Theory of Change

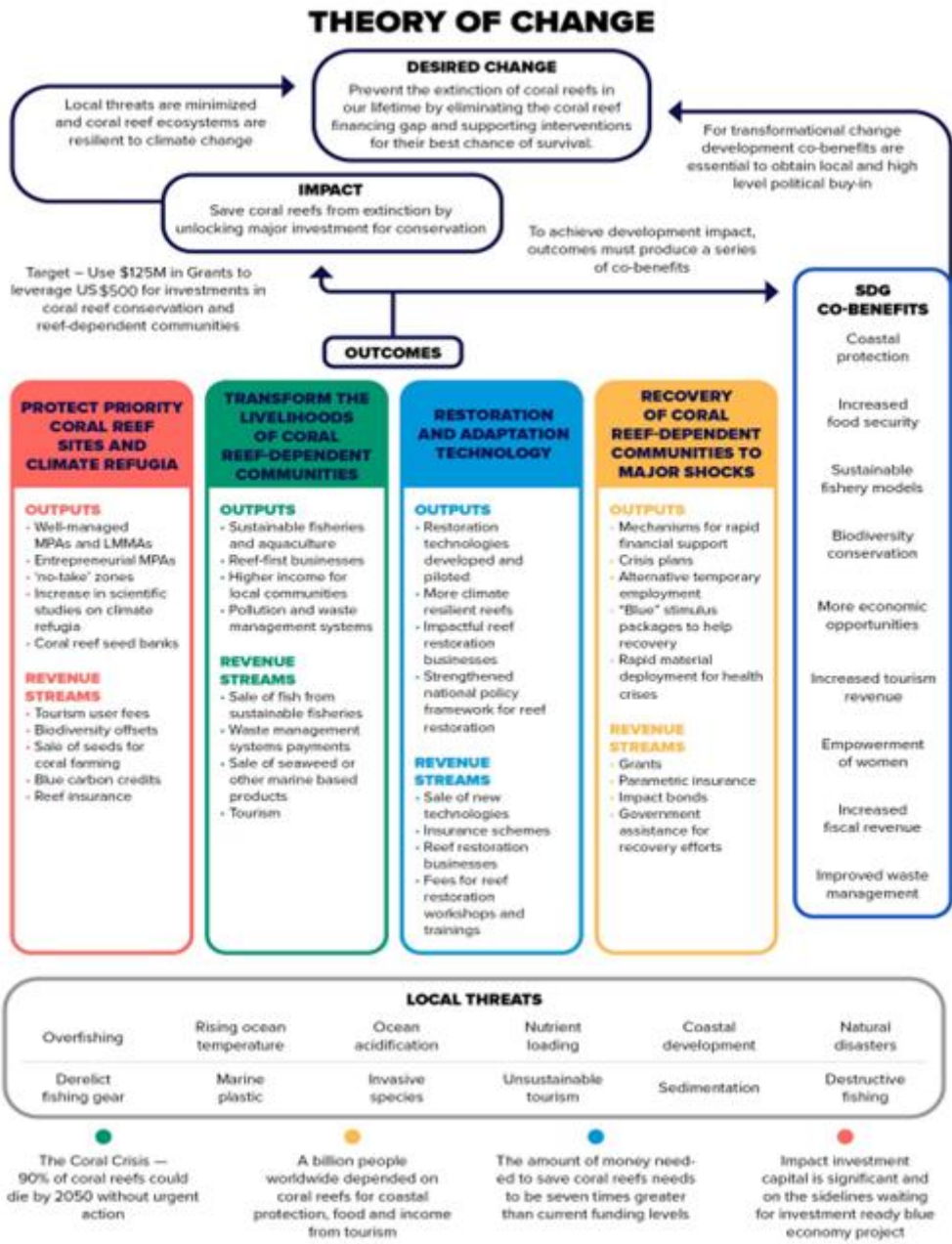
The GFCR impact statement is to “prevent the extinction of coral reefs in our lifetime by eliminating the coral reef financing gap and supporting interventions for their best chance of survival”. The GFCR Theory of Change (ToC), applies to the GFCR Grant Fund and Investment Fund and has been adopted by the Convening Agents. It outlines four interconnected **outcomes** to achieve this impact:

- Outcome 1: **Protect** priority Coral Reef sites and climate refugia
- Outcome 2: **Transform** the livelihoods of coral reef-dependent communities
- Outcome 3: **Restoration** and adaptation technology
- Outcome 4: **Recovery** of coral reef-dependent communities to major shocks

There have been no revisions in the Theory of Change outcome and outputs (Figure 1). Regarding assumptions, the GFCR has observed a challenge related to the notion of impact investment capital on the sidelines waiting to be invested. The pipeline of reef-positive solutions that are suitable for international impact investors must meet criteria relating to the M&E framework, geographic priorities, and business maturity. These varied criteria and nascent stage of the pipeline emphasizes that the first two years of the programmes will require efforts to focus on developing operational structures and modalities. This will aid in creating the enabling environment and building relationships with impact investing institutions, local financial institutions (i.e., local commercial banks) and multi-lateral development agencies to set the foundation for sourcing investment capital as the pipeline matures.

Additionally, Outcome 3 on restoration is faced with challenges in terms of a scalable business model. While programmes are exploring eco-tourism, insurance mechanisms, technologies and credit instruments as mechanisms to make coral restoration financially sustainable, their viability will need to be tested as feasibility assessments and pilot projects are undertaken. The GFCR intends to do a review and potentially revise the GFCR Theory of Change during the next reporting period.

Figure 1: GFCR Theory of Change (ToC)



B.1.1 M&E Framework

During the review period the M&E framework has been further developed with support from UNEP. The M&E Framework is defined by two sets of indicators: 1) A core set of Fund Indicators required by all GFCR programmes to measure portfolio-wide progress to the GFCR Outcomes, and 2) Project Indicators that are to selected by GFCR programs as relevant to different investment sectors, appropriate to local cultures and contexts, and feasible/cost-effective. Aligned with the 'Leave no one Left Behind' policy, the GFCR Framework ensures that data is disaggregated by sex, youth and Indigenous Peoples, complemented by a Social and Environmental Safeguard and Risk Management system developed by UNDP for the GFCR.

With this, the M&E Framework is supported by an implementation plan that details UNEP's plan for capacity building, oversight, reporting, advisory services to align M&E efforts across the portfolio and

communicate impact aligned with global goals (e.g., GBF). To this end, UNEP has brought on a dedicated GFCR M&E lead to support GFCR programmes and the GFCR Investment Fund in achieving and measuring progress on impact indicators.

The Defra LogFrame developed last year has not changed. However there have been discussions with the GFCR team and UNEP with regards to strengthening the LogFrame and streamlining it with indicators in the GFCR M&E Framework. These updates will likely occur after this review, due to regulations around changing LogFrames and targets within 6 months of an Annual Review. Defra hope to make the amendments by September 2023.

B.2 Assessment of whether programme is on track

Three main pillars underpin the Lograme: (1) Financial Systems, (2) Ecological and (3) Livelihoods. Each pillar is supported by impact, outcome and output indicators which contribute to preventing the extinction of coral reefs by eliminating the financing gap and supporting interventions to secure coral reef survival, while also tackling biodiversity loss, and enhancing the climate resilience of the lives and livelihoods of the communities and businesses that depend on them.

We are beginning to see positive progress towards planned outcomes and impacts. While some targets have not been met due to reasons explained below, activities are well underway to help GFCR achieve planned milestones in the future. It is important to note, that pillars focusing on ecological and livelihood change are more complex with changes that are longer-acting and often having a lag-time from intervention to reportable changes.

Financial Pillar:

Impact Indicator(s)	Milestone(s) for this review	Achieved	Progress
1.1 Public Finance leveraged at the Global-Level (ICF KPI 11)	\$ 27,500,00	\$51,520,954	Above Target
1.2 Private Grant Finance Leveraged at the Global-level (ICF KPI 12)	\$9,250,000	\$22,000,000	Above Target

Impact Indicators under the financial pillar have exceed targets for contributions to the GFCR Grant Fund. This reflects the growing ambition of the GFCR and its capacity to mobilise commitment for its unique blended finance model. The UK’s Blue Planet Fund significantly contributed to achieving targets for Indicator 1.1. Indicator 1.2 reflects the success of the GFCR to attract private philanthropy. This is in part due to the support of members of the GFCR Executive Board to connect the Secretariat with other private philanthropic donors in their network.

Outcome Indicators: Financial systems	Milestone(s) for this review	Achieved	Progress
1.1 Ratio of private and market finance to Grant Fund allocations (target ratio 1:3)	1:0	1:0.27	Above Target
1.2 Amount of financing generated through financial mechanisms such as blue carbon, reef insurance, user fees, etc.	\$2,000,000	\$2,178,000	Above Target

Targets for financial outcomes were exceeded in the review period. This was largely due to a seaweed processing investment identified by the MAR+Invest programme.

For outcome indicator 1.2, there was a small increase in the amount of financing generated through financing mechanisms related to a reef insurance pay-out and MPA user fees. This target is on-track to reaching future targets; it is expected once feasible financial mechanisms have been identified and begin implementation, notable financing for coral reef ecosystems and associated communities will be generated.

Livelihood Pillar:

This review is the first year we have been able to report on the Livelihoods pillar of the LogFrame.

Impact Indicator(s)	Milestone(s) for this review	Achieved	Progress
2.1 Number of sustainable livelihoods created or protected (#)	123	35	Under target
2.2 Number of People benefiting from improved resilience of coral reef ecosystems (ICF KPI 4)	0	61,112	Above target

Impact indicator 2.1 was under target due to:

- Being based on the assumption that the pipeline would be more mature than what it currently is; it takes time for business models to be validated and new revenue streams to be generated. With the reality of the nascent stage of the blue economy and specifically existing businesses that are reef-positive, it will be necessary to revise the yearly targets for this indicator.
- On average it takes 6-months from GFCR board approval for projects to be established and begin. While the targets were not met this year, with over 30 businesses in the pipeline, it is expected that employment and income will increase in the next reporting period.

Impact indicator 2.2 was above target due to the advancement of the co-management arrangement in the Philippines. This led to the quick development of a Special Purpose Entity for a Locally Managed Marine Area (LMMA). The enhanced monitoring and enforcement of the LMMA network is providing resilience to the coral reef ecosystem and providing a fishery spill-over effect and safeguarding other coral reef ecosystem services for the communities adjacent to the LMMA network.

Outcome Indicators: Livelihoods	Milestone(s) for this review	Achieved	Progress
2.1 Number of people with increased income following support from GFCR	123	45	Below Target

Outcome Indicator 2.1 fell below target for the same challenges described for Impact Indicator 2.1. The targets for this indicator will also need to be revised based on the enhanced understanding of incubation timelines. UNEP will be working with Convening Agents to better understand how they can revise their targets related to this indicator to establish more realistic targets.

Ecological Pillar:

Progress for impact indicators associated with the ecological pillar are not expected to be reported on until 2024/25, however we can report on the outcome indicator.

Outcome Indicators: Ecological	Milestone(s) for this review	Achieved	Progress
3.1 Area under Ecological Management (ha) (ICF KPI 17): coral reefs and associated ecosystems (mangroves and seagrasses) within effectively managed protected areas and other effective area-based conservation measures	19,500	5,303	Below Target

Results are below target due to the complex engagements needed for programmes to engage with communities, government and protected area management entities. While the target was not reached in this reporting period, activities related to working with MPA managers to build capacity are expected to accelerate. For example, the programmes in the Mesoamerican Reef region and Indonesia are expected to begin engaging directly with MPA management entities to build capacity over the next year.

B.3 Recommendation on whether programme should continue

Overall, following conclusions drawn from the output assessment below, with scores averaging an A, we can reasonably conclude that the fund continues to successfully deliver on targets, scale the development of investable projects and move forward with outcomes and impacts realisation. For this reason, the GFCR continues to offer strong VfM; there is little economic, financial, or strategic argument for the UK to cease funding or switch to an alternative option. While the nature of conservation project means it often takes time for conservation impacts to materialise, we are content that GFCR is on track to achieving these. Therefore, Defra is confident in the GFCR’s ambition and approach and believe continued investment will maximise global benefits.

C. DETAILED OUTPUT SCORING

All results presented are cumulative, building on Year 1 reporting.

Output Title	Output 1: Work to operationalise and expand GFCR pipeline and portfolio		
Output number:	1	Output Score:	A
Impact weighting (%):	25	Weighting revised since last AR?	no

Indicator(s)	Milestone(s) for this review	Progress
1.1 Number of project-level feasibility studies / assessments made	5	Exceeded- 19
1.2 Creation, development, and implementation of tools that enable fundraising/leveraging targets to be met at the project level and programme level	4	Exceeded - 12
1.3 Number of countries supported by GFCR - TA KPI	17	Under target - 12

GFCR have achieved important milestones related to its policy architecture with the approval of the general investment principles, a risk management system and policies on social and environmental safeguards and gender. In addition, efforts to develop the Monitoring and Evaluation Framework continued to move forward with the development of draft indicators and methodologies for measuring progress, the M&E framework and the establishment of the GFCR’s Scientific Technical Advisory Group. With this, the GFCR Coalition have accelerated efforts to raise awareness, encourage support, and promote collaboration among key stakeholders. Overall, GFCR was recognized through several multi-lateral declarations and statements, featured in over global 25 events and numerous publications, and was widely recognized by renowned institutions, donors, investors and media outlets. Visibility was further increased through GFCR’s social media presence where published various public updates and appeals rose the platform’s viewership rose to over 500,000 during 2022.

The GFCR Grant Fund pipeline has grown and is composed of 18 programmes, covering 23 countries, of which nine have been approved by the GFCR Executive Board and nine are in the proposal development stage. The GFCR did not meet their target of having programmes encompassing 17 countries during this reporting period. This is due to the secretariate focusing efforts to support development of a blended finance strategy for conservation-oriented organisations. The GFCR expects to meet their target of 23 countries within the next reporting period.

19 feasibility assessments/studies have been made or are underway including:

- **Mesoamerican Reef:** Feasibility study to evaluate parametric insurance for lost fishing days due to chronic bad weather as a means to de-risk loans to artisanal fishers
- **Fiji:** Benthic Biodiversity Assessment and Fish Count – Beqa Adventure Divers (BAD) has consulted and successfully completed the Benthic Biodiversity Assessment by an external Consultant. The Reports will form the framework for impact assessments in other LMMA and MPA identified in this project
- **Kenya-Tanzania:** feasibility assessment of businesses ranging from waste management, water funds, and venture studios to address coral reef drivers of degradation in the Transboundary Conservation Area
- **Papua New Guinea:** Developing a Blue Economy investments strategy to inform the government in their transition to a sustainable blue economy
- **Indonesia:** Spatial tourism study in Raja Ampat, coral-positive seaweed strain identification and sector development, feasibility and business plan for Raja Ampat mooring system
- **Philippines:** Sea cucumber aquaculture feasibility assessment, mangrove crab aquaculture feasibility assessment, blue carbon assessment.

Output Title	Output 2: Financial and institutional support to businesses / SMEs and their sector		
Output number:	2	Output Score:	B
Impact weighting (%):	25	Weighting revised since last AR?	no

Indicator(s)	Milestone(s) for this review	Progress
2.1 Number of coordination mechanisms delivered (e.g. Forums to build partnerships)	9	Exceeded - 12
2.2 Number of Special Purpose Vehicles (SPVs) and Technical Assistance Facilities at the programme level to identify and support reef-positive businesses.	9	Under Target - 7
2.3 Grant co-financing leveraged at the project level	\$11,400,000	Under target - \$10,145,480
2.4 Investment leveraged at the project level	\$25,700,000	Under target - \$7,500,000

GFCR’s partnerships have advanced since the last review period. Key new partners with which formal collaboration was established include Builders Vision, Bloomberg Philanthropies, Coral Research & Development Accelerator Platform (CORDAP), UN Decade of Ocean Science, Race to Resilience led by the High-Level Climate Champions, the United States Government, Blue Nature Alliance (BNA), and the United Nations Educational, Scientific and Cultural Organization (UNESCO). In addition, GFCR continued to strengthen its collaboration with ICRI, ORRAA and IUCN.

Within the nine approved GFCR programmes, there are over 23 additional partnerships with co-implementers. The GFCR have exceeded their target for Output 2.1, delivering and participating in 12 coordination mechanisms, which have no doubt helped to secure these partnerships. Examples include:

- The Caribbean Climate-Smart Accelerator Investor Forum
- Island Finance Forum 2022; GFCR was featured in the Conservation Finance for Islands webinar which focused on why funding must be made available for conservation projects to be successfully implemented and maintained.
- Official Ocean20 side events of the G20; The GFCR and CORDAP successfully held a coral reefs workshop as part of the blended finance and programmatic approaches of GFCR, as well as participated on a panel discussing key global partnerships leading global restoration and coral protection efforts.

While the target for Output 2.2 was not met, there has been a lot of activity in this area, for instance in the Kenya/Tanzania project a first tranche of funding from GFCR has been released to Okavango Capital Partners to design, launch and manage a Special Purpose Vehicle to serve as an investment facility to foster growth of early-stage companies with a coral positive business model.

The progress for Output 2.3 fell just below the target, however, the GFCR Secretariat continues to support and connect Convening Agents with sources of co-financing that are identified through its network. The emphasis on programme-level co-financing has also been increased in discussions with Convening Agents as they develop their programme proposals which include drafting a co-financing strategy.

As discussed in Section B above, the GFCR fell short of their investment leverage target (Output 2.4) for the reporting period. This target relied on the sanitary waste landfill in Fiji being investment ready, however the slower than expected pace of engagement with the government impacted this. The Sanitary Waste landfill is expected to be investment ready in 2024, meaning the target for the next reporting period may still be feasible, particularly as the GFCR Investment fund is now fully operational and many businesses are being incubated. This target and associated assumptions will be reviewed.

Output Title	Output 3: Socio economic support to small scale / subsistence livelihoods		
Output number:	3	Output Score:	A+
Impact weighting (%):	25	Weighting revised since last AR?	no

Indicator(s)	Milestone(s) for this review	Progress
3.1 Number of reef-positive businesses receiving incubation support from the GFCR programmes	16	Exceeded - 29

The GFCR programmes have exceeded target in identifying and supporting reef-positive business to incubate. This can be attributed to the programme-level technical assistance facilities conducting independent scoping efforts, including through open calls. An example of this is the Mesoamerican Reef programme which has identified 14 initiatives through their Acceleration Programme. While not all businesses will reach investment-ready milestones, the scoping efforts by programmes is encouraging. To ensure ambition and stretch future targets may be revised following this review.

Output Title	Output 4: Capacity for MPA management / enforcement		
Output number:	4	Output Score:	A+
Impact weighting (%):	25	Weighting revised since last AR?	no

Indicator(s)	Milestone(s) for this review	Progress
4.1 Practitioners trained / supported in marine conservation (e.g. Community rangers).	33	Exceeded - 148
4.2 Agreements with e.g. local authorities or fishing cooperatives to manage LMMAs / OECMs	4	Exceeded - 31
4.3 Number of existing initiatives/organisations coordinated with to build the resilience of coral reef ecosystems	46	Exceeded - 82

All indicators for Output 4 significantly exceeded targets. To ensure ambition and stretch future targets may be revised following this review. Additionally, it is important to ensure metrics are measured and standardised across projects. For example, for Output 4.1 while some projects like the Indonesia project took a wider approach to measuring this impact, others reported only on MPA management staff support. This discrepancy will be remedied through the GFCR M&E framework.

The GFCR supported of training of 148 practitioners throughout its programming. Within the Indonesia Konservasi project, this included environmental training for women to deliver environmental education materials in local villages and schools, in addition to, collaborating with partners to facilitate snorkelling and diving training for women, to provide opportunities in developing skills as tour guides and coral health monitoring officers.

The target for Output 4.2 was based on agreements to establish co-management arrangements for MPAs, but in reality the transboundary use of marine resources requires agreements with other NGOs, fishery communities, local government. This target will need to be revised based on the wider community and government buy-in that is essential for strong support for protected areas.

In this review period, GFCR programmes secured the following agreements:

- Philippines: four co-management agreements with Local Government Units and four additional agreements with people organisations (e.g., fishery cooperatives).
- Fiji: Public-private partnership between the Fiji Government and Beqa Adventure Divers to support the management of the Shark Reef Marine Reserve (Vanua Levu)
- Indonesia: Agreements with East Sumba Marine and Fishery Office, Provincial government of South-West Papua, Bomberai MPA management, Raja Ampat BLUD management and others.

C.2 Planned changes to LogFrame

As mentioned in Section B, Defra have worked closely with the GFCR and UNEP to identify ways to strengthen LogFrame and streamline Defra indicators in the GFCR M&E Framework; See Annex A for more detail. Due to regulations around changing LogFrames and targets within 6 months of an Annual Review, these updates will occur after this review, with a plan to also refine targets where necessary, and review relevant methodology. Defra hope to make the amendments by September 2023.

Revisions to Targets include:

- Impact 2.1 *Number of sustainable livelihoods created or protected* and Outcome 2.1 *Number of people with increased income following support from GFCR*, will be revised following a clearer understanding of timelines for business incubation.
- Output 1.1: *Number of project-level feasibility studies / assessments made*, and Output 1.2: *Creation, development, and implementation of tools that enable fundraising/leveraging targets to be met at the project level and programme level*, significantly exceed its target for the review period. To ensure ambition and stretch future targets and methodology will be reviewed and revised.
- Output 2.4 *Investment leveraged at the project level* was under target. Assumptions and targets will be reviewed.
- Output 3.1 *Number of reef-positive businesses receiving incubation support from the GFCR programmes*. significantly exceeded targets. To ensure ambition and stretch future targets will be reviewed and may be revised
- All indicators for Output 4 significantly exceeded targets. To ensure ambition and stretch future targets will be reviewed and may be revised.

C.3 Progress on recommendations from the previous AR

C.3.1 Key recommendations relating to Defra's role in the GFCR from YR1 AR

1. Defra to establish a comms strategy with British Embassy Posts.
 - Communications have been issued to British Embassy Posts as part of the Blue Planet Fund Communications Plan. The year 1 annual review was shared, along with a short PowerPoint presentation providing updates on projects. A wider BPF communications plan is currently under development.
2. The LogFrame should be reviewed and updated no later than February 2023.
 - The GFCR M&E framework was finalised and approved towards the end of this review period. To ensure alignment to the M&E framework, updating the LogFrame was postponed. Defra have been working closely with the GFCR team and UNEP to both enhance the M&E framework and to identify ways to strengthen and streamline the Defra LogFrame. Due to regulations regarding updating LogFrames within six months of an annual review, the LogFrame will be updated following this review.
3. Implement a quarterly catch-ups to focus on monitoring and evaluation (M&E).

- Discussions have been integrated within regular engagements between Defra and GFCR so not to add to the meeting burden. This includes the Executive Board meetings and regular Co-chair/Secretariate catch ups.
4. BPF team to review GFCR M&E Toolkit once available and update M&E delivery plans, in addition to identifying areas or need for additional support from Defra.
- The M&E toolkit was reviewed by the team prior to its approval by the Board in June 2023. Defra supported with the revision of indicators associated with policy and regulatory changes, ensuring alignment with ICF KPIs². Defra also advised on the need to ensure qualitative data is included in the framework, to allow for more detailed learning from aspects of the fund that might not be covered by indicator reporting but still important for future programme development.

C.3.2 Recommendations relating to the operational running of GFCR programming from YR1 AR

1. Significant baseline data gaps exist in GFCR priority coral reef countries.
 - **Y1 Recommendation:** Convening Agents should implement and/or continue to integrate priority baseline assessment activities into the project workplans.
 - **Progress made:** The GFCR Secretariat has been overseeing the progress of Convening Agents to accelerate their implementation of baseline assessments and understanding the drivers of degradation in priority sites. Programmes that were delayed in staffing their M&E expert teams have brought on M&E leads. This includes the programmes that were delayed in baselines including Fiji, Kenya-Tanzania, Indonesia and PNG. With UNEP now moving to supporting programmes through a dedicated M&E lead, there will be a dedicated resource for Convening Agents to ensure alignment of the GFCR results framework across the portfolio.

2. Pipeline scoping during proposal development showed that investment ready or near-investment ready interventions with assured impact on coral reefs were limited.
 - **YR1 Recommendation:** GFCR should continue actively addressing this through ensuring the initial phase of programming includes pipeline incubation, revenue generation and commercial investment activities.
 - **Progress made:** This remains the reality of the landscape for reef-positive businesses. However, through the incubators and technical assistance facilities established, pipeline is materialising. For example, Matanataki, the local incubator in the Fiji programme, has identified and supported 5+ reef-positive businesses that are or close to investment-readiness. It is expected that a 2-year initial period for programmes will begin to yield reef positive pipeline across the portfolio.

3. Low capacity of Convening Agents in priority countries to incubate scalable blue economy businesses.
 - **YR1 Recommendation:** Strengthen the Technical Assistance arm of the Blue Bridge service to build capacity of Convening Agents and support pipeline incubators to augment their network and build expertise in pipeline development of Small and Medium Enterprises (SMEs).

² Indicators 1.) Number of communities engaged in meaningful participation, co-development and capacity strengthening; F4.5 Number of agreements with local authorities or fishing cooperatives to manage marine resources (e.g., LMMAs, MPAs, OECMs). 2.) Number of national policies linked to GFCR engagement, e.g., NBSAPs, blue economy policies, national MPA declarations); F4.6 Number of national policies linked to GFCR engagement, e.g., NBSAPs, blue economy policies, national MPA declarations). 3.) Number of people supported to better adapt, respond and recover to the effects of climate change and major external shocks as a result of GFCR; F6.4 Number of governance reforms/policies to support response and recovery to external shocks (e.g., crisis management plans, reforms for temporary alternative employment)

- **Progress made:** The programmes continue to seek large investment opportunities with some more successful than others at this stage. For example, the programme for the Mesoamerican Reef identified a company that was suitable for the GFCR Investment Fund (IF). The IF is now conducting due diligence on that business with strong potential for investment. However, the GFCR Investment Fund is now operational and has the expertise and capacity needed to identify large impactful businesses on their own. The GFCR Secretariat seeks to facilitate collaboration between the GFCR Investment Fund and Convening Agents to provide the large IF deals with the scientific and conservation expertise to amplify impact for people and coral reefs. This includes supply chain linkages with the smaller-scale initiatives of Convening Agent programmes. These modalities of collaboration are to become a model for the GFCR on how to leverage and strengthen the capital of private investors and the expertise of conservation organisations.
4. GFCR Investment Fund not fully established.
 - **Recommendation:** Continue to clarify the mechanisms of engagement between the Grant Fund projects and the Investment Fund and continue to identify further areas of collaboration. This should include learning lessons from PCA engagement in pipeline development with the local incubator in the Fiji project and addressing the gap in the financial ecosystem whereby Convening Agents’ struggle to incubate large investment opportunities (USD 5M-50M).
 - **Progress made:** The GFCR continues to clarify mechanisms of engagement between the fund. This includes the development of Terms of Reference for an EB representative observing the investment funds committee meetings and feeding back to the board. Additionally, the GFCR Investment Fund is now fully operational and has identified two relatively large reef-positive businesses – one in Mexico and one in the Bahamas.
 5. There is a need to build the financial investment system through new partnerships and networks to connect incubated pipeline to investors.
 - **YR1 Recommendation:** Strengthen Fund-level GFCR partnerships with impact investing firms, development banks, commercial banks, and others (e.g., the Asian Development Bank who is bolstering their support for Blue Economy initiatives). In doing so the GFCR can facilitate investments to the programme- pipeline. In parallel, Convening Agents have been recommended to incorporate investor fundraising into their project activities to strengthen linkages to local financial institutions that can be a source of commercial investment.
 - **Progress made:** The GFCR Secretariat is connecting pipeline with financial institutions such as BNP Paribas and Katapult. The Secretariat is also actively sharing with the GFCR Convening Agents funding opportunities such as the Ocean Risk and Resilience Action Alliance (ORRAA) and Ocean Assets. Further efforts need to be made to engage with organisations such as the World Bank, the Asian Development Bank and others.

C.4 Value for Money Assessment

C.4.1 Overview

As detailed in Section C, evidence from the updated LogFrame suggests the GFCR continues to be successful, meeting or exceeding 8 of the 11 output indicators in Year 2 (Y2) of operation. The three output indicators not met were Indicator 1.3 - number of countries supported by GFCR, Indicator 2.2 - number of Special Purpose Vehicles and Technical Assistance Facilities at the programme level to identify and support reef-positive businesses and Indicator 2.4 - investment leveraged at project level. All three of these output indicators improved from the Year 1 LogFrame result but should continue to be monitored closely in future reviews.

Table 1 summarises the most recent economic value for money assessment of the costs and benefits of GFCR indicative projects in the reporting period. Based on the indicative portfolio of case studies assessed for the GFCR Year 2 business case addendum³, a BCR of 4.1 was estimated. This BCR is lower than the estimated BCR from the Year 1 AR of 4.8 due to the updated portfolio of projects and expected benefits used in the Year 2 business case addendum. At this stage, we are unable to estimate an updated BCR based on the Year 2 LogFrame information provided.

Across the GFCR projects BCR values have been estimated, however it should be noted these are partial BCRs, as not all benefits or costs are monetised. The ability to monetise depends on the availability of evidence. The most extreme values are for the Kenya Tanzania project (0.7) and Indonesia #1 (13.2). The Kenya Tanzania project only has coral protection estimates at this stage. In comparison, Indonesia has estimates for coral mangrove and seagrass protection as well as carbon benefits, this means it has a greater value of monetised benefits. This is in fact the key reason for the higher BCR in Indonesia compared to Kenya-Tanzania, as the analysis quantified and monetised a broader range of benefits for the Indonesia project compared to Kenya-Tanzania. Some projects do not have quantified benefits in certain categories. Furthermore, the benefits presented are those attributable to the proposed GFCR grant investment, which is not typically providing 100% of the grant funding.

Table 1 - Summary of Project GFCR Costs and Benefits from Year 2 Addendum

	Benefits	Costs	BCR	NPV
Fiji	£16.6m	£3.2m	5.2	£13.4m
Philippines	£19.0m	£11.8m	1.6	£7.2m
Papua New Guinea	£4.1m	£3.0m	1.3	£1.0m
Kenya Tanzania	£1.4m	£2.2m	0.7	-£0.8m
Indonesia #1	£26.9m	£2.0m	13.2	£24.8m
MAR+	£24.6m	£10.2m	2.4	£14.4m
Mean BCR			4.1	
Median BCR			2.0	

Based on the assessment of the 4 Es and the LogFrame results, GFCR continues to be on track to deliver value for money and meet the expected BCR calculated for the Year 2 addendum. The investment has achieved most of its intended outputs, including exceeding targets for the number of project level studies made, reef-positive businesses supported⁴, and practitioners trained. Specifically, 19 feasibility studies and 12 fundraising tools were delivered, exceeding plans of 5 and 4 respectively. 148 practitioners were trained against a target of 33, showing good progress. 29 businesses received support and 31 agreements to manage LMMAs/OECMs were signed, both exceeding expectations.

In terms of outcome targets, one of its three outcomes were achieved- the Financial Systems pillar. Specifically, the ratio of GFCR allocations to external financing reached 1:0.27, surpassing the 1:0 target. Over \$2 million was generated through innovative financing, nearly meeting the \$2 million goal.

However, it is yet to fully achieve the Livelihoods and Ecological pillar outcomes. Further efforts remain to fully meet targets like catalysing private investment and supporting more countries. But initial results are promising that the programme remains on track to deliver large-scale conservation impact. These indicators should continue to be assessed in future reviews to ensure the project

³ Refer to [DevTracker](#) for full economic analysis

⁴ Reef-positive businesses are those whose practices actively support the health and sustainability of coral reef ecosystems.

remains on track to deliver VfM. For further details on outcomes and outputs, see sections B: theory of change and progress towards outcomes - Assessment of whether programme is on track, and C: detailed output scoring.

We believe the current set of LogFrame reporting framework assesses the full range of the expected outcomes and impacts of GFCR, however more detail could be added to outcome reporting to ensure equity continues to be a focus of GFCR programming. Consideration of all vulnerable groups, including gender, race, age, and socio-economic background should be included within LogFrame reporting; as mentioned above, a full update to the LogFrame is planned to be completed by the end of September.

C.4.2 The ‘four E’s’ of ODA Value for Money

Economy (are we buying at the right price?)

Economy considers whether the inputs required for a project are being procured at the best price. The design of GFCR projects is expected to minimise costs as the programme is a market return based model which identifies reef-positive opportunities through flexible technical financial assistance. This will help to lower costs as taking a market-based profit maximisation approach will mean costs should be minimised to increase profit margin. At this stage, we do not have the cost breakdown or benchmark change since the Y1 AR, however we are confident the approach taken to date is one that will aim to minimise costs.

High borrowing costs for project teams from rising interest rates presented significant challenges for GFCR to overcome when building a reef positive investment ecosystem, extending the time taken to build investor ready opportunities. High borrowing costs are not a reason to end funding of GFCR, but GFCR should continue to mitigate this risk by building tailored and flexible technical assistance that supports reef-positive businesses throughout the portfolio.

Efficiency (are we spending well?)

Efficiency relates to how inputs can be turned into desired outputs. The GFCR output targets for Y2 included the number of project-level feasibility studies made, the number of reef-positive businesses receiving support from GFCR programmes and the number of existing initiatives/organisations coordinated with to build the resilience of coral reef ecosystems.

GFCR projects go through a two-stage qualitative assessment to test for efficiency. First, a self-assessment against the GFCR approaches and criteria, then a collaborative review to assess their technical merit and ensure that 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. All GFCR projects are designed with the same investment principles, go through the same approval processes and have the same targeted outcomes, this suggests that the approach and wider programme is intended to deliver value for money.

Three output indicators did not meet the target for the Y2 review, of these Indicator 1.3 increased from 10 countries supported to 12 in Year 2, although this is below the Y2 target of 17 countries supported. Indicator 2.2 increased from 4 to 7 Special Purpose Vehicles (SPVs) and Technical Assistance Facilities at the programme level but is below the target of 9. Indicators 1.3 and 2.2 are not considered a concern at this stage, but should continue to be monitored as in the future these are measures of key benefits which we expect from GFCR and if they are not achieved VfM will be poor.

Indicator 2.4 progress was affected by the Covid-19 pandemic in Year 1, with increased risk and higher costs associated with rising global energy and food prices having a long-term impact on the global investment climate. However, progress has been achieved with total investment leveraged at the project level increasing from \$1.8m to \$7.5m. Although there has been an improvement in the level of investment leveraged, this indicator should continue to be monitored at future reviews.

All three indicators for output 4 (capacity for MPA management/enforcement) significantly exceeded the Y2 planned targets and exceeded the final programme target for indicator 4.2 and 4.3.

Effectiveness (are we spending wisely?)

Effectiveness refers to the ability of funding to deliver the selection of outputs most likely to result in the desired outcomes (and impacts). GFCR projects aim to provide social, environmental and economic benefits (positive impacts) for coastal societies by targeting local stressors to coral reefs and investing to transition communities away from practices that degrade reef habitats over the long term. Investments by GFCR are likely to create jobs and prevent underlying threats to coral reef ecosystems.

We are beginning to see positive progress towards planned outcomes and impacts. While some targets have not been met due to reasons explained above, activities are well underway to help GFCR achieve planned milestones in the future. These indicators show positive progress towards effectiveness and that the programme is on track to spend wisely. However, with available data at this stage it is difficult to evidence specific socio-economic impacts, particularly those that expected to result from long-term and long-lasting changes.

Equity (are we spending fairly?)

Equity assesses the degree to which the results of the intervention - both positive and negative - are equitably distributed, with consideration of different vulnerable groups in the population such as women and girls, those whose livelihoods are most at risk, and the young and elderly. GFCR programming continues to incorporate and monitor community engagement, gender mainstreaming, youth and disability considerations in their outcomes.

GFCR projects have implemented a Gender Action Plan which seeks to ensure greater participation of women in biodiversity conservation, participatory management, community development, enforcement and revenue generation. In Indonesia, seaweed businesses have exhibited gender equity with men and woman having proportional roles in the seaweed farming cycle. However, gaps continue to exist including access to finances and asset ownership.

GFCR has exceeded the target for number of people benefitting from improved resilience to coral reef ecosystems (Impact Indicator 2). Within this target, the GFCR results framework will be disaggregated by gender and indigenous groups, ensuring clear monitoring and evaluation of projects regarding equity. To ensure equity continues to be a focus of GFCR programming, consideration of all vulnerable groups should be included within LogFrame reporting.

D: RISK

At the Fund level, the GFCR's Risk Management System (RMS) was reviewed and formally endorsed by the GFCR Executive Board in August 2022. The RMS helps to identify and mitigate programmatic, institutional, and contextual risks that might impact the Fund's performance and reputation; it also ensures that we maximize gains and minimize harm or losses at all levels of operations from global to local. The GFCR RMS delineates risk management responsibilities between the GFCR UN Global Team (UNGT) and Convening Agents. Convening Agents are primarily responsible for identifying, managing, and reporting (through the Annual Narrative Report) risks to the Global Team.

Risks are monitored actively by the UNGT through the Annual and Bi-Annual Narrative Reporting process (both at the GFCR Grant Fund programme level and fund level), which are normally completed in March and July every year, respectively. The 2022 Consolidated Annual Report for GFCR was finalised in May 2023 and distributed to all GFCR Grant Fund Executive Board members. High-level

risk-management-related findings are communicated on a quarterly basis during the Executive Board meetings and are recorded and monitored by Defra via the programme [RAID log](#). No risks have been escalated during this reporting period.

A key risk that has been discussed throughout this document is the lack of a mature pipeline of investable reef-positive SMEs. This has impacted some of the results of financial indicators and could result in reduced project delivery and future objectives/targets not being met. Overcoming regulatory challenges and high borrowing costs takes time, and tailored technical assistance has been identified as a key need for the growth of individual reef-positive businesses. GFCR is currently assessing and developing potential new modalities to provide technical assistance and concessional financing to support the development and scale-up of reef-positive businesses.

Managing multilateral investments rigorously requires resource. During this reporting period there has been a slight increase of risk associated with low resource and capacity in Defra’s BPF team due to increased competing priorities and staff vacancies. This has the potential to lead to poor management of the UK’s investment in the GFCR, resulting in governance delays and negative impacts to delivery. At present, there is sufficient capacity within the BPF team to manage this investment, with staffing pressures regularly reviewed in monthly International Blue Finance portfolio management meetings. The BPF team will also maintain flexibility across the team to ensure priority work areas are managed effectively and will ensure familiarity with current HMT recruitment policies.

Social and Environmental Safeguarding

The GFCR Social and Environmental Safeguards (SES) policy, which was informed by UNDP’s gold standard SES policy, applies to both the Grant Fund and the Investment Fund. It recognizes that social and environmental risks are an inherent part of programme and project development across both vehicles. It is anchored in the idea that responsibility for identifying, assessing, and managing risks rests at different levels within the GFCR’s architecture.

The Policy sets out a framework whereby the respective Convening Agent (for the Grant Fund programmes) commits to a set of internationally recognized social and environmental performance Standards; operational procedures whereby the requirements of the standards are integrated into the funding cycles of the Grant Fund and the Investment Fund; accountability and transparency measures; and monitoring and reporting procedures.

For Grant Fund programmes, responsibility for applying the Policy and dealing with environmental and social risks is undertaken at three levels:

- Co-implementers, including companies financed by the GFCR, are responsible at the first level, where risks and consequent impacts could present themselves during the development of “on-the-ground” interventions and company operations.
- Convening Agents are responsible for ensuring that co-implementers are properly identifying, assessing, and managing project risks.
- At the Fund level, the GFCR UN Global Team, is responsible for ensuring that Convening Agents have properly assessed the safeguards work for their activities and those of its co-implementers.

This SES policy is aligned with the GFCR M&E Results Framework, ensuring that all programme activities are assessed for safeguards risks during the design phase, and that specific actions are established to mitigate risks during implementation. No major issues relating to safeguarding were identified during the review period. Nonetheless, the UNGT continues to monitor closely through the annual and bi-annual reports as well as working calls held regularly with Convening Agents. Further information regarding mitigation of risks associated with safeguarding and gender, in addition to due diligence processes can be found in Annex B.

In addition, the GFCR has recently onboarded Deloitte to conduct an independent assessment of GFCR non-UN Convening Agents implementation of the GFCR Safeguards Policy to serve as a portfolio-level baseline for Safeguards implementation. This assessment is anticipated to be completed by mid-2024.

E: PROGRAMME MANAGEMENT: DELIVERY, COMMERCIAL & FINANCIAL PERFORMANCE

E.1 Due Diligence

In December 2022, as part of the GFCR Business Case Addendum development, Defra initiated an enhanced internal due diligence self-assessment based on the FCDO’s 5 pillars of due diligence (governance and internal controls, ability to deliver, financial stability, downstream delivery, and safeguarding) that focussed on the UNDP GFCR team. This self-assessment complements the Multilateral Organisation Performance Assessment Network (MOPAN) review on UNDP completed in 2021 and the Central Assurance Assessment carried out on UNDP in 2020, see below for a summary of findings.

Downstream, the GFCR follows the UN MPTF Office’s due diligence policies and frameworks in place which specifically deal with delivery by non-UN direct grant recipients of the Grant Fund. This process considers operational and financial integrity and serves as a pre-requisite to being granted direct access to GFCR Grant Funding, in addition to EB for approval. This minimises the risk of proposals being submitted by organisations and consortia that have strong systems and processes in place.

Assessment	Date	Description	Assurance assessment findings
CAA	2020	The framework of governance, risk management and control presents a moderate level of net risk and provides moderate assurance over the achievement of DFID objectives and funding. Risks to objectives are moderate (combined impact and likelihood).	Moderate risk
MOPAN	2021	UNDP has handled the turbulent context of the recent years well. It fully aligned with the 2030 Development Agenda, played a constructive role in UN Reforms, and demonstrated great resilience and new dynamism in responding to the COVID-19 pandemic. UNDP’s strong management systems, independent evaluation and oversight functions and its transparent information disclosure have made it a trusted partner.	Satisfactory performance
Defra self-assessment at GFCR fund level	2022	The Defra programme team have worked with the ODA better delivery team to develop a self-assessment questionnaire for GFCR to complete. This has been based on the FCDO’s 5 pillars of due diligence (governance and internal controls, ability to deliver, financial	Satisfactory - No issues identified.

		stability, downstream delivery, and safeguarding).	
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E.2 Policy Update

Approved in August 2022, the GFCR Gender Policy was designed based on UNDP’s institutional gender policy and similar policies from agencies such as the Green Climate Fund and the Global Environment Facility. The Gender Policy was introduced to ensure that all levels of GFCR governance, operations, and programming have the systems in place to mainstream gender. It applies to the GFCR Executive Board (EB) and the UN Global Team, global advisory boards and groups, all the GFCR Grant Fund Programmes Convening Agents and co-recipients/implementers and co-implementers. For further information see Annex C.

E.3 Delivery partner performance – GFCR Global Team (UNDP)

Communication

The GFCR team are responsive at all levels of communications. The team are friendly, accommodating, professional, and passionate about their work. When Defra requires information from the GFCR Global team, colleagues are prompt to respond in full. They are always available for meetings, and gladly engage with the Blue Planet Fund mechanism more broadly. They continually demonstrate interest and willingness to work with Defra to improve strategic alignment, create efficiencies and collaborate on shared products. The UK role of Co-chair has undoubtedly helped to strengthen the UK-GFCR partnership.

Finance

As with any pooled fund, it is difficult to attribute the impacts of specific sources of funding. However, noting the significant commitments the UK has made to the fund, the GFCR approached the UK to take on the role of Co-chair as of January 2023. This role, while acting as an impartial facilitator, has allowed the UK to support in steering the strategic direction of the fund to ensure value add of UK funding.

The GFCR conducts a systematic financial analysis exercise to balance incoming resources with expected disbursements, along with programmes progress. They also provide informal financial updates and Funding Framework reports are provided by the GFCR Secretariate during Executive Board meetings, these are presented efficiently, and forecasting budgets are reliable. The Annual Financial Report was published by the MPTFO in June. At the project level, non-UN recipients of the GFCR are contractually required to submit annual audit reports at the close of the programme. Non-UN Fund recipients also undergo a Harmonized Approach to Cash Transfer (HACT) assessment by an independent third party that dictates policies and procedures for capacity assessment, cash transfer modality, audit, assurance, and monitoring.

Reporting

The GFCR reporting documentation continues to be provided in a timely manner to a high standard, both for Executive Boards and for other out of schedule meetings of the board members. The GFCR recently published their Consolidated 2022 Annual Report.

E. 4 HMG programme team performance – Defra Blue Planet Fund

Leadership

Defra’s new role as co-chair of the Executive Board has demonstrated strong leadership and oversight for the GFCR. Defra remains one of the most engaged Executive Board members, consistently bringing

to the forefront key issues and challenges to consider during consideration of Executive Board decisions. This includes the importance of community engagement and impact measurement. Defra has also provided support in facilitating engagement with potential investors, key to the blended finance approach, through hosting the investor roundtable in London.

Coordination and Communication

Defra has been exemplary in coordination and communication with the GFCR Secretariat, coordinating not only with the GFCR Secretariat but with the wider Global Team, reflected by their engagement with UNEP. Although Defra went through a staff transition, the communication channels have still been efficient and accessible. One area of improvement would be for greater visibility on other Defra funded initiatives in aligned geographies to facilitate linking efforts for marine conservation.

E.5 Joint areas for improvement

Governance and influence

During the review period, Defra and GFCR collaborated on the first GFCR Investors Roundtable event to support with finance mobilisation for the GFCR Investment fund; Lord Benyon hosted the event at the Home Office in London. The event was well received and has resulted in further engagement with potential donors and has also laid the groundwork for future international finance mobilisation events. There was also collaboration on an article on Biodiversity Finance for the 2023 edition of Financing the United Nations Development System. In the year ahead GFCR and Defra should continue to enhance collaboration on joint events, publications and side-events at high-level international events such as the upcoming Coral Breakthrough at COP28.

Risks and safeguarding

While there are intentions for Executive Board meetings to include discussions on risks and safeguarding, these agenda items are frequently deprioritised due to time constraints. Moving forward, both parties should make a considered effort to ensure there is sufficient time allocated to have productive discussions regarding risks and safeguarding.

Monitoring and Evaluation

With the revised GFCR M&E framework, UNEP and the Defra team will need to collaborate to ensure proper alignment and shared understanding for indicator definitions and methodology.

Site visits

The GFCR is one of the highest value and impactful programmes under the BPF (£33m) and so it is important to see progress of the projects and the workings of the GFCR. Site visits will allow us to build empirical evidence with regards to outcomes achieved through Defra’s support of the GFCR, in addition to understanding local views on the interventions. Without this we rely on reporting from Implementing Partners, which risks being biased and not a truly representative. Defra and GFCR should collaborate to organise regular *in situ* GFCR EB in project countries.

Date of last narrative financial report		Date of last audited annual statement	
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Annex A: Logframe Changes

The table below provides a brief outline of expected changes to indicators following this review, some revisions relate to simply updating language used, while others have been broken down or clarified.. To note, methodology and targets will also be reviewed and refined following this review.

	Current Indicator	Proposed Change
Impact Indicator 1	Public Finance leveraged at the Global-Level (ICF KPI 11)	Amount and type of public finance (ICF KPI 11)
	Private Grant Finance Leveraged at the Global-level (ICF KPI 12)	Amount and type of private finance (ICF KPI 12)

Impact Indicator 2	Number of sustainable livelihoods created or protected (#)	# of direct jobs created (disaggregated by gender, age, disability, Indigenous peoples, small-scale producers)
		# of direct jobs protected (disaggregated by gender, age, disability, Indigenous peoples, small-scale producers)
	Number of People benefiting from improved resilience of coral reef ecosystems (ICF KPI 4)	total indirect beneficiaries (disaggregated by gender, age, disability, Indigenous peoples, small-scale producers)
Impact Indicator 3	Reef Fish Biomass	average reef fish biomass, kg/ha
		average live hard coral cover, %
	Coral cover and / or cover of other benthic groups (%)	average macroalgae/other benthic groups, %
Outcome 1.1	Ratio of private and market finance to Grant Fund allocations (target ratio 1:3)	leverage/mobilization ratio by sector (fisheries, water quality, restoration) of GFCR investment to other mobilized financing
Outcome 1.2	Amount of financing generated through financial mechanisms such as blue carbon, reef insurance, user fees, etc. (\$)	# and type of sustainable finance mechanisms
Outcome 2.1	Number of people with increased income following support from GFCR	# of people with increased income from GFCR support (disaggregated by gender, age, disability, Indigenous peoples, small-scale producers)
Outcome 3.1	Area under Ecological Management (ha) (ICF KPI 17): coral reefs and associated ecosystems (mangroves and seagrasses) within effectively managed protected areas and other effective area-based conservation measures	Area (ha) of coral reefs under conservation and sustainable management
Output 2.3	Grant co-financing leveraged at the project level	amount, # and type of public investments
		amount, # and type of private investments
		amount, # and type of philanthropy investments
		leverage/mobilization ratio by sector (fisheries, water quality, restoration) of GFCR investment to other mobilized financing
Output 2.4	Investment leveraged at the project level	Remove and use indicators suggested for output 2.3 above
Output3.1	Number of reef-positive businesses receiving incubation support from the GFCR programmes	# of businesses and sectors with GFCR funding sources

Output4.1	Practitioners trained / supported in marine conservation (e.g. Community rangers). # of local practitioners trained / supported in coral reef conservation (e.g. community rangers)	# of local practitioners trained / supported in coral reef conservation (e.g. community rangers)
Output 4.2	Agreements with e.g. local authorities or fishing cooperatives to manage LMMAs / OECMs	# of agreements with local authorities or fishing cooperatives to manage marine resources (e.g., LMMAs, MPAs, OECMs)
Output 4.3	Number of existing initiatives/organisations coordinated with to build the resilience of coral reef ecosystems	# of communities engaged in meaningful participation and co-development
		# of local organizations engaged in meaningful participation and co-development
		# of local scientific/research partners involved in strengthening capacity for participation and co-development (e.g., national universities, regional science organizations)

Annex B – Due Diligence Processes

The GFCR Grant Fund sits under the administrative authority of the UN Multi-Partner Trust Fund Office (UN MPTFO), making it subject to the same standard due diligence policies and procedures as the 85 UN Trust Funds for which the UN MPTFO serves as the Trustee.

The MPTFO due diligence process consists of a 1) Harmonised Assessment for Cash Transfer (HACT), and 2) Protection against Sexual Exploitation, Abuse & Harassment (PSEAH) assessment. The tables in Annex H outline the high-level criteria and descriptions for each assessment. The GFCR Global Team has streamlined decision-making by triggering due diligence processes to qualify non-UN convening agents before submitting decisions for Executive Board consideration and decisions approving programmatic allocations⁵.

H. HACT and PSEAH Criteria for assessing downstream organisational risk

CRITERIA	AREAS ASSESSED
1. Implementing Partner	Legal status/registration, prior track record of working with the UN (if any), governance bodies, financial stability, and pending legal cases / disputes, among other items.
2. Programme Management	Policies and procedures, risk and mitigation mechanisms, M&E procedures or guidelines, data collection and evaluation, etc.
3. Organisational Structure & Staffing	Recruitment, employment, and personnel practices, organisational structure, and training policies, etc.
4. Accounting Policies & Procedures	Accounting system, cost allocation methodology, ledger reconciliation, budgeting systems, etc.
5. Fixed Assets & Inventory	Safeguards over assets and warehousing & inventory management
6. Financial Monitoring & Reporting	Established financial reporting procedures, financial statement preparation, financial management system, etc.

7. Procurement & Contract Administration	Procurement system, reports, templates, approval system, contract management policies, etc.
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Table 8 - HACT Criteria

CRITERIA	REQUIREMENT
1. Organisational Policy	The organization has a policy document on PSEA. At a minimum, this document should include a written undertaking that the partner accepts the standards in ST/SGB/2003/13.
2. Organisational Management	The organization’s contracts and partnership agreements include a standard clause requiring sub-contractors, to adopt policies that prohibit SEA and to take measures to prevent and respond to SEA.
3. HR Systems	There is a systematic vetting procedure in place for job candidates through proper screening.
4. Mandatory Training	The organization holds mandatory trainings (online or in- person) for all personnel on PSEA and relevant procedures.
5. Reporting	The organization has mechanisms and procedures for personnel, beneficiaries and communities, including children, to report SEA allegations that comply with standards for reporting
6. Assistance & Referrals	The organization has a system to refer SEA victims to available support services available locally, based on their needs and consent.
7. Investigations	The organization has a process for investigation of allegations of SEA and can provide evidence.
8. Corrective Action	The organization has a process for investigation of allegations of SEA and can provide evidence.

Table 9 - PSEAH Assessment Criteria

Annex C – GFCR Gender Policy

Through the Gender Policy, the GFCR seeks to promote gender equality and the empowerment of women by setting out three key objectives and a series of requirements across GFCR’s governance and operations:

To advance equal access to and benefit from GFCR-financed programmes for women and men in reef-dependent communities. Specifically, GFCR-financed programmes will integrate gender in their assessment, consultation, design, implementation and monitoring and evaluation processes (e.g., socio-economic indicators disaggregated by sex)



To minimize assessed potential programme risks for women and men in relation to programmes and interventions financed by the Fund, in line with the GFCR Social and Environmental Safeguards Policy.

To advance learning, knowledge generation and enhancement of stakeholders’ capacity about effective gender responsive actions.

At the Grant Fund programme level, Convening Agents are responsible for undertaking a Gender Analysis and prepare a Gender Action Plan based on the templates provided by the UNGT. They are also responsible for monitoring projects for compliance with gender commitments made in their respective action plans. Convening Agents are required to account for the capacity and resources required to implement gender work, and to either undertake the work themselves or contract it to consultants.