

## Global Fund for Coral Reefs – Annual Review 2021

<b>Title:</b> Global Fund for Coral Reefs		
<b>Programme Value £ (full life):</b> £9,000,000		<b>Review date:</b> July 2022
<b>Programme Code:</b> GB-GOV-7-BPFGFCR	<b>Review Start date:</b> Jul 2021	<b>Review end date:</b> Jun 2022

### Summary of Programme Performance

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

DevTracker Link to Business Case:	<a href="#">2021-BPFGFCR-Business-Case-20221128101153.pdf (azure.com)</a>  <a href="#">BPFGFCR-Business-Case-Addendum-2022-20221128111140.pdf (azure.com)</a>  <a href="#">2023-Global-Fund-for-Coral-Reefs-Business-Case-Addendum--20230411110412.pdf (azure.com)</a>
DevTracker Link to results framework:	<a href="#">Defra-GFCR-LogFrame--20230411110436.pdf (azure.com)</a>

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**Glossary**

AA	Administrative Agent
AB	Advisory Board
BPF	Blue Planet Fund
CBD	Convention on Biological Diversity
Defra	Department of Environment, Food and Rural Affairs
EIA	Environmental Impact Assessment
EB	Executive Board
FCDO	Foreign Commonwealth & Development Office
GFCR	Global Fund for Coral Reefs
GCF	Green Climate Fund
HACT	Harmonised Assessment for Cash Transfer
HMG	His Majesty's Government
IUCN	International Union for Conservation of Nature
IP	Investment Plan
LMMA	Locally Managed Marine Area
LogFrame	Logical Framework
MPA	Marine Protected Area
M&E	Monitoring and Evaluation
MPTFO	Multi-Partner Trust Fund Office
OCPP	Ocean Country Partnership Programme
ORRAA	Ocean Risk and Resilience Action Alliance
ODA	Official Development Assistance
PNG	Papa New Guinea
PCA	Pegasus Capital Advisors
PSEAH	Protection against Sexual Exploitation, Abuse & Harassment
STAG	Scientific & Technical Advisory Group
SMEs	Small and Medium Enterprises
SDG	Sustainable Development Goal
ToR	Terms of Reference
ToC	Theory of Change
UNCDF	UN Capital Development Fund
UNEP	UN Environment
UN	United Nations
UNCFCCC	United Nations Framework Convention on Climate Change
UNGA	United Nations General Assembly
VfM	Value for Money

## A. SUMMARY AND OVERVIEW

### Programme description

The Global Fund for Coral Reefs (GFCR) was launched at the 75th Session of the United Nations General Assembly (UNGA) in September 2020. Focused on the world’s most resilient coral reefs, it is the largest blended finance mechanism dedicated to delivering on Sustainable Development Goal (SDG) 14 (Life Below Water). The GFCR is designed to expand and diversify SDG14 funding, encouraging marine conservation away from dependency on short-term grant funding towards sustainably financed, “reef-positive” revenue streams. To safeguard coral reefs from extinction, the GFCR:

- Convenes a global coalition of Members States, philanthropies, UN agencies, investment partners and others dedicated to bridging the coral reef funding gap.
- Facilitates an innovative ‘Reef-Positive Investment Ecosystem’ with an array of financial tools designed to incubate, de-risk and unlock public and private market-based investment to improve the health of priority coral reef climate refugia.
- Offers an implementation tool for national marine biodiversity conservation and blue economic transition ambitions.

With two “funds” under the same Theory of Change and investment plan<sup>1</sup>, the GFCR structure is based on a standard set of agreements developed by the UN and partners to provide a solid fiduciary framework, high transparency, joint decision-making processes, and a credible programming cycle. To support and accelerate sustainable blue economy interventions addressing drivers of coral reef degradation, the GFCR is also building its network of technical assistance providers and investors. GFCR delivery is primarily through Grant Fund Convening Agents, who are typically conservation-oriented organisations such as NGOs.

Through the Blue Planet Fund (BPF), Defra has invested in the GFCR Grant Fund since July 2021 and over the course of 12 months, two small uplifts alongside the original investment (£5m original + £1m + £3m) mean that the UK is now the largest donor with £9 million contributed.

### Summary supporting narrative for the overall score in this review

The programme score for FY 2021/2022 is *A – met expectations*. This has been assessed through output scoring, please refer to *sections B and C* for details.

To summarise, all but one output indicators either met or exceed targets. Year 1 predominantly focused on enabling actions for future delivery, such as project scoping, building stakeholder relationships and approving new projects, all of which are in line with Defra’s expectations.

In the reporting period, financing from DEFRA supported the following six projects<sup>2</sup>:

- Fiji - Investing in Coral Reefs and the Blue Economy (Fiji)
- Kenya-Tanzania - Miamba Yetu: Sustainable Reef Investments (Kenya-Tanzania)
- Papua New Guinea - Gutpla solwara, gutpla bisnis (‘Good oceans, good business’)

<sup>1</sup> The Equity Fund under the broader “Investment Ecosystem” provides investment capital to scale initiatives and maximise the impact of projects incubated by the grant window or “Grant Fund”. The Equity Fund brings together guarantees and concessional loans from the Green Climate Fund (GCF), multilateral development banks and other sources to mobilise and further de-risk investments in the unfamiliar markets of the blue economy and attract private investor capital.

<sup>2</sup> The only other projects to get underway during this reporting period were in non ODA-eligible countries (e.g. the Bahamas) so are not in the scope of this Annual Review

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- Philippines – Mamuhunan sa mga MPAs (‘Responsible investment in MPAs’)
- Indonesia – Terumbu Karang Sehat Indonesia
- Mesoamerican Reef - MAR+Invest

The only project to have completed a full year of implementation during this review period is the Fiji project. Collectively the six projects that started or were underway include interventions to develop or strengthen capacity and sustainable financing for entities managing marine protected areas, interventions in aquaculture and waste management, several blue carbon and reef insurance initiatives, and incubators to develop reef-positive businesses. Table 1 (below) provides a summary of these projects. The table highlights approval dates, key interventions, and some early markers of progress for each project in year 1. This is also discussed in further detail in Section C in addition to Annex A.

While programme outcomes have not been included in the score, they have been discussed in this review; our assessment shows that output success is beginning to translate into outcomes; for instance all targets were met for Outcome 1 *Financial Systems*. Impact indicators *Public Finance Leveraged* and *Private Finance Leveraged* were also met. To note, other impact and outcome indicators are not due for review until next year.

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.

Table 1- GFCR Projects in implementation and key interventions

Project	Implementation date	Key Interventions	Early Markers of Progress
<u>Fiji</u>	<u>Jan-21</u>	<ul style="list-style-type: none"> <li>• Blended finance facility to mobilise commercial impact finance into Locally Managed Marine Areas (LMMAs).</li> <li>• Agender-responsive Technical Assistance Facility (TAF)</li> <li>• A non-synthetic fertilizer company</li> <li>• A waste management facility</li> </ul>	<ul style="list-style-type: none"> <li>• The initial activities for The Fertile Factory Company (TFFC) and the Western Sanitary Landfill mean the intervention is ready for further investment in 2023</li> <li>• Sites identified for LMMA financing</li> <li>• Creation of Sea Sensorium Strategy</li> <li>• Budget and workplans have begun incubation</li> <li>• Trials have started to test and demonstrate the yield of the product, with the intervention expected to be ready for substantive investment in the second half of 2023.</li> </ul>
<u>Kenya/Tanzania</u>	<u>Sep-21</u>	<ul style="list-style-type: none"> <li>• SME Facility to invest in or alongside the Okavango Fund</li> <li>• Venture Studio for smaller scale community initiatives with a longer time horizon to maturity and investment readiness.</li> <li>• Nature Stewardship Bonds</li> <li>• Corporate Biodiversity Bonds</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in valuable stakeholder engagements/forums</li> <li>• Grant agreement milestones - funding from Blue Bridge agreed</li> <li>• Provision of scientific and surveillance equipment to aid baseline data gathering</li> <li>• Implementation of a plastic waste management study</li> </ul>
<u>Papua New Guinea</u>	<u>Sep-21</u>	<ul style="list-style-type: none"> <li>• A Blue Economy Enterprise Incubation Facility (BE-EIF), housed within the new PNG National Biodiversity and Climate Fund (NBCF)</li> </ul>	<ul style="list-style-type: none"> <li>• New partnerships have been established with the PNG Biodiversity and Climate Fund</li> <li>• Agreement secured for a Technical Advisory Facility</li> </ul>

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		<ul style="list-style-type: none"> <li>• National Blue Investment Strategy and kick-starting the establishment of the BE-EIF and a local hub in Kimbe Bay.</li> <li>• Technical assistance to support blue enterprises</li> <li>• Development of a blue economy investment prospectus to raise awareness of the opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in valuable stakeholder engagements/forums</li> </ul>
<u>Philippines</u>	<u>Nov-21</u>	<ul style="list-style-type: none"> <li>• MPA Development Facility (DF) led by a consortium of three project developers (Blue Finance, Blue You, Ubá Sustainability Institute)</li> <li>• MPA blended finance investment facilities (BF-IFs) set-up for each MPA</li> </ul>	<ul style="list-style-type: none"> <li>• LMMA management agreements secured with local authorities</li> <li>• Various workplans established with a focus on capacity building, biodiversity/science, and sustainable revenues</li> </ul>
<u>Indonesia</u>	<u>Feb-22</u>	<ul style="list-style-type: none"> <li>• Replication of MPA Financing Models</li> <li>• Strengthening enabling conditions for responsible and inclusive ecotourism recovery and growth</li> <li>• Strengthening enabling conditions for reef-positive, equitable and inclusive seaweed sector development and growth</li> <li>• Catalytic investments in reef-positive enterprise incubation</li> </ul>	<ul style="list-style-type: none"> <li>• Funding released in Q2 of 2022</li> <li>• Raja Ampat mooring system accelerated</li> </ul>
<u>Mesoamerican Reef</u>	<u>Feb-22</u>	<ul style="list-style-type: none"> <li>• Establish the technical assistance facility (MARTAF), managed by MAR Fund, and the Financing Facility, managed by New Ventures.</li> <li>• MAR+Invest impact to be monitored and evaluated by Healthy Reefs Initiative, the partner organisations dedicated to measuring and reporting on the health of the MAR.</li> <li>• A capacity building program (Build &amp; Connect) to generate enabling conditions for coral investment in the MAR with local governments, investors, incubators and CMPAs will be developed by the Mexican Fund for the Conservation of Nature and its MAR-Leadership program.</li> <li>• Identification of growth paths and blended financing</li> <li>• MAR+Invest will test in Guanaja – one of the three main islands of The Bay Islands Marine National Park of Honduras – a blue economy development approach</li> <li>• Equity and debt solutions will be explored with Pegasus Capital Advisors (PCA) to modernize the shrimp industry in Belize and achieve zero effluents from shrimp production into the MAR.</li> </ul>	<ul style="list-style-type: none"> <li>• Funding released in Q2 of 2022</li> </ul>

		<ul style="list-style-type: none"> <li>Identify, develop, and finance solutions that offer a scale of impact capable of reducing local threats to the reef, generating alternative livelihoods, increasing financial sustainability for CMPAs in the MAR, grow an Emergency Fund managed by MAR Fund, and ultimately attract capital to develop a coral positive investment portfolio.</li> </ul>	
<u>Maldives</u>	<u>Jun-22</u>	<ul style="list-style-type: none"> <li>The effective management mechanism for existing networks of seven protected areas in Lhaviyani atoll</li> <li>Reduction/cessation of the uncontrolled dumping and disposal of domestic and commercial solid waste</li> <li>Establishment of a business incubation/technical assistance facility.</li> </ul>	<ul style="list-style-type: none"> <li>Project showcased and discussed in the most recent GFCR EB</li> </ul>

### Lessons and recommendations

#### *Key recommendations relating to Defra's role in the GFCR for Year 2*

1. Defra to establish a comms strategy with British Embassy Posts. It has been noted that communication with FCDO colleagues should be strengthened, particularly if a further uplift in funding is approved. Defra BPF team will produce and provide high level updates for key posts in project countries regarding GFCR activities to ensure FCDO Post are sighted on projects that have been approved by the Executive Board. Post colleagues will be able to use this information for internal awareness and external engagements, and feedback on its effectiveness
2. The LogFrame should be reviewed and updated no later than February 2023. This should involve reviewing indicators, ascertaining clear achievable outputs and identifying achievable, measurable targets. The updated indicators will then be reported against in the 2022/23 Annual Review.
3. Implement a quarterly catch-ups to focus on monitoring and evaluation (M&E). Discussions can be integrated within regular engagements between Defra and GFCR so not to add to the meeting burden. This doesn't preclude GFCR approaching us on an ad hoc basis.
4. BPF team to review GFCR M&E Toolkit once available<sup>3</sup> and update M&E delivery plans, in addition to identifying areas or need for additional support from Defra.

#### *Further recommendations relating to the operational running of GFCR programming*

During the first year of programming, the GFCR focussed on the inception and operationalising of its initial portfolio during which time several challenges presented themselves; presented as lessons and recommendations below.

1. **Significant baseline data gaps exist in GFCR priority coral reef countries.** During proposal development, a lack of existing data hindered Convening Agents' ability to acquire baseline information on

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<sup>3</sup> This is currently being developed by the Scientific Technical Advisory Group (STAG) and led by UNEP and is due to be finalised early 2023.

environmental and socio-economic factors. Securing this data is key to develop a pipeline of impactful and well-designed interventions.

- Recommendation: Convening Agents should implement and/or continue to integrate priority baseline assessment activities into the project workplans. This should be conducted during the first 18-months of implementation to inform subsequent phases on the types and design of reef-positive business models. This approach serves to ensure impactful interventions for coral reef ecosystems while also more accurately informing programming needs for subsequent funding tranches. Convening agents will soon be able to draw on the GFCR Monitoring and Evaluation Toolkit, which is due to be finalised in early 2023, to aid with this.
2. **Pipeline scoping during proposal development showed that investment ready or near-investment ready interventions with assured impact on coral reefs were limited.** This reflects the nascent stage of the blue economy and those business models that are geared towards reef-positive impact.
    - Recommendation: GFCR are already actively addressing this challenge; the initial phase of programming includes pipeline incubation, revenue generation and commercial investment activities. Additionally, Convening Agents focus on foundational work, including strengthening in-country enabling conditions for a blended finance approach; targeted pipeline scoping for opportunities related to coral reef drivers of degradation; planning activities to inform design and priorities of potential investments; and strengthening or private and public sector partnerships.
  3. **Low capacity of Convening Agents in priority countries to incubate scalable blue economy businesses.** There was a need identified for capacity building to bridge the capacity gap in organisations with conservation objectives to those with scalable revenue generating interventions that can attract diverse sources of investment capital. Convening Agents are typically experts in conservation and small-scale livelihood development, however, expertise in and partnerships with the private sector needs to be supported.
    - 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).
  4. **GFCR Investment Fund not fully established.** Although the GFCR Investment Fund is not a recipient of Defra grant investments, the investments of Pegasus Capital Advisors (PCA) should seek to complement Grant Fund objectives and have been unable to do that given the early stage of the Investment Fund.
    - 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).
  5. **There is a need to build the financial investment system through new partnerships and networks to connect incubated pipeline to investors.**
    - 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.

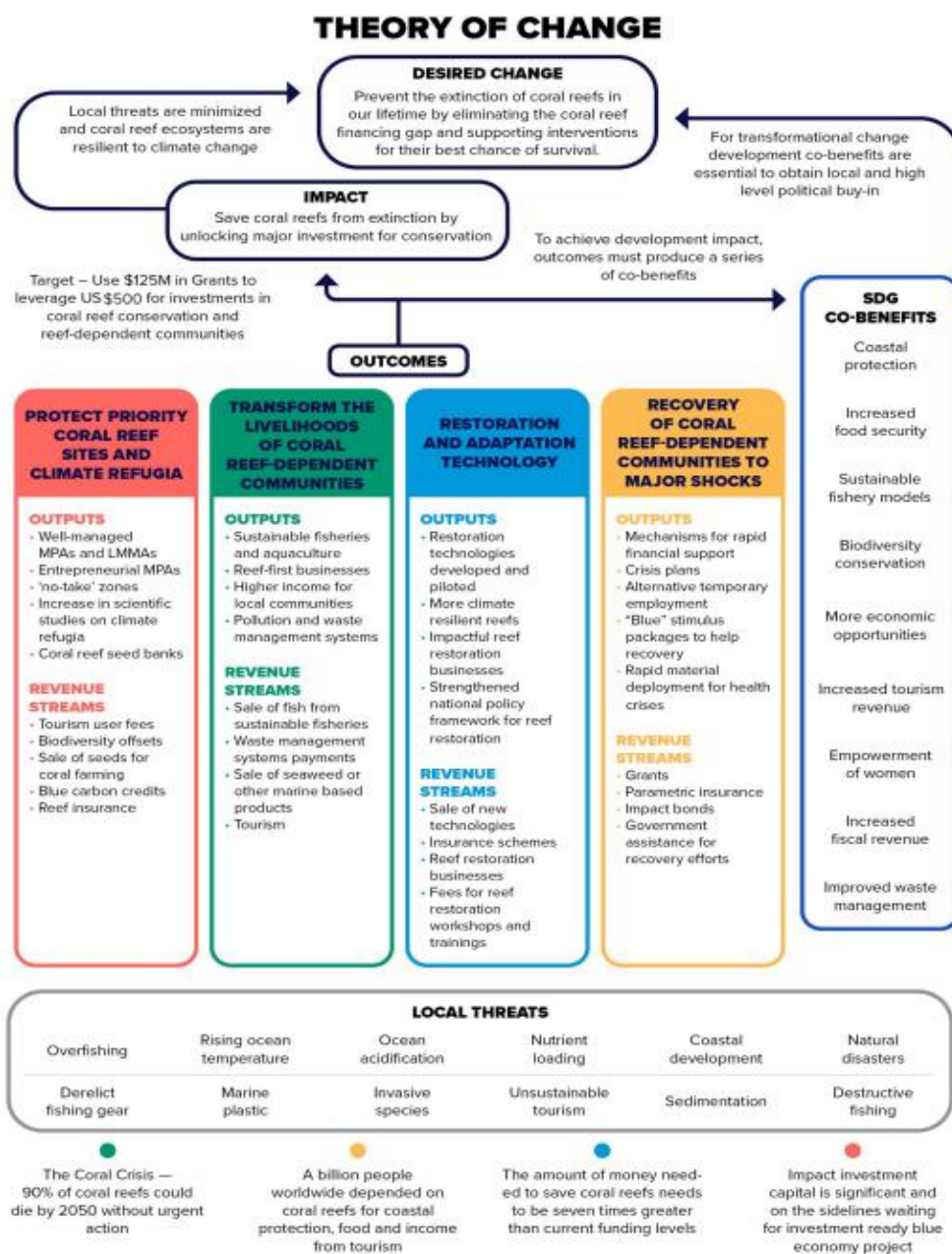


## B. THEORY OF CHANGE AND PROGRESS TOWARDS OUTCOMES

The GFCR impact statement is to “prevent the extinction of coral reefs in our lifetime by eliminating the coral reef financing gap and supporting intervention 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

Figure 1: GFCR Theory of Change (ToC)



Benefits and delivery for outcomes 1 and 2 will likely be realised sooner than 3 and 4; as identified during the initial development of the Theory of Change, coral reef restoration is a dynamic and evolving field so Outcome 3 will take longer to deliver. Outcome 4 has become highly relevant in the wake of the Covid-19 pandemic and is also critical to mitigating the impact of natural disasters whose frequency and intensity are expected to increase due to climate change.

The pathways to achieving outcomes and impact are detailed in ToC, which feeds into the overarching Blue Planet Fund ToC which was developed at the outset of fund design and identifies MPAs and OECMs as one of four primary thematic outcomes.

As we move into the next reporting year, the UK continues to play a role in progressing these programme outcomes. The GFCR is at a point of rapid expansion and will need to attract additional public and private finance in order to meet its ambitious targets to scale the programme.

It is important to note conservation projects take significant time, often many years, to see progress on impacts and outcomes. Similarly across the GFCR portfolio, proposal development and implementation progress were affected by Covid-19 lockdowns that restricted movement and data collection, essential for baseline assessments, stakeholder engagement and staff hiring. Despite these challenges, many activities took place over the year including establishing key partnerships, identifying pipeline projects, leveraging funds, all of which will undoubtedly allow the GFCR to move forward with achieving its outcomes.

#### *LogFrame and indicators*

Defra and the GFCR team have established a draft Defra Logframe (Annex B) reflective of a first year of delivery that has mostly focussed on scoping activities. The Defra logframe draws on the existing GFCR Logframe and reflects the progress made on inception and foundation building activities that are essential to the GFCR achieving its long-term objectives. The Defra logframe was designed to ensure that it doesn't increase the burden of the GFCR team.

Aligned with the 'Leave no one Left Behind' policy and with support from UNDP and a Scientific and Technical Advisory Group (STAG) the GFCR Results Framework adopted by project implementers 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. The GFCR is also expanding the role of UN Environment (UNEP), a core partner of the GFCR, to build in-country capacity to implement the GFCR results framework and reporting on it.

#### **Assessment of whether programme is on track**

Three main pillars underpin the Logframe: (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.

Results for the financial pillar of the LogFrame are already showing substantial achievement with all outcome and impact targets meet or exceeded. As seen in the ToC (Figure 1) revenue increase will support the achievement of other pillars within the LogFrame.

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Impact Indicator(s)	Milestone(s) for this review	Achieved	Progress
1.1 Public Finance leveraged at the Global-Level (ICF KPI 11)	\$20,000,000	\$22,920,954	Above Target
1.2 Private Grant Finance Leveraged at the Global-level (ICF KPI 12)	\$5,000,000	\$19,500,000	Above Target

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	On Target
1.2 Amount of financing generated through financial mechanisms such as blue carbon, reef insurance, user fees, etc.	\$2,00,000	\$2,000,000	On Target

The remaining pillars of the LogFrame are focused on ecological and livelihood change. These categories are more complex with changes that are longer-acting and often having a lag-time from intervention to reportable changes. We can however report on the outcome indicator under the Ecological pillar. The table below shows that the GFCR are below target for *Area under Ecological Management*. This target is currently solely based on progress for the Fiji project, which was negatively impacted by the Covid-19 pandemic; international entry into Fiji was extremely limited and only permitted for emergency cases, preventing technical experts visiting to conduct field studies and resulting in delays on the ground. Fieldwork is expected to accelerate for all projects in 2022/23 as Convening Agents have established Programme Management Units and COVID-19 lockdown restrictions have eased.

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	9000	0	Below Target

Activities are now well under way that will help support the GFCR in achieving targets for this outcome in the next year and it is not unexpected, particularly given the challenges, for these outcome level results to be slow to come online. Next year we expect the below:

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- Fiji: Blue Finance, the Coral Coast Conservation Centre and UNDP have engaged with local communities associated within the Korolevu-i-Wai LMMA network (9 sites) to support LMMA management.
- Philippines: An assessment of 3 categories of enforcement (Search and Seizure, Adjudication of Violations / Presumptions about location and legality of catch and Penalties) has been carried out to strengthen monitoring and enforcement for MPAs.
- The Kenya /Tanzania project has provided MPA scientific and surveillance equipment for Manta Resort to improve reef conservation, management, and revenue for eco-tourism.

The remaining outcomes were not expected to be reported this year with first reporting milestones for livelihood change set for 2023. Baselines and targets are still being modelled and confirmed with partners and will be finalised in time for next year's AR. To note, activities and output achievements (as discussed in section C) show progress and imply the GFCR is on-track to meet future targets.

### **Recommendation on whether programme should continue**

The annual review and evidence presented within shows that the GFCR has successfully scaled up its operations and pipeline, utilised funding effectively and minimised the risks of failed project delivery for the reason the outputs were on average scored and A.

As discussed, year 1 predominantly focused on enabling actions for future delivery, such as project scoping, building stakeholder relationships and approving new projects, all of which are in line with Defra's expectations.

The GFCR continues to show strong alignment with the BPF objectives:

- It contributes towards the Defra priority outcomes of Marine Protected Areas and Other effective Conservation Measures, and Pollution (Annex C)
- Supports the cross-cutting enablers of finance mobilisation and support to SIDs
- Delivers on the shared themes of marine biodiversity, climate change, and marine pollution.
- Meets our commitment to supporting ODA eligible projects with clear management actions to address reefs under threat and alleviate poverty.

Overall, following conclusions drawn from the output assessment below, with scores averaging an A, we can reasonably conclude that the fund has successfully scaled up from its concept and 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. Funding provided by the UK so far is unlikely to have fully achieved its initial objectives, due to the significant amount of time needed for impacts of conservation projects to be realised. We are confident in GFCR's ambition and approach and believe this further investment will maximise global benefits.

## C. DETAILED OUTPUT SCORING

Output weighting has been split evenly at 25%. The reason for this is that each output represents one of the 4 outcomes of the of the GFCR Theory of Change; we deem each outcome to be of equal importance. As the programme, LogFrame and Theory of Change develops we will re-assess the weighting.

For a breakdown of all activities conducted by individual projects within the review period and linkages with wider Defra LogFrame indicators and outcomes please see Annex D.

### Output 1: Work to operationalise and expand GFCR pipeline and portfolio

<b>Output Title</b>	Work to operationalise and expand GFCR pipeline and portfolio		
Output number:	1	Output Score:	A
Impact weighting (%):	25	Weighting revised since last AR?	N/A

Indicator(s)	Milestone(s) for this review	Achieved	Progress
1.1 Number of project level feasibility studies / assessments made	2	2	On Target
1.2 Creation, development, and implementation of tools that enable fundraising/leveraging targets to be met at the project level and programme level	0	0	N/A
1.3 Number of countries supported by GFCR - TA KPI	10	10	On Target

Since the UK's initial investment in 2021, the GFCR has successfully tested and started to scale up its programme, with funding now being disbursed to delivery partners; at the end of 2021 the GFCR had utilised 73% of its funding, either disbursing to delivery partners or through the funds administration (See Annex E for disbursements approved by the GFCR Executive Board in 2021).

GFCR have completed two scoping and feasibility activities which has led to establishing clear workplans for projects. There have been assessments of viable enforcement options to combat Illegal, Unregulated and Unreported (IUU) fishing, LMMA screening, scoping of preliminary work for the development of Blue Carbon credits, coastal community-based sustainable aquaculture and fisheries improvement projects, and eco-tourism projects. A total of 22 projects are now identified for the GFCR pipeline (Annex F).

Six projects spanning 10 countries have started or were underway in 21/22, meaning the GFCR have successfully met their target for Output 1.3. Interventions focus on developing and/or strengthening capacity and sustainable financing for entities managing marine protected areas; interventions in aquaculture and waste management; several blue carbon and reef insurance initiatives; and incubators to develop reef-positive businesses. As the programme grows, projects in additional countries and regions are expected to come online. The GFCR have a target on 17 for the next reporting period but this is likely to be exceeded as a total

of 22 projects are already in the pipeline and due to be discussed and approved by the Executive board in the coming year.

During the reporting period, there has been substantial effort to build and strengthen the operational and governance structures, such as implementation of the gender and safeguarding policy, and bringing initial projects into fruition. These processes were facilitated by the Executive Board (EB) on which the UK has a permanent voting seat. Over the course of the year, four EB meetings took place.

Furthermore, the GFCR are in discussion with several existing and new donors with a view to securing additional multi-year commitments potential for an additional multi-year UK uplift in late 2022/23 (dependent on the results of this annual review and our assessment of the performance of the GFCR).

**Output 2: Financial and institutional support to businesses / SMEs and their sector**

<b>Output Title</b>	Financial and institutional support to businesses / SMEs and their sector		
Output number:	2	Output Score:	A
Impact weighting (%):	25	Weighting revised since last AR?	N/A

Indicator(s)	Milestone(s) for this review	Achieved	Progress
2.1 Number of coordination mechanisms delivered (e.g. Forums to build partnerships)	3	3	On Target
2.2 Number of Special Purpose Vehicles (SPVs) and Technical Assistance Facilities at the programme level to identify and support reef-positive businesses.	4	4	On Target
2.3 Grant co-financing leveraged at the project level	\$9,750,000	\$9,900,000	Above Target
2.4 Investment leveraged at the project level	\$15,200,000	\$1,800,000	Below Target

Within the Kenya/Tanzania project the GFCR participated in forums with stakeholders such as IUCN, WWF, and Technoserve to build on relationships in addition to also exploring possible incubators in the region and future partnerships. Within the PNG project, partnerships were established with the PNG Biodiversity and Climate Fund through utilising similar coordination mechanisms.

GFCR have participated in the identification, design, and incubation of reef-positive SMEs for scalable investments. GFCR have also formed various development facilities for their projects to aid with gender inclusion and provision of technical advice surrounding reef-positive sustainable businesses including sustainable aquaculture and eco-tourism. There has also been a focus on improving infrastructure surrounding waste management.

GFCR have explored various sustainable blended finance mechanisms within some of their projects, and have successfully leveraged £9.9m via co-financing, an example being that Blue Finance has confirmed a co-

investment of US\$1.4M for the MPAs project in the Philippines. GFCR have exceeded their target by \$200,000 and have targets of leveraging a total of \$11.4m by the end of the 22/23 reporting period.

The GFCR have successfully leveraged \$1.8m from the Philippines project for the grant fund during the reporting period, however this is significantly lower than the programme level target of \$15.2m. The Fiji Project had a target of \$13.4m, and while GFCR are aware that this target was perhaps over ambitious for year 1, they have also expressed that Covid-19 caused challenges with the progression of the project. In the next year they are looking to leverage a total of \$25.7m to deliver on their outcomes. They are looking to fundraise to still achieve this, utilising the status of other donors to leverage further support. We understand UK funding to be significant in leveraging new finance for the Fund, and although we cannot be specific about the leverage ratio, Canada, Germany, Builders Vision, and Bloomberg Philanthropies have all quoted UK contributions when building their internal arguments for additional funding.

**Output 3: Socio economic support to small scale / subsistence livelihoods**

<b>Output Title</b>	Socio economic support to small scale / subsistence livelihoods		
Output number:	3	Output Score:	A
Impact weighting (%):	25	Weighting revised since last AR?	N/A

Indicator(s)	Milestone(s) for this review	Achieved	Progress
3.1 Number of reef-positive businesses receiving incubation support from the GFCR programmes	2	2	On Target

Within the Fiji Project, GFCR have supported women-led businesses to establish and operationalise a gender responsive Technical Assistance Facility (TAF) for blue economy SMEs and financial instruments and met the target of supporting 2 reef positive businesses.

Business supported include:

- A business that will dry and process sargassum and crown-of-thorns starfish for bio-fertilizer
- A sea cucumber aquaculture project that uses hatchery-grown juveniles which are grown out by farmers in nearby communities

Further activities implemented throughout the reporting period will help the GFCR to reach their target of supporting 16 reef-positive businesses in the next year:

- **Kenya/Tanzania Project:** Developed a Special Purpose Vehicle (SPV) for the identification, design, and incubation of reef-positive SMEs
- **Philippines Project:** Formed a Development Facility to structure a pipeline of investment ready reef-positive sustainable businesses and projects within and around the MPA networks of Calamian Island and the VIP. The Development Facility is also conducting preliminary work focusing on the development of Blue Carbon credits, coastal community-based sustainable aquaculture and fisheries improvement projects, and eco-tourism projects.

**Output 4: Capacity for MPA management / enforcement**

<b>Output Title</b>	Capacity for MPA management / enforcement		
Output number:	4	Output Score:	A
Impact weighting (%):	25	Weighting revised since last AR?	N/A

Indicator(s)	Milestone(s) for this review	Achieved	Progress
4.1 Practitioners trained / supported in marine conservation (e.g. Community rangers)	0	0	N/A
4.2 Agreements with e.g. local authorities or fishing cooperatives to manage LMMAs / OECMs	2	2	On Target
4.3 Number of existing initiatives/organisations coordinated with to build the resilience of coral reef ecosystems	32	32	On Target

Reporting for Output 4.1 is planned for year 2 and onwards once foundational activities are complete. While at this stage the GFCR are unable to quantify the number of practitioners trained and supported by the projects, activities have taken place over the reporting period which will lead to progress in future years. An example of this is training local farmers on best practice for fertilizer application and erosion control as part of the Fiji Project's Fertile Factory Company (TFFC) intervention.

GFCR have successfully contributed to improved management of LMMAs/OECMs by working with local authorities:

- The Philippines Responsible investment in MPAs project has secured agreement with local authorities to manage the Locally Marine Managed Area (LMMA) network of the Verde Island Passage (VIP) which is a priority site
- The PNG Good Oceans, Good Business project have agreed with West New Provincial Government to establish Technical Advisory Facility

GFCR have established coherent workplans relating to biodiversity conservation & science initiatives to support future agreements. Activities have already begun taking place to move forwards with next year's targets of securing a total of four agreements, such as presenting the PNG project to national and provincial government partners and engaging with the National Fisheries Authority on progressing the Blue Investment Strategy.

GFCR has successfully coordinated activities and ambitions with various key players and initiatives in coral reef and ocean conservation, meeting their target of 32. This includes the PNG Biodiversity and Climate Fund, Wildlife Conservation Society, the National Fisheries Authority, IUCN, WWF, Technoserve in addition to engaging with local communities and authorities. The GFCR hope to utilise COP27, COP15 and CITES COP to promote their work and encourage further coordination. Similarly, GFCR have identified additional synergies to explore in year 2 that could strengthen or support the UK's approach to managing the GFCR. Options for



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this could include establishing a working group (which could also bring in FCDO's COAST programme) to ensure work areas complement each other and a "One HMG" approach in country.

## D. VALUE FOR MONEY ASSESSMENT

### Overview

As detailed in section C, evidence from the LogFrame suggests that the GFCR has been mostly successful in meeting or exceeding targets for output indicators in the first year (Y1) of operation (except output 2.4 – investment leveraged at the project level, where progress has likely been affected by the Covid-19 pandemic but should be closely monitored in future reviews). There is no evidence to suggest that there have been negative impacts on the value for money (VfM) of the Fund not accounted for in the appraisal presented in the business case, and where data exists at project-level for Y1 it supports the initial benefit-cost ratios (BCR) and net present values (NPV) set out in the business case and the later business case addendum. The impact of the investment leveraged could however impact the VfM in the future and should be closely monitored at the next review to ensure the expected leverage is achieved and expected VfM secured.

Table 2 summarises our most recent economic assessment of the benefits and costs of the GFCR projects active in the reporting period. Despite using conservative benefits assumptions, all projects in the sample are estimated to deliver VfM with a mean BCR of 4.8. All projects bar Kenya Tanzania also deliver a positive NPV (only the coral impacts have so far been assessed for this project, making this likely to be an extremely conservative estimate of its benefits).

	Benefits	Costs	BCR	NPV
Fiji	£19.3m	£3.2m	6.0	£16.1m
Philippines	£25.7m	£11.8m	2.2	£13.9m
Papua New Guinea	£4.5m	£3.0m	1.5	£1.4m
Kenya Tanzania	£1.4m	£2.2m	0.7	-£0.8m
Indonesia	£30.6m	£2.0m	15.1	£28.6m
MAR	£33.6m	£10.2m	3.3	£23.5m
<b>Mean BCR</b>	<b>4.8</b>			
<b>Median BCR</b>	<b>2.7</b>			
<b>Total NPV</b>	<b>£83m</b>			

Table 2: Economic assessment of the benefits and costs of the GFCR projects

The VfM assessment is calculated in Pounds Sterling, whereas LogFrame data is in US Dollars. This exposes the assessment to risk as the fluctuating exchange rate has the potential to affect the affordability of programme inputs and consequently overall VfM. The BCR in the original business case was calculated using an exchange rate of £1=\$1.20, meaning the UK contribution of £9m has a dollar value of \$10.8m. Using the lowest daily exchange rate from 2022 of £1=\$1.07, the dollar value of the contribution falls to £9.63m despite having no impact on costs in pound terms. This may affect the ability of the Fund to deliver project outcomes and should be monitored in future reviews, however there is no evidence to suggest that outcome delivery has been

affected by exchange rate fluctuations in this review period. Additionally, other funding sources provided in USD will not be affected by changes in exchange rates. The BCR and VfM conclusions also remain robust to changes in inflation. The BCR calculated in the original business case would require an annual compound inflation rate of 10% for 12 years for the median BCR to fall below 1, above recent inflation rates for all countries as shown in the table 3.

<b>Annual inflation (CPI)</b>	<b>Most recent</b>	<b>Previous</b>
	<b>October 22</b>	<b>September 22</b>
<b>Fiji</b>	5.4	5.1
<b>Philippines</b>	7.7	6.9
<b>Kenya</b>	9.6	9.2
<b>Tanzania</b>	4.9	4.8
<b>Indonesia</b>	5.7	6.0
	<b>Q2 2022</b>	<b>Q1 2022</b>
<b>Papua New Guinea</b>	5.5	6.9
	<b>September 2022</b>	<b>August 2022</b>
<b>Maldives</b>	3.1	2.6

*Table 3: Inflation rates for project countries*

### **Fiji Project Case Study**

At the end of the period under review, the Fiji project was the only one to have completed a full year of implementation. LogFrame data for Fiji suggests that the project has achieved its Y1 aims. This generates confidence in the assumptions for effective delivery set out in the LogFrame and implies the ability of the Fund to continue scaling up as projects become operational in other countries.

Output indicators which have been achieved in line with first year targets include identifying reef-positive small-scale livelihood opportunities, delivering coordination mechanisms and leveraging grant co-financing. Despite these early successes, the project was unable to generate any private investment and fell short of the optimistic Y1 aim of \$13.4m.

The Covid-19 pandemic is likely to have contributed to this shortfall and the level of investment is expected to increase as this effect subsides, however increased risk and higher costs associated with rising global energy and food prices may have a longer-term impact on the investment climate. Although this is not currently a cause for concern (because wider output targets are being met), it is a risk for future VfM of the project and should be closely monitored in the next review cycle. It is worth noting that the project in the Philippines (which has been less severely affected by Covid-19 than Fiji) met its Y1 investment target, which may suggest that projects there are more attractive to investors than those operating in Fiji.

### The ‘four Es’ of value for money

**Economy** considers whether the inputs required for a project are being procured at the best price. Projects go through a two-stage qualitative assessment. 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. Summary presentations for each successful proposal are then presented to and can be approved by the EB, which includes Defra’s seat. To note, due diligence is conducted on all convening agents for each project to assess operational and financial integrity before putting proposals to the EB for approval. Once projects begin implementation, GFCR work with M&E contacts in Convening Agent organisations to ensure project specific M&E Strategies reflect the GFCR-level indicators/outputs, thus ensuring VfM.

**Efficiency** seeks to maximise the intended output from a given amount of funding through reducing the amount spent on areas such as fees and operational costs. The GFCR administrative fee structure is designed to avoid the cascading of fees and high management costs, which should promote VfM in delivery. It remains the same structure independent of the chosen UK investment level. There are three stages of fees:

- UN trust fund management fee (percentage of funds under management)
- GFCR secretariat function cost (absolute amount)
- Project delivery organisations administration fee (percentage of project cost)

As grant contributions have risen, administrative fees now make up a smaller proportion of funding than estimated in the original business case, improving the efficiency of delivery. The secretariat function was allocated \$840,000 in 2021, making the secretariat fee c4.5% 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%) and the Global Climate Fund (c3%). Project delivery fees are 7% and secretariat fees are 6%.

**Effectiveness** refers to the ability of funding to deliver the intended outcome. In this case, funding is likely to be more effective if it targets the underlying causes of damage to coral reef ecosystems. For example, effectiveness of funding in Fiji is therefore likely to be high, going towards interventions which seek to reduce damage such as the creation of a sanitary landfill and locally produced non-synthetic fertiliser. Collectively, interventions for all GFCR projects will aim to develop or strengthen capacity and sustainable financing for entities managing marine protected areas, enhance interventions in aquaculture and/or waste management, build on and develop blue carbon and reef insurance initiatives, and identify incubators to develop reef-positive businesses. These interventions will have both direct and indirect impacts on preventing underlying threats to coral reef ecosystems. So far, LogFrame data suggests that projects are currently on track to achieve their intended outcomes at their expected costs.

**Equity** seeks to ensure that the impacts of funding – both positive and negative – are distributed fairly, 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. Gender equality considerations, such as ensuring inclusion of women in key decision making, negotiations and management, are an overarching principle in GFCR project screening. Equity is considered during the concept proposal phase and the quarterly Executive Board meetings provide an opportunity to sense check new project proposals in relation to the GFCR Gender Strategy, providing consistent challenge of proposals to ensure gender and inclusion considerations are

mainstreamed. The GFCR Results Framework also ensures data can be disaggregated by sex and demographics (youth and indigenous) to allow for clear monitoring and evaluation of projects regarding equity. The Fund also meets our commitment to supporting ODA eligible projects with clear management actions to address reefs under threat and alleviate poverty. To ensure equity of project funding going forwards, consideration should be made for the effects of funding on all vulnerable groups to the extent that gender is already being thought of and safeguarded.

## E. RISK

### Overview of Risk Management

#### *Impacts of the Covid-19 Pandemic*

As mentioned previously, Covid-19 hindered delivery in year 1 of GFCR implementation. For example, international entry into Fiji was extremely limited and only permitted for emergency cases, preventing technical experts visiting to conduct field studies and resulting in minor delays on the ground. Fieldwork is expected to accelerate in 2022 as Convening Agents have established Programme Management Units and COVID-19 lockdown restrictions have eased. Considering the launch and operationalization of the GFCR began during the peak of the COVID-19 pandemic, there has been significant progress in programme pipeline development, fund disbursement, resource mobilization, and formalization of partnerships.

### GFCR Risk Management Overview

The GFCR Risk Management System, finalised in early 2022, 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 table below provides information relating to the GFCR risk management. Further information regarding mitigation of risks associated with safeguarding and gender, in addition to due diligence processes can be found in Annex G. Risks are communicated on a quarterly basis during the Executive Board meetings.

There have been limited changes to the Risk Levels. The only change being an increase in the likelihood of international inflation / interest rates and associated currency / Forex fluctuation risks, due to the current volatility of the UK economic climate. This therefore raised the Risk Level to moderate.

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Table 4 - An overview of Fund-level and programme-level risks

EVENT	IMPACT	CATEGORY	RISK LEVEL	CHANGE	MITIGATION	RISK OWNER
FUND-LEVEL RISKS						
Disconnected vision / programming efforts between GFCR Grant and Equity Funds	Sub-optimal programmatic impact and minimised economies of scale	Strategic; Organisational	Likelihood (1-5 scale): 2 Impact (1-5 scale): 3  <b>Risk level: Moderate</b>	No change to risk level	<ul style="list-style-type: none"> <li>Setting up of a unified GFCR Knowledge Management platform to facilitate continued knowledge sharing across Grant and Investment Fund-supported initiatives</li> <li>Continued consultation and strategic discussions between both GFCR Funds through the formal establishment of the Investment Fund team</li> </ul>	GFCR Grant & Investment Funds
<b>International inflation / interest rates and associated currency / Forex fluctuation risks</b>	there is a risk GBP may weaken, which could risk expected impacts of the programme.	fiduciary	Likelihood:3 Impact 3  <b>Risk Level Moderate</b>	Risk level increased to Moderate due to volatile economic climate in the UK	<ul style="list-style-type: none"> <li>While the MPTFO / GFCR has no formal mechanism to monitor foreign exchange rates and its respective impact on GFCR grant “buying power”, ad hoc solutions may be adopted under extreme cases (e.g., deferring contribution receipt / grant disbursement until forex stabilisation).</li> </ul>	GFCR Grant Fund
Exclusion of specialised local and technical knowledge in Grant Fund and Investment Fund strategic-setting and decision-making	Ineffective implementation of programmes and allocation of funding	Strategic	Likelihood: 1 Impact: 3  <b>Risk Level: Low</b>	No change to risk level	<ul style="list-style-type: none"> <li>Selection of diverse group of experts to constitute the GFCR Advisory Board</li> <li>Formal appointment of GCF and ICRI as co-chairs of the GFCR Advisory Board</li> </ul>	GFCR Grant Fund
PROJECT-LEVEL RISKS						
Unintended negative socio-economic outcomes resulting from coral-positive interventions	Reduced credibility and overall trust in GFCR from beneficiary communities, governments, etc.	Political/ Reputational	Likelihood: 2 Impact: 5  <b>Risk level: Substantial</b>	No change to risk level	<ul style="list-style-type: none"> <li>Fund-level Environmental &amp; Social Safeguards, Risk Management System, and Gender Policy to govern GFCR interventions</li> <li>Decentralising efforts and empowering Convening Agents to manage and mitigate programmatic risks more holistically</li> </ul>	GFCR Grant & Investment Funds; Convening Agents and Co-implementers

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EVENT	IMPACT	CATEGORY	RISK LEVEL	CHANGE	MITIGATION	RISK OWNER
Challenge of attracting private sector investment into businesses incubated by the Convening Agents and their implementing partners	Incubated SMEs are not able to grow due to lack of investment capital	Operational	Likelihood: 2 Impact: 4  <b>Risk Level:</b> Substantial	No change to risk level	GFCR builds investor network through partnerships. Expansion of Blue Bridge Technical Assistance Services. Convening Agents strengthen in-country partnerships with commercial institutions. supplemental GFCR Blue Bridge and TAF services to: (1) Aggregate the SMEs into an investable portfolio; (2) Apply common investor-focused screening methodology; (3) Build and maintain a network of domestic and international investors seeking blue economy investments. Further, at the Global-Level the GFCR is forming new partnerships to broaden its network and strengthen relationships with Multi-lateral Development Banks and impact investors to connect GFCR pipeline to investment capital.	GFCR Grant Fund; Global Team, UNCDF, Convening Agents
Information and local capacity gaps constraining monitoring & evaluation efforts	Reduced ability for M&E leading to lower quality findings that inform and improve programmatic efforts	Organisational; Operational	Likelihood: 3 Impact: 3  <b>Risk Level:</b> Moderate	No change to risk level	Development of a unified M&E taskforce to be implemented across GFCR programmes under UNEP as lead agency	GFCR Grant Fund; UNEP
<b>Low capacity of implementing partners (which may include primary Convening Agents) to handle significant flows of finance</b>	Ineffective implementation of programmes and allocation of funding	fiduciary	Likelihood:2 Impact 2  Risk Level: low	No change to risk level	<ul style="list-style-type: none"> <li>Specifically for non-UN recipients of the Fund, the GFCR only disburses up to 50% of an organisation's latest reported annual expenditure, to ensure that deployment of grants is proportionate to recipients' capacity to mobilise funding. At the programme level, the UN Global Team under the strategic oversight of the Executive Board, works closely with Convening Agents to provide guidance on the budget allocation and prioritisation.</li> </ul>	GFCR funds, convening agents, UNDP

## F. PROGRAMME MANAGEMENT:

An assessment of the delivery, commercial & financial performance of the GFCR

### Delivery partner performance – GFCR Global Team (UNDP)

#### *Finance*

As with any pooled fund, it is difficult to attribute the impacts of specific sources of funding. The GFCR team are investigating ways to demonstrate the value add of UK funding, including candidate projects that would be likely recipients of our financial contribution. In addition to this, Defra have identified three categories of influence:

- a. Strategic influence on programme design.
- b. BPF influence on programme delivery.
- c. Technical support and/ or knowledge exchange.

The financial performance of the GFCR at the fund level is reported on the Multi-Partner Trust Fund Office (MPTFO) platform in its capacity as Administrative Agent (AA) of the Fund. A firewall exists between the GFCR and MPTFO, which is accountable as AA for impartial fiduciary management and financial reporting of GFCR funds managed under a separate ledger account. Informal financial updates and Funding Framework reports are provided by the AA during Executive Board meetings, while an Annual Financial Report is provided to all donors in May every year. At the project level, non-UN recipients of the GFCR are contractually required to submit audit reports at the end of each project. On top of this, the GFCR is beginning to request audit reports to be submitted annually by non-UN recipients.

#### *Communication*

The GFCR team are responsive and professional at all levels of communications. With the sheer volume of proposals and Fund operational and policy documents under development this year it has occasionally been challenging to ensure receipt of these in advance of the board meetings as planned. This could continue to be exacerbated as the portfolio grows so may need a change of approach in the future; this has been recommended by the UK and is being taken forwards by the GFCR global team.

#### *Reporting*

GFCR quarterly 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.

#### *Downstream partner monitoring: Fiji Site Visit*

In May 2022, a site visit to the GFCR project in Fiji was conducted. UNDP is the Convening Agent of the project and is supported by a core coalition of implementing partners (i.e., UNEP, UNCDF, Matantaki and Blue Finance). The mission was extremely useful in terms of learning more about each intervention and the challenges delaying project implementation.

Although significant progress has been made, the visit highlighted the need to reorient UNDP on the responsibilities of the Convening Agent. Several staff changes within UNDP, UNCDF and UNEP following the programme's approval in early 2021 led to a lack of understanding of the role of the Convening Agent and the integrated ecosystem approach of the GFCR. Convening Agent coordination between implementing partners



was weak, resulting in limited exchange and synergies between the efforts of implementing partners. This issue was discussed during the site visit and has since been improved with UNDP conducting regular coordination meetings and developing a harmonized workplan with milestones for all partner activities.

Another concern was the delay in collecting baseline data for the GFCR results framework. Due to staff changes and Covid-19 restrictions, the onboarding of an M&E expert was significantly delayed and there was urgent need for an expert to join the team to guide, orient, and coordinate the Convening Agent and the implementing partners in impact measurement. The mission served to accelerate this procurement and identify suitable in-country candidates for the position. The position posting has since been advertising and the onboarding of the new hire is expected by end of August 2022.

To further strengthen the programme management unit, the GFCR Global Team and UN Joint SDG Fund (co-financing the programme) are collaborating to ensure stronger capacity of the Convening Agent to deliver on coral reef conservation and private sector leverage targets. This includes supporting UNDP in identify a senior part-time consultant to provide support and more regular touchpoints with the Convening Agent for proper oversight and to provide strategic guidance.

### **HMG programme team performance – Defra Blue Planet Fund**

DEFRA has been an engaged member of the GFCR Executive Board, providing frequent and valuable input during the Executive Board meetings that demonstrates leadership and experience in Ocean Conservation within the GFCR partnership. This includes contributions to the strategic direction of the GFCR on topics such as ensuring a robust impact framework, emphasis on supporting ODA countries, and alignment with the 30 by 30 goal within the framework of the Post-2020 framework. Further, the Defra technical team has engaged on several occasions with GFCR Secretariat to provide input and recommendations into the design and evaluation of GFCR projects.

DEFRA has also been an important partner in resource mobilisation, providing guidance on how to leverage funding from the United Kingdom to attract other donors, such as promoting coral reefs and the ocean agenda within the G7 framework.

### **Joint areas for improvement**

#### *Programme synergies*

There are several growing or additional synergies to explore that could strengthen or support the UK's approach to managing the GFCR. With UK investments in the International Coral Reef Initiative (ICRI) and the Ocean Risk and Resilience Action Alliance (ORRAA) – which both advise the GFCR Executive Board – enhanced or formalised collaboration could be beneficial. Options for this could include establishing a working group (which could also bring in FCDO's COAST programme) to ensure work areas complement each other and a "One HMG" approach in country. Adapting the approach in this way by mapping and identifying synergies would ensure joined up delivery across the BPF programmes, improve coordination between partners and maximise effectiveness of delivery.

A joint area for improvement is with other relevant Blue Planet Fund and UK investments. Other similar opportunities include with the BPF's Ocean Country Partnership Programme (OCP). GFCR are working in a number of the same countries as OCCP, such as the Maldives and Belize, and the ongoing expansion of both programmes will likely involve additional geographic overlap with potential opportunities for synergies and efficiency savings with future partners. Strengthening links between the two programmes will therefore be

valuable in terms of preventing duplication and enhancing impact. Opportunities to do this, which could also be applied across the BPF, include:

- Holding country learning sessions with BPF partners to share best practice, lessons learnt and programme development opportunities.
- Actively joining up BPF technical visits to ensure time, money and resource is utilised effectively, in addition to enhancing delivery of technical assistance and results of scoping activities. In cases where visits have already taken place, scoping results from one programme can be used to inform the other.
- Reporting on common indicators and KPIs where relevant to aggregate UK impact in country.
- Utilise the BPF comms strategy, which is currently being developed, to aid knowledge sharing with all key stakeholders, ensuring distinction and links between programmes are clear to recipient countries and delivery partners.
- Leverage the technical and partnership expertise in the OCPP to help assess and if necessary, challenge GFCR funding proposals to ensure strategic UK governance and enhance the quality of GFCR projects.

*Communications*

The GFCR maintains a strong external communications presence but as the Fund continues to expand, increased HMG communications will be needed to ensure FCDO Post are sighted on projects that have been approved by the Executive Board. With support from the GFCR team, the Defra BPF team will disseminate high level updates for key British Embassy posts in priority project countries regarding GFCR activities. This will be rolled out retrospectively for those projects already up and running and then on a project-by-project basis going forwards. Post colleagues will be able to use this information for internal awareness and external engagements, and feedback on its effectiveness.

*Governance and influence*

The GFCR is also looking to provide space for Defra to expand their leadership role within the GFCR Executive Board. Having observed the active role at the previous Executive Board meetings this could include taking on the EB Chair; the feasibility and benefits of this proposal are being explored in 2022. Another area of potential improvement is enhancing collaboration on joint side-events at high-level international events such as the upcoming Conference of Parties for the United Nations Framework Convention on Climate Change (UNFCCC) and the Convention on Biological Diversity (CBD).

Date of last narrative financial report	n/a	Date of last audited annual statement	n/a
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## G. ANNEXES

### A. Project overviews

#### **PROJECT 1: GFCR Priority Ecosystem: Fiji. Programme Name: Investing in Coral Reefs and the Blue Economy**

**Convening Agent: United Nations Development Programme**

#### **LMMA Blended Finance Facility**

Blue Finance, the Coral Coast Conservation Centre and UNDP have engaged with local communities associated within the Korolevu-i-Wai LMMA network. A detailed Sea Sensorium Strategy, encompassing a preliminary financial model and visitor benchmarking, has been developed to serve as the foundation for generating revenue for effective management of the network.

Moreover, a LMMA screening feasibility study has also been completed and has identified three additional LMMA sites (in addition to the nine in the Korolevu-i-Wai LMMAs) that can be part of the overall LMMA financing pipeline. Beqa Lagoon Conservation Park, Mamanucas Marine Park, and Somosomo Straits Initiative have been identified.

#### **Western Sanitary Landfill**

The sanitary landfill, the Vulavulasara Project, has progressed well following initial delays due to the pandemic. Site selection for the new proposed landfill has been identified and an environmental impact assessment conducted. Further, concepts for the project components have been developed and include: collection and transport of waste to the landfill, recycling and upcycling, power generation and carbon finance, and rehabilitation plan for the existing dumpsite. The intervention is expected to be ready for investment by the end of Q1 2023.

#### **Fertile Factory**

For the Fertile Factory, the business plan and Environment Impact Assessment (EIA) for The Fertile Factory Company (TFFC) intervention is completed. The Matanataki and UNDP teams have conducted local stakeholder engagement with the Fiji Sugar Research Institute, government ministries and sugar cane farmers along the Dreketi River catchment. Engagement with local farmers included training on best practice for fertilizer application and erosion control, along with testing the appetite for this new fertilizer product. Planting trials started in 2022 to test and demonstrate the yield of the new fertilizer product. The intervention is expected to be ready for investment in the second half of 2023 and is well positioned with regard to local demand due to the recent steep increase in import costs for fertilizer.

#### **Technical Assistance Facility**

Matanataki, with support from UNCDF, worked with women-led businesses to establish and operationalise a gender responsive Technical Assistance Facility (TAF) for blue economy SMEs and financial instruments. Matanataki has assembled a Technical Advisory Facility Advisory Board made up of professionals in agriculture SME, marine projects, finance, etc.

The TAF has vetted a pipeline of over 30 deals for feasibility, connectivity with other interventions, and coral reef impact potential. A shortlist of five deals has been established, with budget and workplans in development to proceed with the request for the subsequent transfer from the GFCR to begin incubation. These shortlisted

deals include a business that will dry and process sargassum and crown-of-thorns starfish for bio-fertilizer, a sea cucumber aquaculture project that uses hatchery-grown juveniles which are grown out by farmers in nearby communities, and a climate smart eco-tourism business.

**PROJECT 2: GFCR Priority Ecosystem: Kenya-Tanzania (Regional Programme)**

**Programme Name: Miamba Yetu: Sustainable Reef Investments**

**Convening Agent: Wildlife Conservation Society**

**Pemba MPA Blended Finance Deal**

WCS has identified an intervention to increase sustainable revenue streams for MPA management in Pemba through a co-management agreement with a private sector entity in Pemba. This includes the development of nature-based tourism activities, an Underwater Room facility, MPA scientific and surveillance equipment for Manta Resort to improve reef conservation and revenue for eco-tourism. Up to 10 new SMEs (incl. individual enterprises and potential to incorporate reef restoration); up to 15 MPA direct staff (incl. Community rangers) are designed into the project design for the Kwanini MPA, Pemba Island. The milestones for the grant to the implementing partner are being defined in collaboration with Blue Bridge and WCS (Outcomes 1,2,3,4).

Detailed wastewater entry points assessment and plastic waste management study for Mombasa to address plastic pollution impact coral reef ecosystems in the region (Outcome 1 and 2).

Participated in forums with other stakeholders (IUCN, WWF, Technoserve) also exploring establishment of incubators in the region and assessing potential for partnerships (Outcome 2)

The following two outputs are now in the stage of defining the grant agreement milestones for funding from Blue Bridge, being agreed upon by WCS, Blue Bridge and the implementing partners Okavango Capital Partners and Conservation Capital.

Initial design and development of a Special Purpose Vehicle (SPV) for the identification, design, and incubation of reef-positive SMEs for scalable investment in partnership with Okavango Capital (Outcome 2).

Initial design and development of a Venture Studio for the identification, design, and incubation of reef-positive small-scale livelihood opportunities and Venture Studio in partnership with Conservation Capital (Outcome 2).

**PROJECT 3: GFCR Priority Ecosystem: Philippines**

**Programme Name: Mamuhunan sa mga MPAs ('responsible investment in MPAs')**

**Convening Agent: Blue Finance**

The Special Purpose Entity (SPE) supported by Blue Finance, Blue Alliance, has secured agreements with local authorities to manage the Locally Marine Managed Area (LMMA) network of the Verde Island Passage (VIP) priority site. During the reporting period, the management activities have been strengthened through comprehensive analysis and planning of the workplans around four pillars of activities: Community Development & Engagement, Biodiversity Conservation & Science, Sustainable Revenues, Law Compliance/Park protection. Enforcement and monitoring activities have been strengthened with a complete analysis of legal and regulatory context. 3 critical categories of enforcement powers have been assessed, Search and Seizure, Adjudication of Violations / Presumptions about location and legality of catch and Penalties. (Outcome 1)

The Development Facility has been created to structure a pipeline of investment ready reef-positive sustainable businesses and projects within and around the MPA networks of Calamian Island and the VIP. It is led by a consortium of the project developers providing scientific & technical assistance to construct MPA projects with high-quality environmental, social and financial design, and providing technical assistance for the development of investment-ready reef-first business models. The Development Facility is now conducting preliminary work the development of Blue Carbon credits, coastal community-based sustainable aquaculture and fisheries improvement projects, and eco-tourism projects. (Outcome 1 and 2)

**PROJECT 4: GFCR Priority Ecosystem: Papua New Guinea (PNG)**

**Programme Name: Gutpla solwara, gutpla bisnis (Good oceans, good business)**

**Convening Agent: United Nations Development Programme**

The PNG programme has experienced delays due to the pandemic and the national election. The election has presented two specific challenges. The Government officially entered a 'caretaker mode' where no policy or national level decisions would take place until the new Government is formed. Secondly, Papua New Guinea is experiencing the worst election-related violence in its history, resulting in multiple deaths and destruction of assets. As a result, the UNDP Country Office and all staff are on high alert and not currently permitted to travel provincially. This is expected to continue until September and possibly beyond. Despite these challenges, the Convening Agent has made progress on programme highlighted below.

- Partnership established with the PNG Biodiversity and Climate Fund, which is envisioned to house the programme's Blue Economy Enterprise Incubation Facility (BE-EIF). The programme has been presented to national and provincial government partners, as well as to the PNG Biodiversity and Climate Fund. The Fund has agreed to enter into a partnership arrangement and coordinate communication and granting, using the UNDP low-value grant modality (Outcome 1,2,3,4).
- Responsible Party Agreement developed with Wildlife Conservation Society to support site-based implementation. WCS has agreed to support the implementation of actions in Kimbe Bay, coordinating with existing interventions in the marine area. (Outcome 1,2).
- During consultations with the West New Provincial Government the establishment of a technical advisory facility was discussed and supported. It was highlighted that the Provincial Government are in the process of operationalising a business development service centre and cooperation with the BE-EIF was proposed. Further work to physically establish the centre has been impeded by the election-related violence and subsequent prevention of provincial travel (Outcome 2 and 3).
- The project has started to engage with the National Fisheries Authority on progressing the Blue Investment Strategy. However, due to the election it has been proposed to wait until the new Government is formed and new Minister installed. This is outside of the project's control at present (Outcome 2).

**PROJECT 5: GFCR Priority Ecosystem: Mesoamerican Reef (Regional programme covering Belize, Honduras, Guatemala, and Mexico)**

**Programme Name: MAR+Invest**

**Convening Agent: MAR Fund**

\*Funding transferred in Q2 2022, thus no achievements to communicate for this reporting period.

**PROJECT 6: GFCR Priority Ecosystem: Indonesia**

**Programme Name:** Terumbu Karang Sehat Indonesia

**Convening Agent:** Conservation International

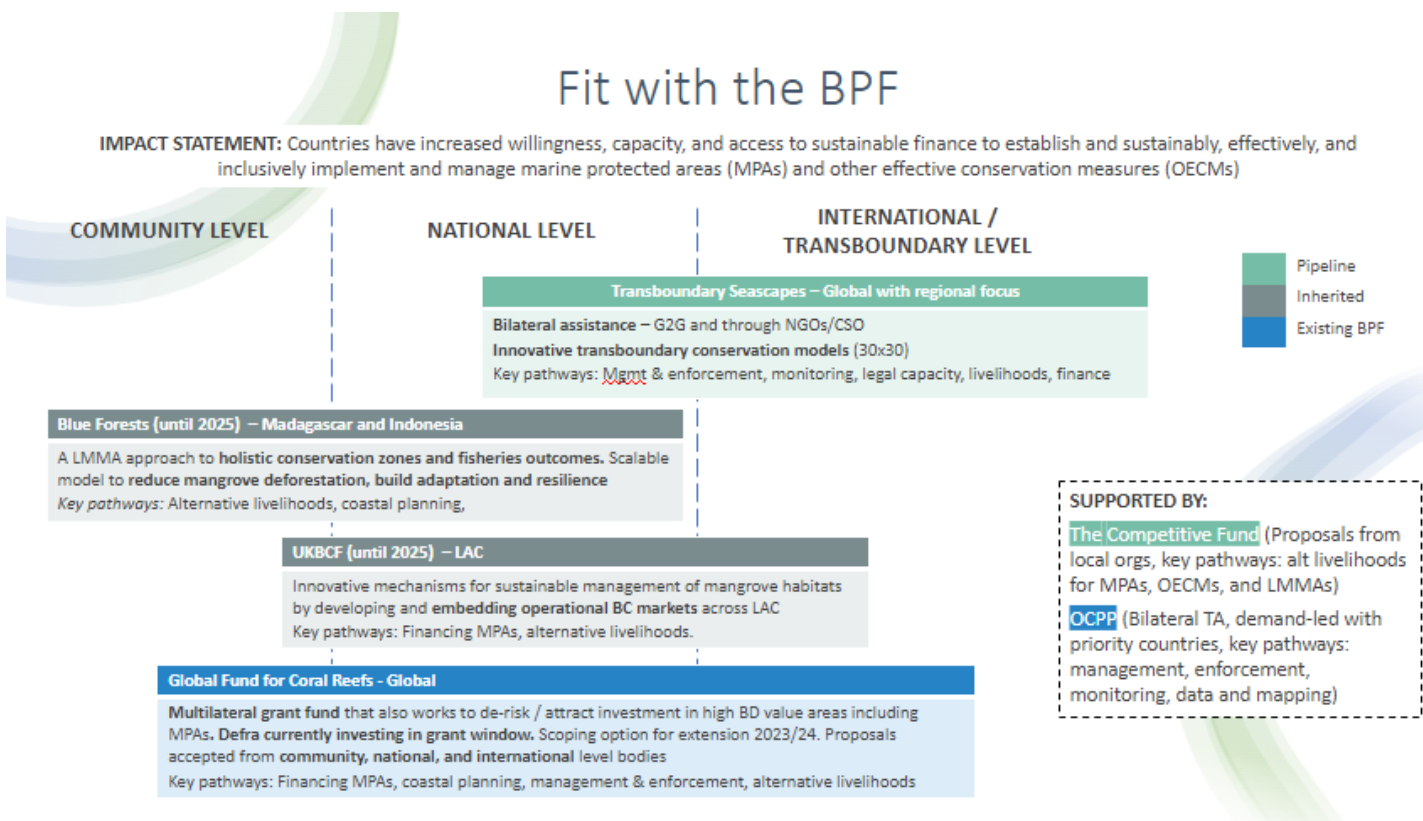
\*Funding transferred in Q2 2022, thus no achievements to communicate for this reporting period.

**B. GFCR LogFrame**

[Defra GFCR LogFrame .xlsx \(sharepoint.com\)](#)

**C. BPF Programming under the MPA and OECM outcome**

Figure 2: GFCR fit with the BPF



**D. A breakdown of all activities conducted by individual projects within the review period and linkages with wider Defra LogFrame indicators and outcomes**

*Table 5: Overview of activities, outputs and links to GFCR outcomes for Fiji project*

	Activity	Output	Output Indicator	Impact indicator
LMMA Blended Finance Facility	Blue Finance, the Coral Coast Conservation Centre and UNDP have engaged with local communities associated within the Korolevu-i-Wai LMMA network (9 sites).	Sea Sensorium Strategy, encompassing a preliminary financial model and visitor benchmarking developed	<ul style="list-style-type: none"> <li>2.1 Number of coordination mechanisms delivered (e.g. Forums to build partnerships)</li> <li>4.2 Agreements with e.g. local authorities or fishing cooperatives to manage LMMAs / OECMs</li> </ul>	Impact Indicator 2: <ul style="list-style-type: none"> <li>Number of sustainable livelihoods created or protected (#)</li> </ul> Impact indicator 3: <ul style="list-style-type: none"> <li>Reef Fish Biomass</li> <li>Coral cover and / or cover of other benthic groups (%)</li> </ul>
	LMMA Feasibility Study completed	Identified three further sites eligible for LMMA financing: Beqa Lagoon Conservation Park, Mamanucas Marine Park, and Somosomo Straits Initiative	<ul style="list-style-type: none"> <li>1.1 Project level feasibility studies / assessments made</li> </ul>	
Western Sanitary Landfill (Vullavulasara Project)	Site selection completed	Following these activities, the intervention is ready for investment	<ul style="list-style-type: none"> <li>1.1 Project level feasibility studies / assessments made</li> <li>2.4 Investment leveraged at the project level</li> <li>3.1 Number of reef-positive businesses receiving incubation support from the GFCR programmes</li> </ul>	Impact indicator 1: <ul style="list-style-type: none"> <li>Public finance leveraged (ICF KPI 11)</li> <li>Private finance leveraged (ICF KPI 12)</li> </ul> Impact indicator 2: <ul style="list-style-type: none"> <li>Number of sustainable livelihoods created or protected (#)</li> </ul> Impact indicator 3: <ul style="list-style-type: none"> <li>Reef Fish Biomass</li> <li>Coral cover and / or cover of other benthic groups (%)</li> </ul>
	Environmental impact assessment conducted			
	Concepts for the project components developed: collection and transport of waste to the landfill, recycling and upcycling, power generation and carbon finance, and rehabilitation plan for the existing dumpsite.			

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<p>The Fertile Factory Company (TFFC)</p>	<p>Business plan completed</p>	<p>Intervention is expected to be ready for investment Q4 2023</p>	<ul style="list-style-type: none"> <li>• 1.1 Project level feasibility studies / assessments made</li> <li>• 2.1 Number of coordination mechanisms delivered (e.g. Forums to build partnerships)</li> <li>• 2.2 Number of Special Purpose Vehicles (SPVs) and Technical Assistance Facilities at the programme level to identify and support reef-positive businesses.</li> <li>• 2.4 Investment leveraged at the project level</li> <li>• 3.1 Number of reef-positive businesses receiving incubation support from the GFCR programmes</li> <li>• 4.1 Practitioners trained / supported (e.g. Community rangers)</li> </ul>	<p>Impact indicator 1:</p> <ul style="list-style-type: none"> <li>• Public finance leveraged (ICF KPI 11)</li> <li>• Private finance leveraged (ICF KPI 12)</li> </ul> <p>Impact indicator 2:</p> <ul style="list-style-type: none"> <li>• Number of sustainable livelihoods created or protected (#)</li> </ul>
	<p>Environment Impact Assessment (EIA) completed</p>			
	<p>Matanataki and UNDP teams have conducted local stakeholder engagement with the Fiji Sugar Research Institute, government ministries and sugar cane farmers along the Dreketi River catchment.</p>			
	<p>Training local farmers on best practice for fertilizer application and erosion control</p>			
	<p>Testing local farmer appetite for new fertilizer product.</p>			
	<p>Planting trials to test and demonstrate the yield of the new fertilizer product (started in 2022).</p>			
<p>Technical Assistance Facility</p>	<p>Work with women-led businesses to establish and operationalise a gender responsive Technical Assistance Facility (TAF) for blue economy SMEs and financial instruments. (led by Matanataki, with support from UNCDF)</p>	<p>Create shortlist of five deals: budget and workplans in development to proceed with the request for the subsequent transfer from the GFCR to begin incubation. Examples:</p> <ul style="list-style-type: none"> <li>• business that will dry and process sargassum and crown-of-thorns starfish for bio-fertilizer</li> </ul>	<ul style="list-style-type: none"> <li>• 1.1 Project level feasibility studies / assessments made</li> <li>• 2.1 Number of coordination mechanisms delivered (e.g. Forums to build partnerships)</li> <li>• 2.2 Number of Special Purpose Vehicles (SPVs) and Technical Assistance Facilities at the programme level to identify and support reef-positive businesses.</li> </ul>	<p>Impact indicator 1:</p> <ul style="list-style-type: none"> <li>• Public finance leveraged (ICF KPI 11)</li> <li>• Private finance leveraged (ICF KPI 12)</li> </ul> <p>Impact indicator 2:</p> <ul style="list-style-type: none"> <li>• Number of sustainable livelihoods created or protected (#)</li> <li>• People with Improved Resilience (#) (ICF KPI 4)</li> </ul> <p>Impact indicator 3:</p>
	<p>Assemble a Technical Advisory Facility Advisory Board comprising professionals in agriculture SME, marine projects, finance, etc.</p>			



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	<p>TAF vetted pipeline of over 30 deals for feasibility, connectivity with other interventions, and coral reef impact potential.</p>	<ul style="list-style-type: none"> <li>• sea cucumber aquaculture project that uses hatchery-grown juveniles which are grown out by farmers in nearby communities</li> <li>• climate smart eco-tourism business</li> </ul>	<ul style="list-style-type: none"> <li>• 3.1 Number of reef-positive businesses receiving incubation support from the GFCR programmes</li> <li>• 4.1 Practitioners trained / supported (e.g. Community rangers)</li> </ul>	<ul style="list-style-type: none"> <li>• Reef Fish Biomass</li> <li>• Coral cover and / or cover of other benthic groups (%)</li> </ul>
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Table 6 - Overview of activities, outputs and links to GFCR outcomes for other projects

Project	Activities	Outputs	Output Indicator	Impact indicator
<b>Pemba MPA Blended Finance Deal – Kenya/ Tanzania Regional Programme</b>	<ul style="list-style-type: none"> <li>MPA scientific and surveillance equipment for Manta Resort to improve reef conservation and revenue for eco-tourism.</li> <li>Detailed wastewater entry points assessment and plastic waste management study for Mombasa to address plastic pollution impact coral reef ecosystems in the region</li> <li>Participated in forums with other stakeholders (IUCN, WWF, Technoserve) also exploring establishment of incubators in the region and assessing potential for partnerships</li> <li>Grant agreement milestones - funding from Blue Bridge, agreed upon by WCS; implementing partners Okavango Capital Partners and Conservation Capital</li> </ul>	<ul style="list-style-type: none"> <li>nature-based tourism activities</li> <li>an Underwater Room facility</li> <li>Up to 10 new SMEs (incl. individual enterprises and potential to incorporate reef restoration)</li> <li>up to 15 MPA direct staff (incl. Community rangers) are designed into the project design for the Kwanini MPA.</li> <li>Developed a Special Purpose Vehicle (SPV) for the identification, design, and incubation of reef-positive SMEs.</li> <li>Identification, design, and incubation of reef-positive small-scale livelihood opportunities</li> </ul>	<ul style="list-style-type: none"> <li>1.1 Project level feasibility studies / assessments made</li> <li>2.1 Number of coordination mechanisms delivered (e.g. Forums to build partnerships)</li> <li>2.2 Number of Special Purpose Vehicles (SPVs) and Technical Assistance Facilities at the programme level to identify and support reef-positive businesses.</li> <li>3.1 Number of reef-positive businesses receiving incubation support from the GFCR programmes</li> <li>4.1 Practitioners trained / supported (e.g. Community rangers)</li> <li>4.3 Number of existing initiatives/organisations coordinated with to build the resilience of coral reef ecosystems</li> </ul>	<p>Impact indicator 2:</p> <ul style="list-style-type: none"> <li>Number of sustainable livelihoods created or protected (#)</li> <li>People with Improved Resilience (#) (ICF KPI 4)</li> </ul> <p>Impact indicator 3:</p> <ul style="list-style-type: none"> <li>Reef Fish Biomass</li> <li>Coral cover and / or cover of other benthic groups (%)</li> </ul>
<b>Mamuhunan sa mga MPAs ('responsible investment in MPAs') – Philippines</b>	<ul style="list-style-type: none"> <li>Agreements with local authorities to manage the Locally Marine Managed Area (LMMA) network of the Verde Island Passage (VIP) priority site</li> <li>Established workplans for <ul style="list-style-type: none"> <li>Community Development &amp; Engagement</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Strengthened monitoring and enforcement.</li> <li>Blue Finance has confirmed a co-investment of US\$1.4M from an</li> </ul>	<ul style="list-style-type: none"> <li>1.1 Project level feasibility studies / assessments made</li> <li>2.2 Number of Special Purpose Vehicles (SPVs) and Technical Assistance Facilities at the programme level to identify and support reef-positive businesses.</li> </ul>	<p>Impact indicator 1:</p> <ul style="list-style-type: none"> <li>Public finance leveraged (ICF KPI 11)</li> <li>Private finance leveraged (ICF KPI 12)</li> </ul> <p>Impact indicator 2:</p>

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	<ul style="list-style-type: none"> <li>○ Biodiversity Conservation &amp; Science</li> <li>○ Sustainable Revenues</li> <li>○ Law Compliance/Park protection</li> <li>• assessment of 3 categories of enforcement (Search and Seizure, Adjudication of Violations / Presumptions about location and legality of catch and Penalties)</li> <li>• Formed Development Facility to structure a pipeline of investment ready reef-positive sustainable businesses and projects within and around the MPA networks of Calamian Island and the VIP.</li> <li>• Development Facility conducting preliminary work the development of Blue Carbon credits, coastal community-based sustainable aquaculture and fisheries improvement projects, and eco-tourism projects.</li> </ul>	<p>ocean focused investment fund into the Blue Alliance SPE and associated businesses in VIP</p>	<ul style="list-style-type: none"> <li>• 3.1 Number of reef-positive businesses receiving incubation support from the GFCR programmes)</li> <li>• 4.1 Practitioners trained / supported (e.g. Community rangers)</li> <li>• 4.2 Agreements with e.g. local authorities or fishing cooperatives to manage LMMAs / OECMs</li> </ul>	<ul style="list-style-type: none"> <li>• Number of sustainable livelihoods created or protected (#)</li> <li>• People with Improved Resilience (#) (ICF KPI 4)</li> </ul> <p>Impact indicator 3:</p> <ul style="list-style-type: none"> <li>• Reef Fish Biomass</li> <li>• Coral cover and / or cover of other benthic groups (%)</li> </ul>
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<p><b>Gutpla solwara, gutpla bisnis (Good oceans, good business) – Papua New Guinea (PNG)</b></p>	<ul style="list-style-type: none"> <li>• Programme has been presented to national and provincial government partners, as well as to the PNG Biodiversity and Climate Fund</li> <li>• Partnership established with the PNG Biodiversity and Climate Fund</li> <li>• Agreement developed with Wildlife Conservation Society to support site-based implementation.</li> <li>• Agreed with West New Provincial Government to establish technical advisory facility</li> <li>• Engaging with the National Fisheries Authority on progressing the Blue Investment Strategy.</li> </ul>	<p>PNG Biodiversity and Climate Fund partnership:</p> <ul style="list-style-type: none"> <li>• Contribution: will house the programme’s Blue Economy Enterprise Incubation Facility (BE-EIF)</li> <li>• Contribution: will coordinate communication and granting, using the UNDP low-value grant modality</li> </ul> <p>Support and coordination of existing interventions with implementation of actions in Kimbe Bay marine area</p>	<ul style="list-style-type: none"> <li>• 2.2 Number of Special Purpose Vehicles (SPVs) and Technical Assistance Facilities at the programme level to identify and support reef-positive businesses.</li> <li>• 3.1 Number of reef-positive businesses receiving incubation support from the GFCR programmes</li> <li>• 4.2 Agreements with e.g. local authorities or fishing cooperatives to manage LMMAs / OECMs</li> <li>• 4.3 Number of existing initiatives/organisations coordinated with to build the resilience of coral reef ecosystems</li> </ul>	<p>Impact indicator 1:</p> <ul style="list-style-type: none"> <li>• Public finance leveraged (ICF KPI 11)</li> <li>• Private finance leveraged (ICF KPI 12)</li> </ul> <p>Impact indicator 2:</p> <ul style="list-style-type: none"> <li>• Number of sustainable livelihoods created or protected (#)</li> <li>• People with Improved Resilience (#) (ICF KPI 4)</li> </ul> <p>Impact indicator 3:</p> <ul style="list-style-type: none"> <li>• Reef Fish Biomass</li> <li>• Coral cover and / or cover of other benthic groups (%)</li> </ul>
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**E. How the budget was spent**

In 2021, the Executive Board approved USD16 million in grant allocations for ODA projects. Defra has contributed GBP £6 million (USD6,829,030) in Net Deposits, a significant portion of GFCR-disbursed grants approved for ODA projects in this period. The table below provides a breakdown of decisions and

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disbursements approved by the Executive Board in 2021; UK contributions were spent through the Multi-Partner Trust Fund Office (MPTFO) pooled funding mechanism.<sup>4</sup>

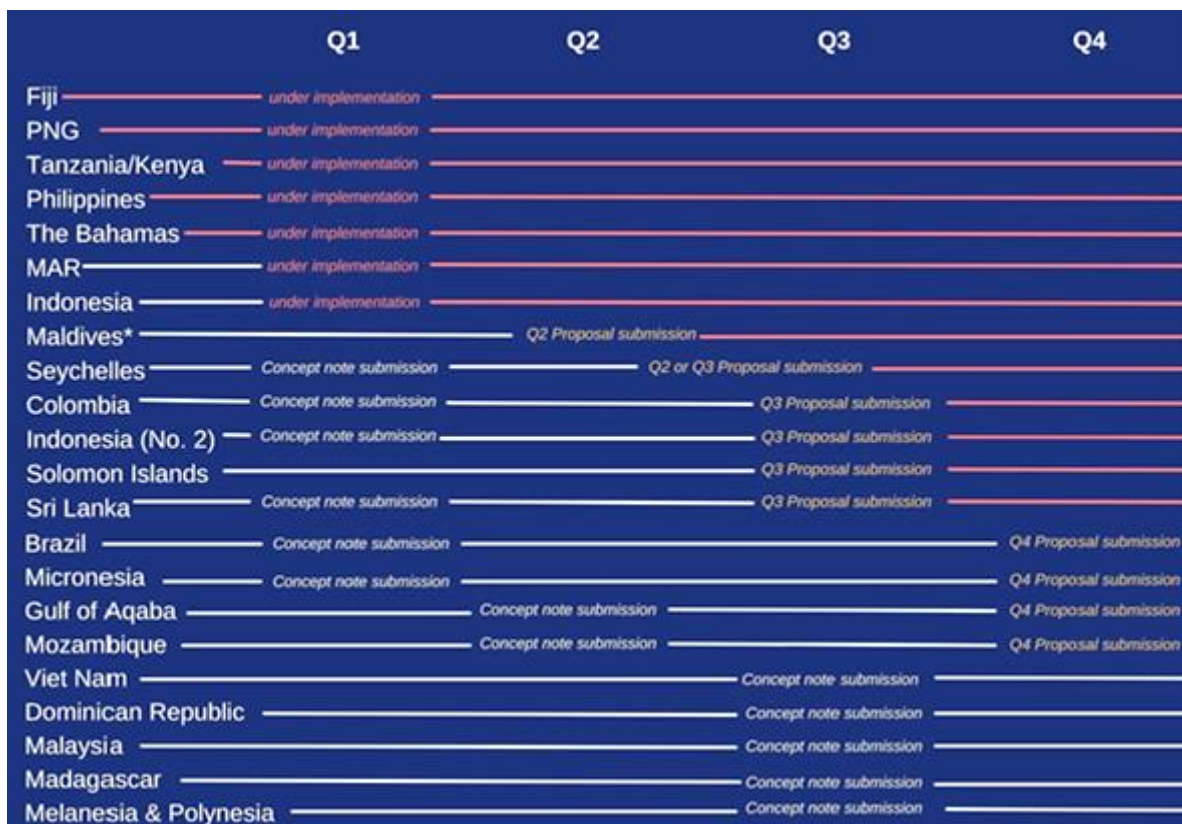
Table 7 - Disbursements approved by the GFCR Executive Board in 2021

Decision Date	Title	Country / Region	Recipient/s	Approved Max Allocation (USD)	Disbursements as of Dec 2021 (USD)
Mar 01, 2021	Investing in Coral Reefs and the Blue Economy	Fiji	UNDP / UNCDF	4,700,000	1,009,545
Mar 01, 2021	Development Facility for Blue Economy Projects for Coral Reef Marine Protected Areas in the Philippines	Philippines	Blue Finance / UNCDF	354,224	317,000
Mar 01, 2021	Indonesia Preparatory Grant	Indonesia	CI	100,000	100,000
Mar 01, 2021	Kenya Tanzania Preparatory Grant	Kenya-Tanzania	WCS	100,000	100,000
Mar 01, 2021	Maldives Preparatory Grant	Maldives	UNDP	100,000	100,000
Jul 06, 2021	MAR+Invest	Mesoamerica (Mexico, Guatemala, Belize, Hon	MAR Fund	99,992	99,992
Oct 12, 2021	Miamba Yetu: Sustainable Reef Investments	Kenya-Tanzania	WCS / UNCDF	3,135,394	2,805,394
Oct 12, 2021	Gutpla solwara, gutpla bisnis (Good oceans, good business)	Papua New Guinea	UNDP / UNCDF	4,494,248	1,978,825
Oct 12, 2021	Coral Reef Rescue Initiative – Solomon Islands	Solomon Islands	WWF	100,000	-
Dec 06, 2021	Mamuhunan sa mga MPAs	Philippines	UNCDF	2,798,264	2,798,264
<b>TOTALS</b>				<b>15,982,122</b>	<b>9,309,020</b>

<sup>4</sup> Of the total approved for ODA-tagged programmes, USD9.3 million was disbursed by December 2021 and USD7,582,483 in quarter 4 only.

## F. GFCR Project Pipeline 2022/23

Figure 3: GFCR Project Pipeline 2022/23



## G. Summary of risk mitigations

The GFCR Environmental & Social Safeguards Policy underpins the Fund’s commitment to mainstream social and environmental sustainability directly in projects and deals. An accountability mechanism to deal with any complaints or concerns about the Fund’s operations is in development. The GFCR Gender Policy ensures that gender equality and women’s empowerment is at the heart of GFCR’s mandate and actions. An overview of Fund-level and programme-level risks are provided Annex E.

As of December 2021, the GFCR Grant Fund falls 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 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 F outline the high-level criteria and descriptions for each assessment. GFCR has sped-up the due diligence process by conducting checks and qualifying all non-UN Convening Agents before submitting decisions for Board approval and decisions approving programmatic allocations<sup>5</sup>.

## H. HACT and PSEAH Criteria for assessing downstream organisational risk

<sup>5</sup> Previously, the GFCR performed additional due diligence processes on any non-UN recipient organisations (Convening Agents and co-recipients) prior to final financial decisions and after approval by the Executive Board.

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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.

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