

A vibrant underwater photograph of a coral reef. The scene is split horizontally by the water's surface, showing a clear blue sky above and a deep blue ocean below. The reef is covered in various types of coral, including branching and table corals, in shades of white, yellow, and pink. A large school of small, bright orange fish swims in the center of the frame. The overall lighting is bright and clear, highlighting the textures of the coral and the movement of the fish.

# GLOBAL FUND FOR CORAL REEFS

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2021 ACTION REPORT



# Table of Contents

**03**

Foreword

**04**

Building The Reef-Positive  
Investment Ecosystem

**07**

Catalytic Reef-Positive  
Programme Portfolio

**19**

Governance & Structure

**23**

Convening a Powerful  
Coalition for Coral Action

**25**

Policy & Knowledge  
Architecture

**27**

Driving Awareness for Coral  
Reef Action

**29**

GFCR 2022 and Beyond  
Outlook



# Foreword

For six generations my family has lived on a small peninsula in the South Pacific protected on three sides by a massive coral barrier reef. For thousands of years, as well as providing shelter from storms and the Ocean's daily swell, that same reef has given Fijians plentiful and healthy sustenance, and a deep spiritual sense of place. I cannot imagine a world without coral, but the best of our scientists warn that without scaled remedial action, coral reefs may become completely extinct this century.

It is estimated that more than half of the world's coral reefs have already disappeared due to climate change and a range of local threats and stressors. I have seen this first-hand within my lifetime. To revisit a reef that in your younger days was an unforgettable vision of life's vibrancy and beauty, now turned to a bank of bleached marine rubble, is akin to viewing pictures of cities laid waste by carpet-bombing, or verdant rainforests felled and burned to make way for scrawny cattle bound for Burgerland.

To tackle the crisis of coral's plight, a powerful coalition was convened, aimed at closing the 'coral reef funding gap' and accelerating solutions to save coral reef ecosystems. Between 2018 - 2020, the Principality of Monaco and the Paul G. Allen Family Foundation, in partnership with the United Nations and the International Coral Reef Initiative, got together to spearhead innovative financing mechanisms for reef-positive investments through the leverage of public and private sector financing.

Their combined efforts resulted in the establishment of the Global Fund for Coral Reefs, launched in late 2020, with the aim of deploying blended finance solutions designed to increase the viability of what are being assessed as the most climate-resilient coral reefs. By supporting integrated programmes that address local drivers of reef degradation and

conservation finance deficiencies, the Fund enables transformational economic measures bringing reef-positive impact to these prioritized ecosystems. Over its first year of operation, the Fund's Investment Plan established a roadmap for the scaling of reef-positive solutions and business models across more than thirty countries, mobilizing over USD \$150 million of public and private funding.

There can be no healthy planet without a healthy ocean, and coral reefs are critical to maintaining the health of the ocean. The Global Fund for Coral Reefs may well be the last and greatest hope we have of closing the coral reef funding gap and scaling investments in time to save the planet's coral reefs from extinction. Therefore, I call upon countries, private investors, financial institutions, philanthropies, and civil society to join the Fund's coalition to meet the existential challenge of scaling reef-positive solutions. If we are to make peace with nature, we must act while we still have time.



**Ambassador Peter Thomson**

UNSG's Special Envoy for the Ocean



# Building The Reef-Positive Investment Ecosystem

## About the Global Fund for Coral Reefs

Coral reefs are one of the most biodiverse ecosystems globally. Supporting more than one billion people globally, coral reefs provide vital ecosystem services including food security, income from fisheries and tourism, and critical coastal protection from storms and floods. Coral reefs are thus critical to help deliver the nature-dependent United Nations Sustainable Development Goals (SDG), especially SDG 14 'Life Below Water'. Despite their immense value, coral reefs are among Earth's most endangered ecosystems and its conservation is severely underfunded.

Against this backdrop, the Global Fund for Coral Reefs (GFCR) Coalition was launched during the 75th United Nations General Assembly in September 2020. As the first blended finance instrument dedicated to coral reefs globally, the initiative deploys and unlocks financing across a 'Reef-Positive Investment Ecosystem' designed to expand and diversify the SDG 14 funding landscape. Within this Investment Ecosystem, two core fund financial vehicles, an Investment Fund and a Grant Fund, will mobilise and invest an initial USD \$625 million to scale reef-positive solutions. Through its blended finance focus, GFCR supports developing countries to mobilise the resources and action needed to support their national priorities and deliver their coral reef-related commitments under the anticipated Convention on Biological Diversity (CBD) Post-2020 Global Biodiversity Framework, as well as advancing ecosystem-based adaptation action supported by the United Nations Framework Convention on Climate Change (UNFCCC).



## To protect coral reefs from extinction, the GFCR:

Convenes a **global coalition of partners** 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 aligned to coral reef climate refugia conservation and building resilient coastal communities.

Offers an **implementation tool** for national and regional marine biodiversity conservation and blue economy transition ambitions.



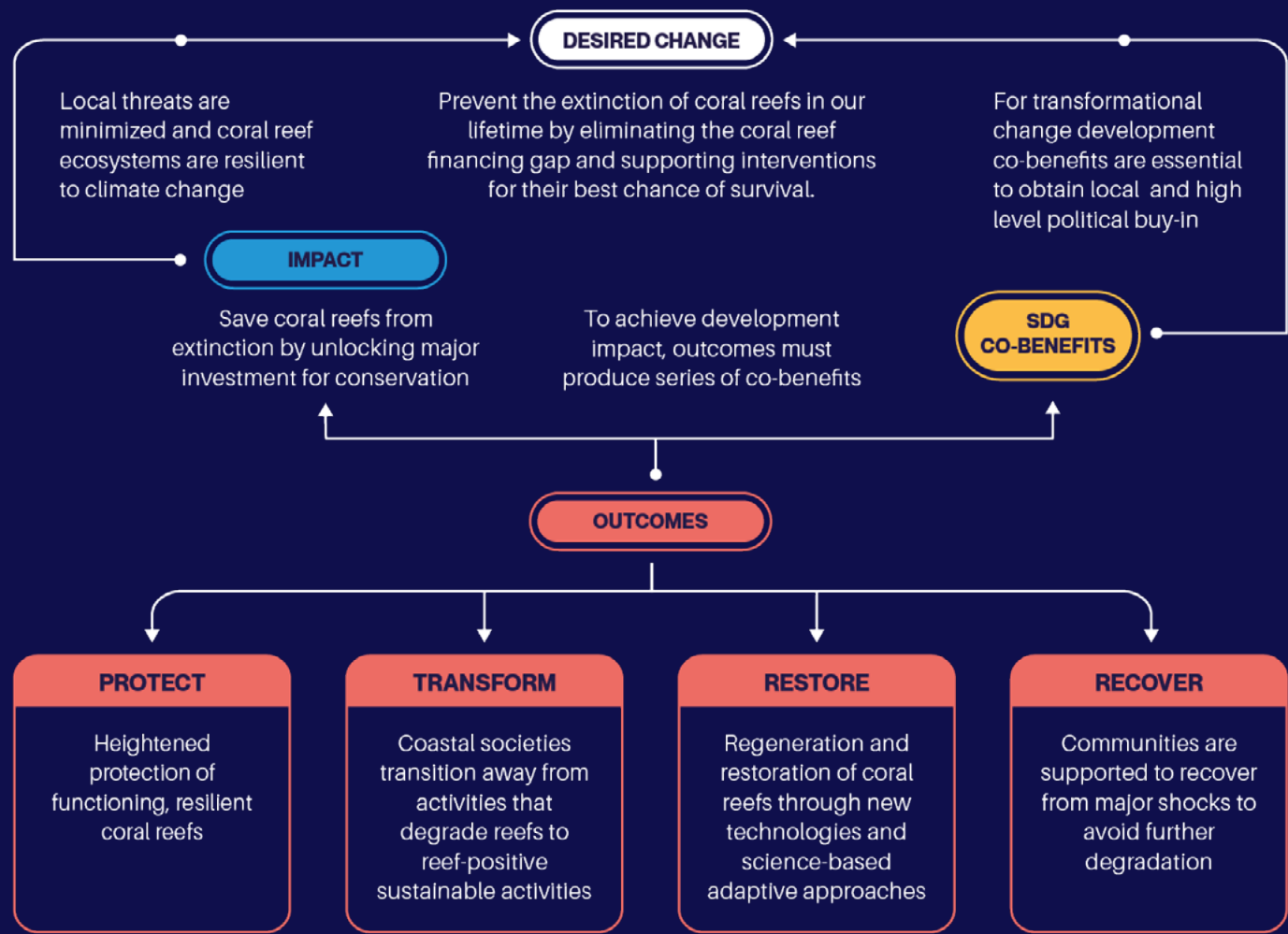
# Strategic Approach and Financial Ecosystem

GFCR resources are deployed under a single guiding Theory of Change focused on the ‘protect-transform-restore-recover’ outcomes approach which supports resilience strengthening of coral reef “climate refugia” and coastal communities. The Theory of Change informs the GFCR Investment Plan, developed by the United Nations Development Programme (UNDP) and the Conservation Finance Alliance (CFA), with support from the Swedish International Development Agency, and serves as an angular piece to guide the Fund’s programmatic approach. The Investment Plan identifies 34 priority countries for GFCR programming

based on coral reef and biodiversity value, reef resilience to climate change, Official Development Assistance (ODA) eligibility, and climate finance eligibility, as well as absence of trade restrictions to enable a blended finance approach.

Core to the GFCR strategic approach is the ingrained connectivity between the Grant Fund Investment Fund whereby programme activities directly align to investments for scaled impact. While legally separate entities, both core GFCR vehicles operate under the same Theory of Change.

## Theory of Change





Achieving the outcomes of the GFCR requires the identification, development, financing, and successful implementation of a wide range of business models and finance tools that strengthen coral reef conservation and reduce the drivers of reef degradation. The Investment Plan outlines archetypes for revenue generation from three categories, targeting the Grant Fund and related concessionary investments:

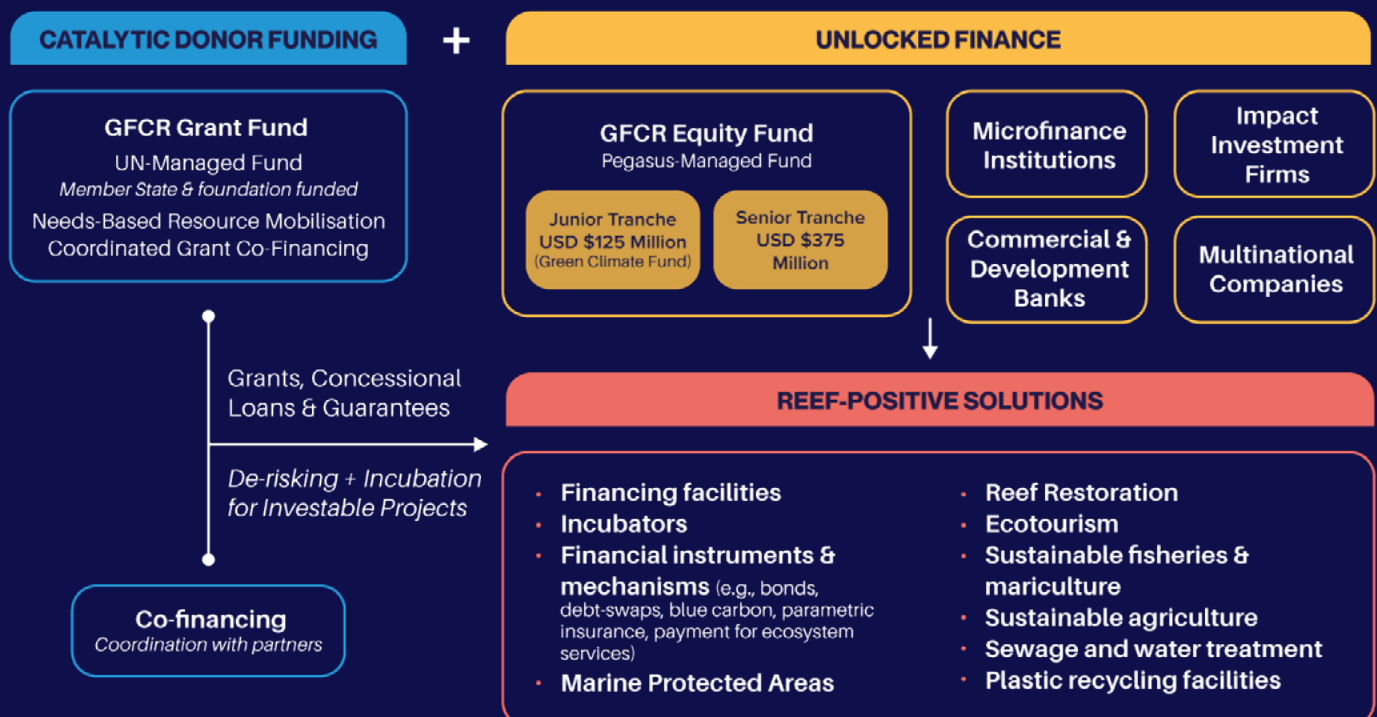
- ① **Coral conservation activities** are those projects and programmes whose primary objective is to achieve reef conservation and use a blended finance approach to achieve these outcomes.
- ② **Ecosystem conservation activities** address the goals of the GFCR through targeting drivers of degradation.
- ③ **Conservation finance instruments or mechanisms** provide economic, market-based, or institutional means to generate, manage, and deploy capital and incentives towards achieving conservation outcomes.

As the largest commercial-scale impact fund targeting SDG 14 to date, the GFCR Investment Fund targets equity and quasi-equity investments in three key industry sub-sectors that have the opportunity to shift the trajectory of coral reefs and near shore ecosystems towards sustainability and climate resilience:

- ① **Sustainable Ocean Production:** including sustainable fisheries, aquaculture, and enabling technologies
- ② **Hospitality:** with a focus on ecotourism and marine tourism
- ③ **Circular Economy and Pollution Management:** reducing runoff and other pollutants negatively affecting coral reefs

The Investment Fund will work hand-in-hand with the Grant Fund to complement investments with related technical assistance and on-the-ground community and government engagement, thereby achieving the impact goals of the broader GFCR coalition.

## Global Fund for Coral Reefs Investment Ecosystem





# Catalytic Reef-positive Programme Portfolio

GFCR Grant Fund programmes are integrated multi-sector initiatives, requiring a consortium of implementing partners holding diverse expertise to achieve the GFCR objectives. For each programme a lead implementer, called the Convening Agent (CA), is selected to convene the multi-stakeholder partnership composed of various sectoral capacities related to coral reefs, science, sustainable development, and finance. CAs provide environmental and socio-economic technical expertise to design and incubate investments that generate 'reef-positive solutions' to leverage financing for threat mitigation and coral reef resilience while providing SDG co-benefits for coastal communities. CAs seize on Technical Assistance Facilities (TAFs) and incubators to provide pre- and post- investment support, ensuring reef-positive impact and feasibility for investment scaling. Further supporting incubation, the "GFCR Blue Bridge"

service managed by the United Nations Capital Development Fund (UNCDF) was launched in 2021 with the aim of providing businesses and projects identified by GFCR CAs with concessional loans, guarantees, and grants in various forms to help reef-positive businesses grow and hence attract private investment to scale impact.

As Grant Fund programmes are designed, and implemented, the CAs and GFCR Investment Fund engage to determine if reef positive business being incubated by a Grant Fund programme can benefit and be scaled-up." Change to "As Grant Fund programmes are designed and implemented, CAs and the GFCR Investment Fund jointly engage to determine the level of scalability of reef-positive businesses being incubated by Grant Fund.

## Programmes Launched in 2021

**5**  
**Programmes**  
**Launched**

**USD \$23.7M**  
**in programme grants**  
**approved**

**USD \$950K**  
**approved**  
for seven programme  
development grants

**By 2030, these five  
programmes aim to:**

- **Increase resilience more than 150,000 hectares of coral reefs** by addressing local drivers of reef degradation
- **Provide enhanced ecosystem services** to over 380,000 local beneficiaries
- **Create 2,500 jobs**
- **Incubate more than 50 reef-positive solutions**
- **Unlock grant and private finance** for reef-positive solutions at a 1:3 ratio





## Fiji Country Programme: Investing in Coral Reefs and the Blue Economy

### Snapshot and Impact Targets

**Convening Agent:** UNDP

**Approval Date:** February 2021

**Programme Lifetime:** 2021-2030

**Est. Target for Coral Reefs Area Improved:**  
49,000 hectares

**Beneficiaries:** 40,000

**Jobs created:** 350

**Reef-positive Interventions Incubated:** 15+

**Grant Funding Vision (USD):** \$10 million

**Est. Private Sector Leverage:** 1:9

Launched in early 2021, the Investing in *Coral Reefs and the Blue Economy* (CRBE) programme in Fiji leverages philanthropic and development finance to mobilize commercial investments, promote financial sustainability of coral reef conservation and accelerate reef-positive livelihoods.

Principal transactions of the programme include establishment of a locally managed Technical Assistance Facility to incubate a pipeline of reef-positive business models and institute Special Purpose Entities (SPEs) with revenue streams to support management of Fijian Locally Managed Marine Area networks. The CRBE programme also supports a new initiative to source sugar cane plantations with a non-synthetic fertiliser to be paired with educational programmes aimed at reducing agricultural run-off and erosion harmful to nearby coral reefs. Additionally, the GFCR funding is supporting the development of a new sanitary landfill with a network of transfer stations to improve waste collection and prevent leaching of harmful pollutants that are detrimental to Fijian mangroves and coral reef ecosystems.

This programme, co-financed by the UN Joint SDG Fund, is led by UNDP in collaboration with a consortium of partners that include the UNCDF, the United Nations Environment Programme (UNEP), the World Wildlife Fund (WWF) Pacific, Matanataki, Blue Finance, Fijian local actors, and the Government of Fiji.

**“Building reef resilience protects a sustainable source of food and livelihoods for the Fijian people and a vibrant hub of biodiversity for the world. We hope this innovative financing initiative offers a scalable model that can support the conservation of marine ecosystems across our globally connected blue economy.”**

**Aiyaz Sayed-Khaiyum,**  
*Attorney General and Minister for Economy, Fiji*





## The Bahamas Country Programme: Impact Funding for BahamaReefs

### Snapshot and Impact Targets

**Convening Agent:** TNC

**Approval Date:** September 2021

**Programme Lifetime:** 2021-2030

**Est. Target for Coral Reefs Area Improved:** TBD

**Beneficiaries:** 83,000

**Jobs created:** >200

**Reef-positive Interventions Incubated:** 15+

**Grant Funding Vision (USD):** \$8 million

**Est. Private Sector Leverage:** 1:2

The Nature Conservancy (TNC) is the CA for the GFCR Bahamas programme, Impact Funding for BahamaReefs. The programme objective is to create and operationalize innovative financial mechanisms that leverage private funding and support reef protection, restoration, and financial solutions. The Programme focuses on four initial sites where investment-ready opportunities have been identified: Andros, Grand Bahama, Abaco and Exuma. A range of proven intervention methods will be implemented to help ensure ongoing, reliable funding for Bahamian coral reef conservation today and into the future. These methods, including coral restoration and innovative finance mechanisms like coral reef insurance and blue carbon credits, are designed to achieve key outcomes:

- 1 Improved management of key coral reef areas, including those that have demonstrated a natural resilience to climate impacts;
- 2 Stronger livelihoods for reef-dependent communities, fostered by reef-positive businesses; and
- 3 Healthier, more resilient coral reefs and associated ecosystems through effective protection and restoration efforts.

TNC identified seven opportunities during proposal development that are prioritized for implementation and designed to generate revenue while addressing local drivers of coral reef degradation:

- Blue Carbon and Resilience Credits
- Reef and mangrove insurance
- Blue Economy Programme Accelerator
- Blended finance for the effective management of Marine Protected Areas (MPAs)
- Reef Rescue Network (coral reef restoration)
- Minimizing the ecological impact of tourism in Elizabeth Harbour
- Scaling Coral Restoration – Coral Vita

The programme will follow pipeline sequencing where initiatives evolve gradually from a pilot phase, when they are mainly supported through grants, to development and maturity phases, when they are ready to access other types of capital, including concessional and commercial debt and equity. The projected total investment capital leverage for BahamaReefs is approximately USD \$15.5 million, with expected programme leverage ratio of grants to investment capital at approximately 1:2. If the leverage potential is calculated to include the projected project revenues as private finance attracted to coral reefs, the total leverage ratio amounts to 1:9.

TNC's investment team – NatureVest – support the programme as a key technical partner with funding from GFCR's Blue Bridge. Other implementing partners and stakeholders engaged in the programme include Access Accelerator Sustainable Business Development Center (SBDC), The Bahamas Protected Areas Fund (BPAF), Perry Institute for Marine Science (PIMS), Elizabeth Harbour Conservation Partnership (EHCP), Bahamas National Trust (BNT), Blue Finance, Coral Vita, and the Government of The Bahamas.





## Kenya-Tanzania Regional Programme: Miamba Yetu (Sustainable Reef Investments)

### Snapshot and Impact Targets

**Convening Agent:** WCS

**Approval Date:** September 2021

**Programme Lifetime:** 2021-2030\*

**Est. Target for Coral Reefs Area Improved:**  
34,000 hectares

**Beneficiaries:** 100\*

**Jobs created:** TBD

**Reef-positive Interventions Incubated:** 6\*

**Grant Funding Vision (USD):** \$3 million

**Est. Private Sector Leverage:** TBD

*An asterisk (\*) indicates a target for the initial phase only*

The Wildlife Conservation Society (WCS) is the CA for the regional programme for the Kenya-Tanzania Transboundary Conservation Area (TBCA). The TBCA contains a network of marine parks, marine reserves and community-managed areas that have a high degree of ecological and social connectivity but suffer critical gaps in management effectiveness and infrastructure. The coral reefs in the TBCA are generally rich in marine biodiversity, demonstrate recovery trajectories after bleaching events, and support many local fishing communities. With rapid economic growth in the region, the area is threatened by coastal development, solid waste including plastic, agricultural run-off, and unsustainable fishing pressure.

Based on identified threats, the programme is designed with the following interventions:

- **Small and medium-sized enterprise (SME) Facility** that will invest into reef-positive pipeline transactions. Potential early investments include a plastic recycling project, micro-forestry project and two coastal tourism interventions, one of which is in Pemba.
- **Venture Studio** for smaller scale community initiatives with a longer time horizon to maturity and investment readiness.
- **Nature Stewardship Bonds**, an innovative model developed by Conservation Capital through Mwenzi Capital to leverage the positive power of democratized business ownership as a tool for driving enhanced social equity and environmental impact.
- **Corporate Biodiversity Bonds**, bonds jointly issued by a company and a conservation organization to fund the implementation of biodiversity offsets (or other conservation driven activities) in accordance with the mitigation hierarchy.

The programme takes an inception phase approach to allow for scientific/feasibility studies, triage evaluation of economic and coral reef benefits of interventions prior to investment, development of the SME Facility and Venture Studio. The foundational activities during the inception phase will inform the impact targets, pipeline opportunities and costs for the next phases of the programme.

Implementing partners include Kwanini Foundation, Blue finance, Mwenzi Capital, Okavango Capital Partners, Conservation Capital, Manta resort and the Governments of Kenya, Tanzania, and Zanzibar.







## Papua New Guinea Country Programme: Gutpla Solwara, Gutpla Bisnis ('Good Oceans, Good Business')

### Snapshot and Impact Targets

**Convening Agent:** UNDP

**Approval Date:** September 2021

**Programme Lifetime:** 2021-2025\*

**Est. Target for Coral Reefs Area Improved:**  
23,300 hectares

**Beneficiaries:** 10,000

**Jobs created:** 250

**Reef-positive Interventions Incubated:** 10

**Grant Funding Vision (USD):** \$4.7 million

**Est. Private Sector Leverage:** 1:4

The Gutpla Solwara, Gutpla Bisnis programme, led by the UNDP Papua New Guinea (PNG) Country Office as CA, will support local blue enterprises, leverage local skills, and ultimately unlock private capital from domestic and international sources by demonstrating the viability of reef-first enterprise models. The programme will establish the *Blue Economy Enterprise Incubation Facility* (BE-EIF) to accelerate sustainable livelihood opportunities linked to the marine environment in Papua New Guinea with implementation in two focus areas:

- ① **Kimbe Bay, New Britain** – One of the world's most biodiverse marine environments comprising of a wide variety of shallow marine habitats (coral reefs, mangroves, seagrass) and deep-water marine habitats (oceanic waters, seamounts and possible deep-sea canyons and hydrothermal vents).
- ② **Louisiade Archipelago, Milne Bay** – encompassing the most extensive coral reef area of any province in Papua New Guinea with coral reefs scattered over 265,000 km<sup>2</sup> of marine area.

*An asterisk (\*) indicates a target for the initial phase only*



The BE-EIF will be designed and then operationalized to provide technical assistance, grants, guarantees and subordinated debt finance for blue enterprise development with a special focus on investable solutions that have a positive impact on coral reef ecosystems. The facility will be established within the PNG National Biodiversity and Climate Fund (NBCF) as a dedicated financing “window”. The BE-EIF is being structured to capture a share of the revenues of the conventional and innovative finance streams under the NBCF. These revenues include biodiversity offsets, blue carbon, payment for ecosystem services, environmental fees and taxes, etc. The programme intends to crowd in private capital and develop partnerships with domestic financial institutions by offering a pipeline of investable opportunities that are supported by BE-EIF blended finance capital and technical assistance services.

Prior to the establishment of the BE-EIF, Gutpla Solwara, Gutpla Bisnis will support the development of a national Blue Investment Strategy with a focus on incubating marine focused, women-led businesses. Simultaneously, multiple-use MPAs will be established for the focal areas seizing on two main sources of co-financing.

Through this approach, the programme is anticipated to be the first to put in place structures that enable long-term private investment in PNG’s blue economy sector. The programme aims to incentivize the domestic financial sector to use its substantial liquidity through the initiative’s use of early-stage finance and risk guarantees, helping to shape and create a new national market. Leveraged private investment (in debt and equity) is expected to achieve USD \$4 million from domestic financial institutions in targeted credit lines.

The UNCDF Country Office is the key implementing partner with support from GFCR Blue Bridge. Other partners include Conservation and Environment Protection Agency, Provincial Government of West New Britain, National Fisheries Authority, Investment Promotion Agency of Papua New Guinea, Mahonia Na Dari, Conflict Islands Conservation Initiative, National Development Bank of Papua New Guinea, Bank South Pacific, Women’s Micro-Bank Limited, Conflict Islands Group, Carnival Cruises, National Biodiversity and Climate Fund, Centre for Excellence on Financial Inclusion, Small and Medium Enterprise Corporation, Business Link Pacific, and Market Development Facility.







## Philippines Country Programme: Mamuhunan sa mga MPAs ('Responsible investment in MPAs')

### Snapshot and Impact Targets

**Convening Agent:** Blue Finance

**Approval Date:** September 2021

**Programme Lifetime:** 2022-2030

**Est. Target for Coral Reefs Area Improved:**  
56,000 hectares

**Beneficiaries:** 250,000

**Jobs created:** 1,700

**Reef-positive Interventions Incubated:** 10+

**Grant Funding Vision (USD):** \$18.6 million

**Est. Private Sector Leverage:** 1:2

Blue Finance is the CA for the Mamuhunan sa mga MPAs programme. Its objective is to develop well-managed and sustainably financed MPAs through: (i) Establishment of Special Purpose Entities (SPE) comprised of local stakeholders that manage the MPAs on behalf of local governments; (ii) Implementing sustainable revenue models for the MPAs; and (iii) Structuring blended finance solutions for the initial capital needs of the SPEs. The programme has a three-year pilot phase from 2022-2024, followed by an upscaling phase following proof concept from 2025-2030.



The programme will initially focus on three priority MPA networks in the Verde Island Passage, Calamian Islands, Tañon Strait Protected Seascape which were selected for their resilience to climate change, biodiversity value and potential to develop economic opportunities that address local drivers of coral reef degradation. Following the initial phase, the upscaling phase is expected to add two additional MPA networks that have yet to be identified. The SPEs will be financed by the following:

- **Direct MPA incomes:** Income will flow into the SPEs through MPA fees, visitor centre entrance tickets and sales of blue carbon credits. The SPE management teams will implement nature-based programmes for visitors including new underwater attractions and set-up of nature fees, develop innovative and engaging visitor centre facilities and certify blue carbon mangrove restoration and conservation projects.
- **Indirect MPA incomes:** Income will flow into the SPEs from investment returns from reef-positive businesses in and around the MPAs. The business sectors include nature-based ecotourism, aquaculture of overfished reef fish, fishery supply chain improvement projects and microfinance for fisher communities. Businesses have been selected based on their abilities to reduce specific drivers of coral reef ecosystem degradation and their financial integrity. The businesses will generate investment returns (dividends) and professional fees to the SPEs for monitoring impact services.



The programme is designed with the following core operational structures:

- **MPA Development Facility** led by a consortium of three project developers (Blue Finance, Blue You, Ubá Sustainability Institute) providing: (1) scientific and technical assistance to establish SPEs and construct MPA projects with high-quality environmental, social and financial design; (2) providing technical assistance for the development of investment-ready reef-first business models; (3) fundraising for each BF-IF (blended finance investment facility).
- **MPA BF-IFs** set-up for each MPA as the central vehicle through which concessionary and commercial capital will be channelled to the projects under each MPA network. Each BF-IF syndicates investments from impact investors, donors and UNCDF Blue Bridge, reducing transaction costs and improving the risk profile of the transaction thus attracting private sector investors.

The programme seeks to unlock USD \$23.5 million from impact investors and other funding partners mainly for initial investment needs. During the lifetime of the programme the Development Facility will fundraise for the BF-IFs to scale blended finance resources for the various interventions. It is estimated that USD \$92 million in revenue will be generated over the life of the programme from MPA activities (user fees, blue carbon, ecotourism) and reef-first businesses (ecotourism, aquaculture of overfished reef fishes, fishery supply chain improvement projects and micro-finance for fisher communities)

The implementing partners include the Department of Environment and Natural Resources, Palawan Council for Sustainable Development, Local Government Units from Mindoro and Calamian Islands, Rare, Blue Alliance VIP, Conservation International Philippines, Path Foundation Philippines Inc., Mindoro State College for Agriculture and Technology, IUCN Blue Natural Capital Finance Facility, Blueyou, Ubá Sustainability Institute, Meliomar Ltd., Ropes & Gray, The German Government International Climate Initiative, GFCR Blue Bridge, and UNDP Philippines.





## Future Programmes Under Development

### Indonesia Country Programme: Terumbu Karang Sehat Indonesia

Conservation International (CI) was approved as the CA and awarded a preparatory grant to develop a full programme. CI's GFCR programme for Indonesia will focus on two priority areas, the Bird's Head Seascape (BHS) and Pulau Sumba. BHS harbours 266,924 hectares of coral reefs and 75% of the world's known species with over 600 species of hard coral and 1,850 species of reef fish. The BHS has some of the highest levels of endemism globally. Pulau Sumba comprises an estimated 15,448 hectares of coral reefs which are characterized by high levels of biological diversity: 204 species of coral from among 42 genera and 15 families.

### Maldives Country Programme: Holistic Reef Management in Maldives

The Maldives UNDP Country Office was approved as the CA and awarded a preparatory grant to develop a full programme. The Maldives' coral reef ecosystem is considered as the 5th most biodiverse and 7th largest reef system in the world. The total reef area accounts for 451,500 hectares and comprises 2,041 distinct coral reef formations, encompassing about 3.14% of the global reef area. Maldives is considered as one of the flattest countries in the world with more than 70% of the islands less than one meter above sea level.

### Mesoamerican Reef Regional Programme: MAR+Invest

The Mesoamerican Reef (MAR) Fund was approved as the CA and awarded a preparatory grant to develop a full programme proposal. The Mesoamerican Reef (MAR), shared by Belize, Guatemala, Honduras and Mexico, has 123,000 hectares of coral reefs. Rich in biodiversity, it includes the longest barrier reef in the Western Hemisphere and a complex array of reef types. It is home to about 65 coral species, over 500 fish species and 300 mollusk species, including 53 species listed under the International Union for Conservation of Nature (IUCN) Red List of threatened species such as sea turtles, whale sharks, as well as staghorn and pillar corals. Through the support of Healthy Reefs Initiative, a co-implementer of the MAR+Invest partnership, 18 Coastal and Marine Protected Areas (CMPAs) were identified during proposal development for priority implementation with strong representation across the four MAR countries. The CMPAs identified include 77,000 hectares of coral reef, or approximately 63% of the coral reef area in the MAR.

### Solomon Islands Country Programme: Coral Reef Rescue Initiative Solomon Islands Program

The WWF was approved as the CA and awarded a preparatory grant to develop a full programme proposal. The Solomon Islands is identified as harbouring resilient reefs by three studies: 50 Reefs, Coral Bleaching Futures, and Bright Spots Among the World's Coral Reefs. The country has 485 known species of coral from 76 genera, second in coral reef diversity only to Raja Ampat. Priority areas for field-based action in the Solomon Islands are in four provinces (Central Island Province, Malaita, Isabel, and Temotu).







## Lessons Learned

GFCR's first year of operations resulted in valuable lessons learned. During the programme development stage four key challenges were identified:

- Challenge of acquiring environmental, including location of climate refugia, and socio-economic information, to build baselines. In many priority reef countries critical baseline information, including location of climate refugia and socio-economic data, to build baselines is missing or outdated
- Limited availability of business models with assured impact on coral reefs and that were financially viable, as the reef-positive blue economy is nascent and capacity in targeted countries needs to be strengthened
- Need to bridge conservation objectives with scalable revenue generating interventions that can attract diverse sources of investment capital to close the coral reef funding gap
- Need for flexible Grant Funding within incubators and TAFs to design scalable business models with pre- and post- investment technical assistance to strengthen the impact case and investment attractiveness

To address these issues, GFCR's programme development moved toward a phased approach that enables baseline and feasibility assessments. Moreover, with the establishment of the GFCR Investment Fund, clear modes of collaboration with CAs will be established to address the technical assistance challenges.

Early experience also showed that there is limited or varied understanding among CAs on blended finance and its application as this is still a relatively new space for the blue economy and coral reef conservation. This led to several iterations with CA in which technical advice was provided to improve the programme strategies and they were also supported with identifying additional partners with expertise in blended finance. To increase CA capacity, GFCR will develop a series of trainings and webinars on blended finance and business incubation to accelerate the learning curve in this relatively new space at the nexus of blue economy and coral reef conservation.

Further, a need to expand the Reef-Positive Investment Ecosystem at the global and programmatic levels, beyond the two current vehicles, was identified and is underway through development of new partnerships and networks.



# Global Fund for Coral Reefs

## Grant Fund Programmes As of December 2021

The GFCR Executive Board has approved Grant Fund programming efforts in twelve coral reef ecosystems across the globe, with a cumulative USD \$24.65 million allocation approved during the GFCR's first year of operations. Additional regions and countries are being considered for pipeline inclusion, maintaining the Fund's ambitious momentum in scaling coral-positive solutions.

USD **\$23.7M**  
in grants allocated

into five programmes under implementation

USD **\$950K**  
approved

for seven programme development grants



Programmes under implementation	Target Hectares of Reefs	Reef-Positive Interventions
Fiji	49,000	15+
The Bahamas	TBD	15+
Kenya & Tanzania	34,000	6*
Papua New Guinea	23,300	10*
Philippines	56,000	10+

\* Initial phase only

Programmes under implementation Programmes under development Potential future programmes



# Governance & Structure

## Executive Board

The GFCR Executive Board (EB) is the highest decision-making body of the Grant Fund and has provided overall strategic guidance and direction for the GFCR initiative. The EB approves programmes and provides strategic guidance in areas such as monitoring and evaluation (M&E), safeguards and risks management, gender approach and overall coordination with the GFCR Investment Fund. Four EB meetings took place in January, June, September, and November 2021.

Over the course of 2021, the EB expanded from six members at the start of the year to eight members by the fourth Board meeting, including:

### Two Philanthropies:



### Three Member States:



### Three UN Agencies:



Empowered lives.  
Resilient nations.





Over the course of the year, the GFCR EB took several key decisions including, but not limited to:

- Approval of the GFCR Investment Plan
- Approval to allocate USD \$950,000 for seven (7) preparatory grants for programme proposal development and USD \$23.7 million for five (5) full programme proposals.
- Approval of the initial version of the EB Rules & Procedures, outlining general terms on membership, convening of meetings, decision-making, and addressing conflicts of interest.
- Approval of Institutional Partnerships with the IUCN and Ocean Risk and Resilience Action Alliance (ORRAA)
- Approval of Advisory Board (AB) Terms of Reference (TOR)
- Approval of the “GFCR Blue Bridge” service to be managed by UNCDF and with the aim of providing businesses and projects identified by GFCR CAs with concessional loans, guarantees, and grants in various forms to help reef-positive businesses grow.

## Advisory Board

The GFCR AB is a multi-stakeholder body composed of an independent group of experts designed to provide recommendations and advice to the EB of the Grant Fund and the Investment Committee of the Investment Fund. The primary functions of the AB are to:

- Discuss progress, challenges, and lessons learned, and relay best practices for coral reef protection and management;
- Advise on strategic issues put forward by the EB and Investment Committee;
- Review coordination between grant and investment window and recommend ways to enhance alignment; and
- Support the GFCR engagement in international initiatives, high-level events, and relevant forums.

The AB will consist of 11 members, two of which will serve as Co-chairs, and that will include a range of scientists, government, and blue economy/ finance advisors.

In August of 2021, the Secretariat initiated the process for establishing the AB, including producing the AB Terms of Reference (officially approved in October 2021), launching an open call for the nine regular AB members (which closed on December 2021), and initiating the application evaluation process. It is anticipated that the AB members selection process will be concluded in Q2 2022.







## Grant Fund Secretariat

The GFCR Secretariat was established in 2021 as the dedicated management structure to implement day-to-day activities of the GFCR Grant Fund and support the GFCR EB. The Secretariat is administratively hosted by the UN Multi-Partner Trust Fund Office. The five core team members comprising the GFCR Secretariat are:

- Head of Fund Secretariat
- Deputy Head of Fund Secretariat
- Programme Analyst
- Strategic Engagement & Communication Specialist
- Coordination Analyst

During GFCR's first full year, the Secretariat led the structuring and operationalization of the GFCR, ensuring strong alignment between the two GFCR core fund vehicles, as well as the development of tools and partnerships needed to support GFCR programmes in implementation and access to diverse sources of financing to close the coral reef funding gap.

In its role, and as a key function, the Secretariat supports the EB through meeting preparation and facilitating the documentation of all substantive agenda items, as well as ensuring implementation of EB decisions.

Programmatically, the Secretariat managed and guided seven (7) CAs through the successful development of programmatic Concept Notes for preparatory grant approval. The Secretariat further conducted evaluations and iterative reviews of at least five (5) full programme proposals for endorsement prior to the Board meetings.



## Investment Fund Establishment

In Q1 2021, the GFCR required the identification of a financial organisation to act as the asset manager of the GFCR Investment Fund. The Secretariat conducted a landscape analysis of nine financial organisations and assessed investment experience, private sector expertise, value alignment and Green Climate Fund (GCF) accreditation. Following close consultation with the GCF Secretariat, Pegasus Capital Advisors (PCA) was identified as the most suitable GCF Accredited Entity to serve as the asset manager of the Investment Fund due to its strong background in investing in sustainability. Investment Fund allocations will be guided by its Investment Committee.

Throughout Q2 and Q3 2021, PCA developed the GFCR Investment Fund proposal for GCF consideration, which contemplated that the GCF would anchor the Investment Fund with a \$125 million

junior equity commitment. As part of the funding proposal, PCA procured letters of no-objection from 17 countries<sup>1</sup> in which investments would be potentially deployed. The Investment Fund proposal was approved by the GCF Board in October 2021.

Following completion of protocols, the Secretariat jointly initiated the development of the Memorandum of Understanding (MoU) with PCA. The MoU, anticipated for signature by March 2022, covers the GFCR partnership framework between the Grant Fund and Investment Fund including collaboration on pipeline development, safeguards, M&E, resources mobilization, communications, etc.

<sup>1</sup> Bahamas, Belize, Brazil, Colombia, Comoros, Ecuador, Fiji, Guatemala, Indonesia, Jamaica, Jordan, Mexico, Mozambique, Panama, Philippines, Seychelles, Sri Lanka,





# Policy & Knowledge Architecture

## Investment Principles

Led by the CFA and UNDP, in collaboration with PCA, a set of 10 general investment principles for the GFCR are being developed. Investment principles for individual sectors are also being elaborated along with supporting “Best Practices” documents. These will cover the following sectors:



## Monitoring & Evaluation

Throughout 2021, and anticipated for finalization in 2022, UNEP led the development of the GFCR's global M&E System supported by a comprehensive strategy and framework, including indicators and methodologies for monitoring the various investments made. The overall goal of the M&E Strategy is to monitor the impact, both positive and negative, of the funded interventions on the environment and on the livelihoods of coral reef communities. A draft M&E Strategy has been developed and is expected to be finalized in mid-2022 along with a toolkit to serve as a step-by-step process document to guide CAs through the project monitoring and reporting processes required by the M&E strategy.

The M&E System is being designed to be:

- **Participatory**, with an inclusive approach to actively engage a range of stakeholders, including community members in M&E activities;
- **Results-based**, to ensure that programmes monitor the achievement of clearly stated results in alignment with the Theory of Change; and
- **Adaptive**, to ensure the capacity to facilitate learning opportunities and incorporate adjustments to maximise positive project outcomes.

A key step to developing the M&E strategy has been the establishment of a Scientific and Technical Advisory Group for M&E. The STAG is currently composed of a diverse group of 31 experts with a range of expertise from coral reef ecology to socioeconomics and sustainable blue economy. The experts also represent various backgrounds, from leading academics to government officials and coral reef managers. The group is comprised of 14 women and 17 men, with 6 members from the “Global South”. An orientation session for the STAG will be organised in early 2022.



## Social and Environmental Safeguards and Gender Policy

### Risk Management System

Led by UNDP, the GFCR Risk Management System (RMS) will provide the Fund with a way to identify and mitigate programmatic, institutional, and contextual risks that might impact the Fund's performance and reputation – and ensure that financed activities maximize gains and minimize harm or losses at all levels of operations from global to local. Anticipated for finalization in mid-2022, the GFCR RMS will be linked to the GFCR Project Management Cycle, Social and Environmental Safeguards (SES) Policy, Gender Policy, as well as the Fund's M&E Framework.

### Social and Environmental Safeguards Policy

Led by UNDP and building on its gold standard SES policy, the GFCR SES Policy anticipated for delivery in May of 2022 will underpin the Fund's commitment to mainstream social and environmental sustainability directly in projects and deals. A grievance mechanism to address complaints or concerns about the Fund's operations will also be established.

### Gender Policy

Led by UNDP and building on its gold standard Gender Policy, the GFCR Gender Policy will ensure that gender equality and women's empowerment is at the heart of GFCR's mandate and actions. The GFCR Gender Policy, with links to the GFCR project management cycle, RMS, SES Policy and M&E Strategy, will be finalized in mid-2022.

## Knowledge Management and Capacity Development

### Knowledge Management System

The GFCR Knowledge Management System (KMS) is being developed by UNDP and CFA in collaboration with GFCR partners including UNEP. The KMS will drive the replication and scaling of GFCR successes, promote exchange, lessons learned and best practice sharing across a range of topics relevant to global GFCR programming and demonstrations, as well as establish new opportunities for the development, financing, and replication of reef-positive businesses at scale. The KMS will also be linked to GFCR's M&E system, Training and Capacity Development Programme, Communication Strategy, and wider outreach efforts. The KMS is expected to be finalized and launched at the end of 2022.

### Training and Capacity Development Programme

In close coordination with the GFCR Secretariat, UNDP and CFA, will develop this Programme during 2022 to support effective implementation of and compliance with the above articulated policies, standards and norms for adherence by the Grant and Investment Funds. Planned sessions include a CAs Webinar Series to introduce the GFCR policy architecture and its application.







# Convening a Powerful Coalition for Coral Action

## Members & Partnerships

Over the first year of operation, the GFCR made substantial progress in convening a powerful coalition of governments, philanthropies, institutional and strategic partners and like-minded institutions. The coalition members hold different but complementary roles in terms of mobilising resources, contributing to programme growth, as well as increasing Fund visibility.

At a global level, the Secretariat leads coordination of the coalition, including stakeholder engagement with public and private sector partners. Initial coalition partners include the Paul G. Allen Family Foundation; the Prince Albert II of Monaco Foundation; the Government of Germany; ICRI; UNDP; UNEP; and UNCDF. Over the course of 2021, the coalition expanded to include the Governments of the UK, Canada and France; PCA; the GCF; IUCN; and ORRAA.

### GFCR Coalition





## Resources Mobilised

The GFCR made substantial resources mobilisation progress over the course of 2021 by accelerating contributions and pledges to the Grant and Investment Fund totalling more than USD \$150 million. In June 2021, the UK launched the Blue Planet Fund at the G7 followed by a commitment of GBP £5 million to the GFCR. The UK announced a second allocation of GBP £1 million to the GFCR during the 26th United Nations Climate Change Conference (COP26) in November 2021. In July 2021, President Emmanuel Macron announced France's commitment of EUR €3 million to join the Fund. In November 2021, Prime Minister Justin Trudeau announced Canada's commitment of CAD \$6 million pledge to the Fund during COP26.

The GFCR Investment Fund also achieved substantial progress in capitalization in 2021. At its Board meeting in October 2021, the GCF approved a commitment of up to USD \$125 million in a junior equity tranche to the Investment Fund. As GCF's first at-scale private sector programme in the blue economy, the commitment is intended to de-risk investments for private investors at the fund level, thereby bridging the gap between public and private investors. GCF will serve as an anchor investor in the Investment Fund.

Over **USD \$150 million**  
Mobilised



Justin Trudeau ✓  
@JustinTrudeau



Officiel du gouvernement - Canada

Update from [#COP26](#): We're going to contribute to [@GlobalFundCoral](#) to help with protection and restoration. We're also going to invest in [@ORRAANews](#) to help small island developing states and coastal developing countries increase their resilience to the impacts of climate change.

5:26 PM · Nov 2, 2021 · Twitter for iPhone

198 Retweets 37 Quote Tweets 929 Likes



# Driving Awareness for Coral Reef Action

## Shaping the Global Narrative: Communications & Recognition

In 2021, the Secretariat led the development of the GFCR Joint Communications Strategy with the aim of positioning the Fund as a globally unified and integrated source of financing coral reef rescue. Throughout 2021, the GFCR Secretariat produced communications tools and materials to inform key stakeholders and support demonstration of GFCR's innovative blended finance approach, including the Fund Deck, Brochure, Branding Guidelines, Fund Profile Documents, and a GFCR Communications Toolkit.

Online, GFCR's increased presence raised awareness of its blended finance approach and actions for coral reefs. Eleven articles published on the GFCR website allowed the Fund to convey key achievements on partnership progress, relay news on new programmatic developments, and convey high level event plans. These online articles were supplemented by quarterly newsletters providing nearly 1,000 recipients an overview of GFCR progress and relevant updates. Aligned with visibility and awareness aims of the Communications Strategy, in 2021 the Secretariat launched social media channels for GFCR on Twitter, LinkedIn and YouTube.

## 2021 Social Media Engagement





## Raising Visibility & Awareness

The GFCR's strategy sets emphasis on the optimal use of opportunities, focusing on high-level or milestone events where decision-makers/target audiences are present.

In September of 2021, the GFCR Secretariat facilitated two key events. At the IUCN World Conservation Congress, the GFCR held the Reef-Positive Investment event, which showcased the Fund's innovative model, progress achieved over the first year since launch, as well as a new contribution announcement from France. Later, on the side-lines of the 76th United Nations General Assembly, a virtual side event was co-hosted with the UNCDF and the Joint SDG Fund showcasing innovative aspects of the Fiji programme, particularly how the programme is facilitating reef-positive blue economy through local community entrepreneurship.

In November, throughout the UNFCCC COP26, the GFCR showcased the power of blended finance for scaling climate adaptation and protection of marine ecosystems. Key events included:

- Flagship GFCR COP26 panel discussion hosted in the GCF Pavilion;
- GFCR co-hosted *Ocean & Finance: Blue Economy for Ocean Health* event;
- GFCR presentation on central stage at the Ocean Action Day hosted by the UNFCCC Secretariat;
- GFCR Interview Session on COPTV;
- UNFCCC Climate Champions, Race to Resilience feature article during COP26 titled '*First and only global blended finance instrument dedicated to coral reefs launches*'; and
- GFCR was also featured at the WWF Pavilion, the European Union Pavilion, the Ernest & Young Pavilion, and at the Commonwealth Pavilion.

In addition, the Fund was further recognized through articles and features during the reporting period, including:

- *Sixth GCRMN Status of Coral Reefs of the World: 2020* event held at the World Conservation Congress through the speech UNEP Executive Director, Inger Andersen;
- *Net zero is not enough – we need to build a nature-positive future* article published by The Guardian, co-written by UNDP Administrator Achim Steiner;
- GFCR feature article by Devex, '*Can this new fund save coral reefs before it's too late?*;' and
- Feature in the Convention on Biodiversity COP15 Action Agenda, emphasizing GFCR as tool to "help developing countries implement the post-2020 Global Biodiversity Framework".

In late 2021, the Secretariat further established a "Road to Lisbon and Beyond" plan outlining the GFCR's strategy for key international events in 2022, with emphasis placed on high-level moments and ambitions for the UN Ocean Conference to be held in Portugal in June-July, as well as the UNFCCC COP27 in Egypt.

**"By aligning its work with the goals of the Post-2020 Global Biodiversity Framework, the Global Fund for Coral Reefs can be a powerful tool for implementation, for tracking of progress towards global goals and targets for biodiversity, and for elevating awareness on our collective goals for a future with healthy and robust coral ecosystems."**

**Elizabeth Maruma Mrema,**  
*Executive Secretary of the Convention on Biological Diversity, September 2021*





# GFCR 2022 and Beyond Outlook

During 2021, GFCR focused on operationalization, structuring and launch of initial priority programmes. With the Grant Fund now fully operational and the Investment Fund established, the 'Reef-Positive Investment Ecosystem' will continue to expand and scale solutions for coral reefs. In addition, with the expected conclusion of the design of key policies and frameworks, including investment principles, the M&E framework, safeguards, gender and risk management; GFCR work will also concentrate on ensuring that currently approved and anticipated programmes integrate these into their programme designs and implementation.

In 2022 and 2023, GFCR will shift its efforts towards Grant Fund programmes development and implementation with aligned resources mobilisation efforts. Following the prioritized ecosystems and countries identified in the Investment Plan, anticipated 2022-2023 Grant Fund programmes include:



Brazil



Colombia



Dominican Republic



Indonesia (No. 2)



Mozambique



Seychelles



Sri Lanka



Gulf of Aqaba



Micronesia



Polynesia





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