

Global Fund for Coral Reefs – Capital Acceleration

**Call for Proposal (CfP)– Investment Funds Investing in Coral Reef-Positive
Businesses and Projects in the Pacific Small Island Developing States (SIDS)**

Funding: USD 2,000,000

Impact Focus: Coral Reef-Positive

Geographical Focus: Pacific SIDS

5 June, 2025

Application Deadline: 4 July, 2025



I. Introduction

Global Fund for Coral Reefs – Mandating entity

To mobilize action and resources for coral reef protection and restoration, the Prince Albert II of Monaco Foundation and Paul G. Allen Family Foundation—in partnership with the United Nations (UN)—developed the Global Fund for Coral Reefs (GFCR). The initiative is the first UN Multi-Partner Trust Fund for SDG 14, ‘Life Below Water’. Launched in 2020, the Fund is designed to raise \$740 million US dollars in capital by 2030.

To protect coral reefs and related biodiversity the GFCR has a dual focus:

- Facilitate the uptake of innovative financing mechanisms, including private market-based investments focused on coral reef conservation and restoration.
- Unlock financing for coral reef-related climate adaptation through the Green Climate Fund, multilateral development banks and other sources.

The GFCR serves as a blended finance vehicle to provide risk equity capital, debt and grant funding to deliver exciting and impactful projects. Grants and investments make it possible for the GFCR to deliver smart solutions at scale.

Catalytic Finance Foundation – Entity issuing the CfP

The Catalytic Finance Foundation (Catalytic) is a blended finance incubator, technical assistance manager, and catalytic capital provider dedicated to accelerating the design and deployment of innovative finance solutions for sustainable infrastructure. Its track record includes the creation of funds such as the [Subnational Climate Fund](#) (USD 750M), and its support in the creation of the [GAIA Climate Loan Fund](#) (USD 1.5BN) and the [Global Fund for Coral Reefs](#) Equity Fund (USD 500M) among others.

Catalytic is mandated by GFCR to contribute to its mission to enhance the resilience of coral reef ecosystems, communities, and economies by unlocking new public and private resources that accelerate sustainable business and finance solutions. Within this mandate, through the **Capital Acceleration modality**, Catalytic will support the GFCR in fostering early-stage funds/financial vehicles acting as aggregators to develop and grow reef-positive businesses in the Pacific Small Island Developing States. In order to do so, Catalytic will deploy junior capital into regional investment vehicles with portfolios of reef-positive businesses. By providing early, patient, and concessional capital with de-risking features, Catalytic aims to support regional actors to grow a reef-positive economy in the long term.

SDG Impact Finance Initiative – Partner entity issuing the CfP

For this CfP, Catalytic is partnering with the SDG Impact Finance Initiative (SIFI) to amplify the outreach to market and power up the selection process.

SIFI was launched to address the significant funding gap for the UN SDGs. The initiative seeks to unlock up to CHF 1 billion in capital by 2030 through innovative financing solutions and partnerships among various stakeholders, including public and philanthropic entities. SIFI aims to scale impact investment solutions by mobilising additional capital. To this end, SIFI has launched multiple calls for proposals to support impact investment funds focused on specific SDGs. SIFI is a critical partner for this Call for Proposal, hosting the online application process and amplification of the outreach in the capital market.

II. Background

The GFCR has identified that there are few regional investment funds covering the Small Island Developing States (SIDS) in the Pacific. The current landscape consists of funds that are typically smaller in size and in geographies that are considered riskier by international investors. There is a need to support early-stage regional actors to develop a portfolio of reef-positive businesses that can benefit SIDS in the Pacific.

In order to increase capital flowing into these reef-positive businesses, Catalytic aims to deploy junior capital into investment vehicles that invest in reef-positive businesses. By providing early-stage, de-risking capital, Catalytic aims to support regional actors to grow a reef-positive economy, addressing current bottlenecks in the flow of concessional finance to businesses. As a capital provider, Catalytic will make available concessional finance to for-profit and early-stage regional funds with portfolios consisting of businesses aligned with the GFCR sectors, coral reef resilience, and safeguards. The objective is to grow the financial ecosystem of actors that can develop reef-positive portfolios acting as financial intermediaries for global financial institutions.

Catalytic structures patient capital in line with GFCR objectives using financial instruments that provide the necessary flexibility to address the unique financial needs of new impact funds, ensuring that capital supports reef-positive outcomes while minimising financial risk. This approach allows these actors to focus on growth and impact as they seed new reef-positive businesses and seek additional investment from impact investors and global financial institutions.

Catalytic has conducted a comprehensive assessment of key actors through proactive engagement with regional stakeholders, including NGOs, private sector partners, and development agencies. The assessment involved consultation with existing funds and businesses, and identifying gaps in resources that could hinder their scaling potential.

Based on the assessment, this Call for Proposal seeks to identify an investment vehicle with a strong impact potential in line with GFCR's objective, which can absorb Catalytic's concessional capital to scale up their investment in coral reef-positive businesses in the Pacific SIDS.

III. Requirements and Application Process

3.1 Eligibility Criteria

Applications will be screened against the eligibility criteria on a pass/fail basis. To qualify, Candidates must meet all Eligibility Criteria. Failure to meet any single criterion or to provide clear evidence of compliance in the Expression of Interest (Eoi) will result in disqualification.

Eligibility Criteria	
0.1	The Eoi must adhere to the submission requirements.
0.2	The candidate must be a legally registered entity.
0.3	Track Record: The Candidate must have already invested in businesses, ideally as an asset manager.
0.4	Professional Experience: The Candidate's management team must demonstrate proven experience, with at least 10 years of senior-level expertise in asset management or other relevant roles.
0.5	Asset Class: The Candidate must target a specific asset class, such as Private Equity, Private Debt, Venture Capital, or Guarantees.
0.6	Target Fund Size: The Candidate must have a minimum target of at least US\$ 30 million and maximum US\$ 100 million.
0.7	Ticket Size: The fund should have a minimum ticket size of 500,000 USD and maximum of 25 million USD for investing in its portfolio investees.
0.8	GP Commitment: The GP must hold at least 1% of the total fund size at all times.
0.9	Fund Lifetime: The Fund's lifetime must be equal to or less than 12 years. If the Fund is structured as evergreen, Catalytic must receive its invested capital within 12 years.
0.10	Standards: The Fund's environmental and social (E&S) standards must meet at least the IFC Performance Standards and the ILO Fundamental Conventions.
0.11	First Close: The candidate must reach Fund's first close in maximum 12 months after award notice
0.12	Thematic Focus: The Fund must have at least 50% of its portfolio focus on investments in the blue economy.
0.13	Geographical Focus: The Fund must exclusively focus on countries on the DAC list of ODA. At least 50% of the fund's portfolio must directly benefit Pacific SIDS, as listed in Annex C. Priority will be given to funds with 100% regional focus.
0.14	Regional Engagement: The fund must demonstrate operational or governance presence in Pacific SIDS, through local staff, advisory partnerships, or board representation.
0.15	Readiness to Deploy: The Candidate must demonstrate soft commitments of at least 20% of the target fund size and provide a pipeline of three reef-positive transactions.
0.16	Documentation: The Candidate commits that all documentation, including the financial model, has been updated no later than 12 months ago.
0.17	Strategy Alignment Statement: Applicants must submit a one-page narrative describing how their fund's investment strategy contributes to one or more of the GFCR outcomes: Protect, Transform, Restore, Recover.
0.18	Alignment with GFCR Impact Sectors: Sustainable Ocean production, sustainable coastal development, and circular economy and pollution management. <ul style="list-style-type: none"> - <i>Sustainable Ocean Production:</i> Market-based initiatives that promote environmentally responsible fishing and aquaculture practices aimed at reducing extraction pressure on coral reefs. - <i>Sustainable Coastal Development:</i> Businesses that promote sustainable ecotourism, coastal infrastructure, and coral restoration. - <i>Circular Economy and Pollution Management:</i> Sustainable infrastructure and waste management to reduce pollution and sedimentation affecting coral reefs.
0.19	Reef Positive Eligibility: applicants provide a one-page summary on: <ul style="list-style-type: none"> ➤ Their internal reef-positive investment criteria ➤ Example pipeline deals ➤ Coral reef stressors or resilience levers addressed ➤ Local engagement strategy
0.20	GFCR Exclusion List: Annex B.

0.21	Applicants must commit to seeking support letter from the government of the countries where investments will take place.
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3.2 Submission Requirements

Candidates must prepare and submit their EoI in compliance with the following requirements:

Cover Sheet:

- Clearly state: “EoI Catalytic GFCR CA 2025”.
- Include the Candidate’s full legal name, official address, and website.

Submission Format:

- EoIs must be submitted as a single PDF document, not exceeding 10 megabytes (MB) in size.

Page Limits:

- EoIs must not exceed 10 pages including annexes, excluding cover page and forms.

Optional: Candidates may, in addition to the EoI, submit a pitch deck as a separate PDF document, provided it does not exceed 10 megabytes. This pitch deck will not be evaluated.

EoIs must be submitted exclusively through the SIFI website's [submission portal](#). Submissions made by any other method, such as email, will be disqualified.

The submission deadline is **4 July 2025 at 23:59 CEST**. EoIs will only be considered submitted if they are successfully uploaded to the SIFI website at or before the deadline. Submissions uploaded after the deadline will be disqualified.

Clarifications requests regarding this CfP must be submitted in writing to secretariat@catalyticfinance.org

For any technical issues related to the submission on the SIFI website's submission portal, please contact info@sdgimpactfinance.org.

3.3 Evaluation Criteria

Evaluation Criteria	Weight	Description with Sub-Criteria / Evaluation Indicators
1. Alignment with Positive Impact for Coral Reefs, GFCR’s Objectives and Investment Principles	30%	The portfolio of businesses supported by the financial intermediary must demonstrate a clear positive impact on coral reefs, such as pollution mitigation, reduced nutrient runoff, or support for sustainable coastal livelihoods. The portfolio must be aligned with the GFCR’s TOC (Theory Of Change – Annex D) and Investment Principles (Annex E), demonstrating that their investments contribute to reef conservation and sustainable development, while providing measurable environmental and social benefits.

		Evaluation indicators: <ul style="list-style-type: none"> - Clarity and strength of reef-positive investment thesis - Alignment with at least one GFCR outcome (Protect, Transform, Restore, Recover) - Target sectors consistent with Annex E (e.g., fisheries, waste management, ecotourism) - Quantitative targets and KPIs linked to coral reef health or associated community benefits - Portfolio demonstrates a focus on climate resilient coral reefs
2. Quality of the Approach	10%	<p>(i) Evidence of well-defined and thoughtful fund management process which is aligned with the objectives of GFCR; (ii) Approach to how to structure in concessional capital in the fund in various possible forms and demonstrate strategy on how to use such concessional capital from GFCR to increase target impacts of GFCR's concessional capital; (iii) Approach to identifying and mitigating risks; (iv) Methods of pipeline generation and stakeholder engagement; (v) Flexibility in adapting to changing market conditions/ needs of target businesses/projects; (vi) Demonstrated knowledge and understanding of the private sector's needs and constraints, and how to manage key stakeholders along the value chains; (vii) Clear metrics and methodologies for tracking and reporting on the fund's impact on coral reefs.</p> <p>Evaluation indicators:</p> <ul style="list-style-type: none"> - Concessional capital strategy is well-articulated - Robust risk assessment and mitigation logic - Credible pipeline sourcing strategy - Adaptive fund design to respond to context changes - Impact monitoring plan (tools, frameworks, KPIs)
3. Firm Experience & Team	20%	<p>a. Track Record: Demonstrated success in managing investment funds or platforms targeting coral reef-positive businesses benefiting SIDS. b. Team competence: Relevant experience of the proposed dedicated team, particularly the Team Leader. c. Network of actors: Established connections with key actors relevant to the defined scope. d. Geographic expertise: Extensive experience with SIDS, especially in the Pacific.</p> <p>Evaluation indicators:</p> <ul style="list-style-type: none"> - Previous funds launched and managed (especially in relevant geographies or sectors) - CVs of team members with specific experience in blended finance or reef-positive investments - Presence of regional advisors or in-country partners - Clear management structure and role allocation
4. Governance	5%	<p>Good governance practices, including transparency, accountability, and alignment with GFCR's adopted standards. - Strong governance practices, including transparency, accountability, and ethical conduct. - Alignment with Environmental, Social, and Governance (ESG) standards set out by GFCR. - Clear reporting structure, which can be agreed upon concretely later in the process.</p> <p>Evaluation indicators:</p> <ul style="list-style-type: none"> - Defined IC and oversight structure

		<ul style="list-style-type: none"> - Conflict of interest policies in place - ESG implementation plan (not just policy alignment) - Proposed reporting cadence and disclosure commitments
5. Financial Sustainability	10%	<p>Applicants must present a sound financial plan, showcasing their capacity for revenue generation and the sustainability of their operations. - Demonstrate an existing portfolio demonstrating a clear robust IRR from investees - If the fund is new, a plan that demonstrates how a robust IRR will be achieved based on market factors, investment strategies etc. - If an investment company, details on how they structure investments into their portfolio, how dividends are distributed and specific details about capital stacks (or other instruments) for investors should be included - Realistic projections and a clear exit strategy for all investments, past and potential - Description on the fund's past financial performance, if applicable.</p> <p>Evaluation indicators:</p> <ul style="list-style-type: none"> - Historic vs projected IRRs - Financial model robustness and logic - Capital structure (e.g., blend of equity/debt, fee structure) - Exit plan for GFCR's capital layer
6. Scalability	10%	<p>The ability to structure a portfolio across multiple geographies or replicate it to achieve larger reef-positive outcomes will be a key consideration, with demonstrated ability to replicate funds and demonstrated networks and proven capability to fundraise for follow-on investment and/or raise catalytic junior capital.</p> <p>Evaluation indicators:</p> <ul style="list-style-type: none"> - Demonstrated capacity to scale across Pacific SIDS or similar markets - Evidence of past replication or scalability logic - Fundraising record for future fund vintages - Institutional absorptive capacity and fund ops scale
7. Fundraising Ability	10%	<p>Demonstrated networks and proven capability to fundraise for your investment funds or platforms.</p> <p>Evaluation indicators:</p> <ul style="list-style-type: none"> - Capital raised to date vs target - Number and type of investors (especially private) - Blended finance co-investor relationships - Pipeline of anchor or strategic commitments
8. Financial Proposal	5%	<p>Competitive management fees aligned with GFCR's criteria to ensure value for money, built-in flexibility, and approach for aligning and optimizing impact of the fund.</p> <p>Evaluation indicators:</p> <ul style="list-style-type: none"> - Fee structure (e.g., management fee % and carried interest) - Cost-efficiency relative to fund size and structure - Inclusion of impact-linked incentives or fee reductions

Annex A: About the Fund

Fund Size & Structure:

- **Target Size:**
 - Total fund size should ideally be within the \$30-\$100 million range.
 - All proposals should state the AUM to-date when available
 - Exceptions may be considered for funds with a compelling strategic fit, GFCR's junior capital's additionality, and demonstrated potential for impact.
- **Type of Investment:**
 - Preference for funds with experience handling equity, quasi-equity and recoverable grants as capital investment.
 - The fund should also have verifiable experience handling long-term small-scale investments.
- **Fund Profile/Characteristics:**
 - All relevant information below should be stated in the proposal:
 - Fees: All details regarding fees (management, carry)
 - Age: The inception date of the fund, targeted period of investment
 - Target Design: Investment strategy, mandate, style, asset allocation
 - Portfolio: holdings, diversification, risk profile, exist strategy
 - Use of junior capital and its additionality

Annex B: GFCR Exclusion List

The Global Fund for Coral Reefs does not finance, directly or indirectly, category A (high-risk) projects, including projects involving the following:

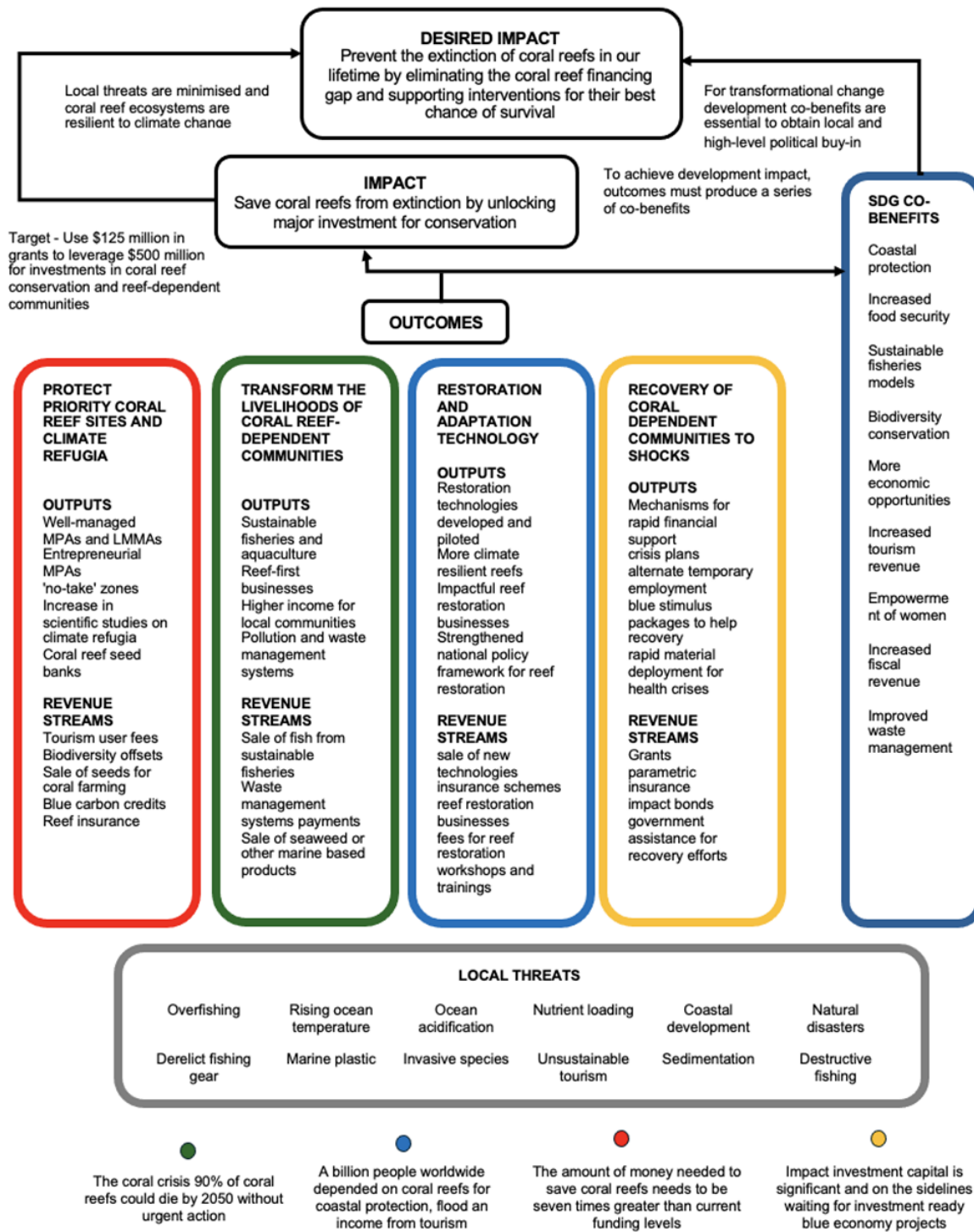
GFCR ESMS Exclusion criteria	
1	Activities with significant adverse environmental and social risks that are diverse, irreversible or unprecedented
2	Non-legal and non-sustainable waste projects, including
2.a	Transboundary movements of waste prohibited under international law, unless compliant with the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal and underlying regulations; and
2.b	Large unsorted municipal waste incineration projects
3	Large Hydro projects (> 100 MW) and projects including dam construction and run-of-river hydro
4	Projects involving large physical resettlement (more than 200 persons affected) or involuntary resettlement
5	Activities prohibited by host country legislation or international conventions relating to the protection of biodiversity resources or cultural heritage
6	Destruction of High Conservation Value areas or areas with major biodiversity
7	Projects affecting negatively indigenous people
8	Projects spoiling cultural heritage
9	Projects which result in depriving people's individual rights and freedom, or violation of human rights;
10	The production of, or trade in, any product or activity deemed illegal under host country (i.e. national) laws or regulations, or international conventions and agreements, or subject to international phase out or bans, such as:
10.a	Production of or trade in products containing PCBs
10.b	Production of or trade in pharmaceuticals, pesticides/herbicides and other hazardous substances subject to international phase-outs or bans
10.c	Production of or trade in ozone depleting substances subject to international phase out
10.d	Trade in wildlife, production of or trade in wildlife products regulated under CITES
10.e	Trade in goods without required export or import licenses or other evidence of authorization of transit from the relevant countries of export, import and, if applicable, transit
11	Production or trade in weapons and munitions
12	Production or activities involving harmful or exploitative forms of forced labour or child labour as defined in the ILO core labour standards
13	Production of cosmetics etc. involving testing on animals
14	Commercial logging operations for use in primary tropical moist forests
15	Production of wood or wood products other than from sustainably managed forests (enterprises with less than 50% FSC-certified production are excluded)
16	Any business activity involving pornography
17	Production or distribution of racist, anti-democratic and/or neo-Nazi media
18	Production or trade in alcoholic beverages (excluding beer and wine)

19	Production or trade in tobacco
20	Gambling, casinos and equivalent enterprises
21	Production or trade in radioactive materials
22	Production or use of or trade in unbonded asbestos fibres or asbestos-containing products
23	Drift net fishing in the marine environment
24	Shipment of oil or other hazardous substances in tankers which do not comply with IMO requirements

Annex C: List of Pacific SIDS

Name of the country
Cook Islands
Fiji
Kiribati
Marshall Islands
Micronesia (Federated States of)
Nauru
Niue
Palau
Papua New Guinea
Samoa
Solomon Islands
Timor-Leste
Tonga
Tuvalu
Vanuatu

Annex D – GFCR Theory Of Change



Annex E – GFCR Investment Principles

Version: July 2022

1. Integrated Systems Approach

The GFCR takes a *systems approach*¹ to develop its finance instruments, geographical and sectoral focus, partnerships, and programming, which fully recognizes and builds on the ecological, economic, political, and social connectivity of *coral reefs*, associated ecosystems, and dependent communities.

2. Positive Impact

GFCR supports *interventions* that seek to achieve measurable positive impacts in resilient coral reef ecosystems in *developing economies* towards one or more of the four GFCR outcomes, and which also contribute to measurable impacts on additional SDG targets.

The four GFCR outcomes include:

1. Protect - a) Strategic coral reefs are protected, and ecosystem resilience is increased in the face of climate change; b) Drivers of coral reef ecosystem degradation are mitigated or eliminated.
2. Transform - Coastal societies transition away from dependency on coral reefs and activities that degrade coral reefs towards sustainable resilient livelihoods and economic activities.
3. Restore - Coral reef restoration and adaptation technologies are made scalable, cost-efficient, and applicable to a variety of regional contexts, with proven outcomes for ecological and social resilience.
4. Recover - Reef-associated community livelihoods are more resilient to shocks, avoiding a resurgence of drivers of degradation for coral reef ecosystems. MPA management and enforcement operations are equipped to continue functioning during periods of crisis.

3. Blended Finance

The GFCR utilizes a *blended finance* approach that seeks to optimize the positive impact of coordinated public, philanthropic, private, and innovative finance by increasing co-financing leverage, reducing risk, enhancing enabling conditions, and building concrete *reef-positive* investments and market-based finance solutions that achieve sustainable impact.

4. Sustainability and Replication

The GFCR supports *interventions* that implement or seek sustainable solutions for coral reefs and associated communities including long-term access to finance, technology transfer, building local management and governance capacity, enhancing ongoing support for *sustainable resilient livelihoods*, and replicating or scaling these solutions where feasible.

5. Effective Governance Systems

GFCR supports *interventions* that contribute to effective governance (political, regulatory, institutional, corporate, and customary) of coral reefs and the *zone of influence* including governance by and for *associated communities*.

6. Use Evidence-based Decision Making

¹ All words and phrases in italics are defined at a later part of this document.

The GFCR applies *evidence-based decision making* in combination with the *precautionary principle* to assess and mitigate risk, promote equitable and long-term solutions, and work to deliver measurable net benefits to coral reef ecosystems and *associated communities*.

7. Partnerships and Community Empowerment

The GFCR supports *interventions* that: build on diverse and effective partnerships among coral reef stakeholders; strengthen local capacity; link traditional knowledge and science; and promote long-term *community stewardship* of coral reef ecosystems, marine natural capital, and associated *sustainable resilient livelihoods*.

8. Equitable Outcomes

The GFCR supports *interventions* with positive and equitable outcomes and that promote gender equality and the empowerment of women and protect the rights of *stakeholders* particularly *indigenous peoples and local communities* and regardless of gender, ethnicity, culture, political or socioeconomic status.

9. Transparency and Accountability

The GFCR takes a leadership role in exemplifying good governance and transparency and takes reasonable efforts to make available accurate information in a timely manner concerning payments to government, government and community contracts and agreements, investments, grants, activities, and impacts through periodic reports, publications, and other disclosures.

10. Monitoring, Evaluation, Knowledge, and Adaptive Management

The GFCR follows adaptive management approaches and works to openly share results, lessons learned, and other information with partners and the coral reef community through the GFCR M&E and knowledge management systems.

Key Definitions

Associated communities – Women and men² in communities that derive direct environmental, social, political, and economic benefits from coral reefs or have significant measurable direct or indirect positive or negative impacts on coral reefs. Connectivity within the *zone of influence* requires the GFCR to take a regional approach.

Blended finance - Blended finance is “the use of catalytic capital from public or philanthropic sources to increase private sector investment in sustainable development.” Convergence

Community stewardship - Community stewardship is a way of empowering local communities to take a more active role in sustaining the natural resources on which they depend. [IUCN - A Reef Manager's Guide to Fostering Community Stewardship](#)

Coral reef positive / Reef-positive – Interventions that contribute to coral reef health, coverage, and resilience, support associated communities, or otherwise mitigate local or global drivers of reef degradation. These interventions can include finance, business activities, and finance instruments.

Coral reefs – Warm-water shallow (up to 100m) biogenic coral reefs and associated ecosystems which generally include mangroves and seagrass ecosystems.

Developing economies – Non-Annex 1 ([UNFCCC](#)) and Official Development Assistance (ODA) eligible countries as identified by the [OECD](#).

² “Women and men” is a short version of “women and men from different backgrounds including age, sexual orientation and identity, ethnicity, religion, ability, etc”.

Evidence-based decision making – “a process for making decisions about a program, practice, or policy that is grounded in the best available research evidence and informed by experiential evidence from the field and relevant contextual evidence.” (CDC

https://vetoviolence.cdc.gov/apps/evidence/docs/EBDM_82412.pdf)

GFCR - The full structure of the Global Fund for Coral Reefs, which refers to the administrative and legal entities of the Grant Fund and Equity Fund, as well as the *interventions* financed by the GFCR.

GFCR interventions - The actions, financing, and impacts of the GFCR including interventions by all the organizations and individuals directly engaged in the GFCR’s initiatives through contracts, partnerships, financial arrangements, and other agreements.

Indigenous peoples and local communities (IPLCs)

(i) Indigenous peoples: “Indigenous communities, peoples and nations are those which, having a historical continuity with pre-invasion and pre-colonial societies that developed on their territories, consider themselves distinct from other sectors of the societies now prevailing on those territories, or parts of them. They form at present non-dominant sectors of society and are determined to preserve, develop and transmit to future generations their ancestral territories, and their ethnic identity, as the basis of their continued existence as peoples, in accordance with their own cultural patterns, social institutions, and legal system. (Cobo 1981, as quoted by the [UN](#), ICCA Consortium ‘Territories of Life’ report, 2020). (ii) Local Communities: communities whose identities, cultures, knowledge systems, practices and livelihoods are closely linked to and embedded in their collective lands and areas. (CBD 2013, UNEP/CBD/WG8J/8/INF/10/Add.1 17 September 2013)

Precautionary principle - Where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation. [1992 Rio Declaration on Environment and Development](#)

Sustainable resilient livelihoods - Livelihoods comprising, “the capabilities, assets (including both material and social resources) and activities required for a means of living - are sustainable and resilient when they can cope with, and recover from, stress and shocks and maintain or enhance their capabilities and assets both now and in the future, while not undermining the natural resource base” (Chambers & Conway, 1991). as cited in

https://www.unisdr.org/files/16771_16771guidancenoteonrecoveryliveliho.pdf

Systems approach – can be defined as “a set of processes, methods and practices that aim to effect systems change.” (OECD, 2017, Systems Approaches to Public Sector Challenges: Working with Change, OECD Publishing, Paris, https://www.oecd.org/en/publications/systems-approaches-to-public-sector-challenges_9789264279865-en.html.) The systems approach is built on systems thinking which is defined as “an interconnected set of elements that is coherently organized in a way that achieves something... A system must consist of three kinds of things: elements, interconnections and a function or purpose” (Meadows, Donella H., 2008, Thinking in Systems: A Primer. White River Junction: Chelsea Green Publishing. See <https://thesystemsthinker.com/systems-thinking-what-why-when-where-and-how/>).

Zone of Influence - The geographic area containing socio-economic systems and activities that generate roughly 80% of the direct impact (positive and negative) on target GFCR coral reefs.

Selected Bibliography

[The Sustainable Blue Economy Finance Principles](#), UNEP-FI

[Principles for a Sustainable Blue Economy](#), WWF Baltic Ecoregion Programme

[Turning the Tide: How To Finance A Sustainable Ocean Recovery](#), UNEP-FI

[The Ocean Finance Handbook](#), Friends of Ocean Action

[Sharing the seas: a review and analysis of ocean sector interactions](#), Crona, B., et. al. (2021)

These Principles were developed by the Global Fund for Coral Reefs with support of the Conservation Finance Alliance in collaboration with the United Nations Development Programme and all other GFCR partners. Please send comments or questions to David Meyers at david@cfalliance.org.

Sector-Specific Investment Principles

Final Draft May 22, 2022

Prepared by the Conservation Finance Alliance and UNDP with support of the GFCR UN Global Team, Pegasus Capital Advisors, GFCR Partners and other colleagues.

For suggested revisions or further information contact David Meyers David@CFAlliance.org.

1. Fisheries
2. Ecotourism
3. Aquaculture
4. Solid Waste
5. Wastewater
6. Finance Partners
7. Area-based Conservation
8. Coral Restoration
9. Blue Carbon

Introduction

The following Sector Investment Principles for the Global Fund for Coral Reefs are provided as guidance for GFCR Convening Agents and Implementation Partners as well as all financial partners of the GFCR. They are meant to complement the GFCR General Investment Principles which are designed to be followed comprehensively. These Sector Investment Principles are designed to provide ideas and suggestions rather than comprehensive adherence. Each set of investment principles will be supported by a Best Practice Guide that further develops each principle and adds practical application information and links to additional resources. These sector guides will be released over the course of 2022 and shared on the GFCR knowledge system. Pegasus Capital Partners has established their investment principles that includes additional sectors.

1. Fisheries

1. Sustainable and Ecosystem-Based Fishery Management

The GFCR supports *interventions* that contribute to the sustainable management of reef fisheries, including gleaning, and coral associated ecosystems with an emphasis on *Ecosystem-Based Fishery Management*.

2. Enhance Local Capacity for Adaptive Fisheries Management

The GFCR supports *interventions* that build and maintain local capacity for adaptive management of sustainable fisheries including best practices for fishing techniques, scientific monitoring, peer-to-peer knowledge sharing, and other aspects of effective governance.

3. Effective Control and Surveillance

The GFCR supports *interventions* that enhance effective control and surveillance systems on fisheries equipment, fishing zones, quotas, and other regulations that are essential to achieving and maintaining sustainable reef fisheries activities.

4. Supply Chain Traceability

The GFCR supports *interventions* that provide supply chain traceability by establishing or supporting effective systems to track seafood products back to source fisheries with the goal of ensuring sustainability and providing timely traceability information to key parties.

5. Sustain or Improve Reef-derived Food Security

The GFCR supports *interventions* that sustain or improve reef-derived food security through enhanced fisheries sustainability and avoiding food waste (e.g. refrigeration, transport, and other supply chain enhancements) or provide sustainable alternative sources of food production that reduces pressures on the reef ecosystems.

6. Support fisher's economic health and resiliency

The GFCR supports *interventions* that enhance reef fishers' livelihoods and long-term support including integration into the formal economy and access to capital, markets, insurance, compensation for sustainable fishing transitions, and other means to assure economic health and resiliency.

These principles were reformulated from primarily [“The Principles for Investment in Sustainable Wild-Caught Fisheries”](#) as well as other sources including FAO voluntary guidelines for small scale fisheries.

2. Ecotourism

1. Adhere to the definition of Ecotourism

GFCR financing supports *interventions* that are in line with the following standard definition of ecotourism, as defined by the World Trade Organisation (WTO):

- All nature-based forms of tourism in which the main motivation of the tourists is the observation and appreciation of nature as well as the traditional cultures prevailing in natural areas.
- It contains educational and interpretation features.
- It is generally, but not exclusively organised by specialised tour operators for small groups. Service provider partners at the destinations tend to be small, locally owned businesses.
- It minimises negative impacts upon the natural and socio-cultural environment.
- It supports the maintenance of natural areas which are used as ecotourism attractions by: a. Generating economic benefits for host communities, organisations and authorities managing natural areas with conservation purposes;
b. Providing alternative employment and income opportunities for local communities;
c. Increasing awareness towards the conservation of natural and cultural assets, both among locals and tourists.

<https://www.unwto.org/sustainable-development/ecotourism-and-protected-areas>

2. Support Sustainable Supply Chains

The GFCR supports *interventions* that use tourism services, operations, infrastructure, and procurement to develop and strengthen local sustainable supply chains as part of their business operations.

3. User Pays Mechanisms

Where appropriate, the GFCR supports *interventions* that develop user pays mechanisms to financially contribute to one or more of the four Fund outcomes.

4. Sustainability Standards

The GFCR supports *interventions* that at the minimum, can demonstrate voluntary operating standards that are similar to existing sustainability standards for ecotourism operators³, and have preferably already received or plan to receive accreditation from one or more sustainability certification programs.

3. Aquaculture

1. GFCR supports aquaculture that seeks to achieve at least one of the following objectives:

- Alternative Livelihoods - promote *sustainable aquaculture* as an alternative livelihood and/or food source for coral reef associated communities to take pressure off overfished or damaged reef resources.

³ e.g. Global Sustainable Tourism Council <https://www.gstcouncil.org/>

- Impact Mitigation - promote sustainable aquaculture (including ocean ranching) as an alternative to unsustainable or coral reef harmful aquaculture and fisheries if the investments remove or reduce the harmful aquaculture or fishing activities.
- Restorative Mariculture - as part of a restoration program or conservation program that restores or protects key coral reef ecosystems (e.g., bi-valves, sea cucumbers, or herbivorous fish for water quality and ecosystem health).

2. Ecologically responsible

The GFCR supports *interventions* that develop, enhance, or scale aquaculture 1) with a preference for developing native species aquaculture systems (over non-native species) and 2) that target both feed and aquaculture products on lower trophic levels to support ecological and energetic efficiency.

3. Follow species-level guidance or certification

The GFCR supports *interventions* that follow best practices for aquaculture within coral reef zones of influence as outlined by the Reef Resilience Network or are certified sustainable by the Aquaculture Stewardship Council. Ocean ranching activities should also follow the sustainable fisheries principles of the GFCR.

4. Solid Waste

1. Follow Circular Economy Approaches

The GFCR supports *interventions* that build on the circular economy concepts of reduce, reuse, and recycle with regards to solid waste materials in coral reef zones of influence including regulatory approaches such as extended producer responsibilities.

2. Integrated Waste Management Approach

The GFCR supports *interventions* that build on integrated approaches towards waste generation, collection and transport, treatment, conversion, disposal, and remediation in coral reef zones of influence. This can include remediation of historically polluted sediment.

3. Empowering or integrating informal waste participants

The GFCR supports *interventions* that empower or integrate informal participants of the waste management system into their operations and decision-making processes prioritizing safe working conditions, fair wages, gender equity, and elimination of child labor practices.

4. Solid waste avoidance and removal from coral reefs

The GFCR supports *interventions* that seek to avoid the accumulation of plastics and other solid waste on coral reefs or that remove existing waste from priority coral reefs and associated ecosystems (e.g., ghost fishing gear and other plastics).

5. Combine public, private and community models

The GFCR supports *interventions* that use a combination of public, private, cooperative, and community / informal models for solid waste management and infrastructure development at different scales.

6. Engage with globally recognized plastic waste reduction initiatives

The GFCR encourages partners to engage with existing global and local plastic and other waste reduction commitments such as those provided in the best practices guidance.

5. Wastewater

1. Community Awareness

The GFCR supports *interventions* that raise awareness among key stakeholder groups on the negative environmental, social, and economic impacts of wastewater pollution on coral reefs and on reef associated communities.

2. Ecosystem-based regulations, standards, or economic instruments

The GFCR supports *interventions* that establish and adopt ecosystem-based regulations, standards, or economic instruments (user pays / polluter pays) to improve outcomes for coral reefs and associated communities.

3. Combine public, private and community models

The GFCR supports *interventions* that use a combination of public, private, cooperative, and community / informal models for wastewater management and infrastructure development at different scales.

4. Policy and management supported by data

The GFCR supports *interventions* that ensure policy and management decision-making is supported by sound data and analysis including risk assessments, economic analysis, and technical water monitoring.

5. Control both point and nonpoint source pollution

The GFCR supports *interventions* that implement policies and develop infrastructure to capture and reduce both point and nonpoint water pollution including innovations and effective management of

public and private waste treatment and septic systems, agricultural runoff, stormwater runoff, and others, to limit discharge into coral reefs.

Synthesized/adapted from <https://www.unep.org/resources/report/wastewater-pollution-coral-reefs-science-policy-brief-managing-wastewater-support>

6. Finance Partners

1. Access to Capital in support of GFCR outcomes

The GFCR supports *interventions* that provide access to capital, financial services, and insurance products for reef-positive economic sectors and reef associated communities towards enabling achievement of the GFCR's fund outcomes.

2. Innovative and Effective Product Design

The GFCR supports microloan, investing, insurance, and banking products tailored to the specific needs of reef-positive economic sectors and reef associated communities through effective collaboration, innovative design, and adaptive management including building capacity for financial institutions and structures to provide rapid response to climate and other shocks.

3. Build knowledge, awareness, and implementation capacity of financial institutions & communities

The GFCR supports *interventions* that build knowledge, awareness, and implementation capacity for financial institutions catering to reef positive businesses and for reef associated communities regarding financial tools such as budgeting, lending, insurance, savings, and other basic business principles.

4. Financial institutions track impact

The GFCR supports *interventions* and financial entities that develop and maintain the capacity to track impact on coral reefs and associated ecosystems.

5. Financial institutions adherence to GFCR Principles

The GFCR supports *interventions* that encourage receiving parties and partners to adhere to general and sector-specific GFCR principles based on their market and investment activities.

7. Area-based Conservation

Marine Protected Areas (MPA) and Other Effective area-based Conservation Measures (OECMs)

1. Coral reef conservation, connectivity, and resilience

The GFCR supports interventions for coastal and marine protected areas (MPAs) and Other Effective area-based Conservation Measures (OECMs) that optimize priority coral reef conservation, connectivity, and resilience.

2. Effective Area-based Conservation Management

The GFCR supports interventions for area-based conservation that meet or plan to meet the following criteria within 5 years of initial investment;

- a. Are Highly or Fully Protected as according to the 2021 MPA Guide framework. Supporting Lightly or Minimally Protected areas is encouraged if the financing objective relates to GFCR outcomes Transform, Restore, and Recover.
- b. Are legally gazetted or the equivalent indigenous or traditional authorization or customary recognition.
- c. Have clearly defined boundaries that are known by the relevant stakeholders.
- d. Have an activated management plan that includes specific governance and administrative structures for management, implementation, sustainable financing, and adaptive management.
- e. Have regulations that are known amongst users and are actively enforced.

These criteria are largely based on the 2021 MPA Guide. Grorud-Colvert et al. 2021 The MPA Guide: A framework to achieve global goals for the ocean, *Science*, 373:1215.
<https://www.science.org/doi/10.1126/science.abf0861>

8. Coral Restoration

1. Resilient Restoration Sites

The GFCR supports interventions for coral restoration that occur in sites likely to provide long-term coral resilience and connectivity, take action to reduce local stressors, and provide effective protection.

2. Long-term integrated reef management plan

The GFCR supports restoration *interventions* in sites that either have or plan to develop and implement long-term integrated reef management plans.

3. Cost efficient and impactful restoration methodologies

The GFCR supports *interventions* that, according to evolving best practices, implement cost effective, scalable, and impactful coral restoration methods and species providing long-term coral resilience, responding to specific threats and associated restoration goals including connectivity, heat tolerance, providing ecological value and coral reef diversity, and encouraging innovation.

4. Local stakeholder engagement and benefits

The GFCR supports *interventions* that leverage local stakeholder and traditional knowledge of the target reef systems, drive the benefit of restoration projects towards women and men in reef associated communities, and build local capacity.

5. Sustainable Finance

The GFCR supports *interventions* that identify and assure viable sustainable financing for restoration and long-term site management and maintenance with preference for replicable finance solutions based on user pays or polluter pays principles.

9. Blue Carbon

1. Connection to Target Coral Reefs

The GFCR supports blue carbon projects that enable conservation, restoration, or enhanced resilience of reef associated ecosystems such as mangroves and seagrass beds that have documented ecological connectivity with focal coral reef areas. Other land-based carbon offset projects that target reduced sedimentation or water quality improvements can be supported only with direct documented impacts on target coral reefs.

2. Long-term Conservation Areas

The GFCR supports blue carbon projects that are part of long-term legally protected area-based conservation sites (MPAs and OECMs).

3. Certified Credits

The GFCR supports interventions that will register offsets via an internationally accredited carbon certification program such as Verra, Plan Vivo, the Gold Standard, and others⁴.

4. Benefits Reef Associated Communities

The GFCR prioritizes blue carbon conservation and restoration projects that employ or benefit reef associated communities.

5. Financing Area-based Conservation

The GFCR prioritizes blue carbon projects that contribute to the financial sustainability of area-based conservation of coral reefs.

*List of Acceptable standards and methodology for Blue Carbon: in development

⁴ See Figure 8 in https://www.iucn.org/sites/dev/files/content/documents/2021/manualbluecarbon_eng_lr.pdf