




GLOBAL FUND FOR CORAL REEFS



Preparatory Grant – WCS Kenya and Tanzania

Programme Title: Preparatory Grant for Sustainable financing for coral reefs on the Kenya - Tanzania border	Recipient Organisation(s): Wildlife Conservation Society
Programme Contact: Simon Cripps, Executive Director, Marine Conservation, WCS scripps@wcs.org	Programme Location: Kenya and Tanzania Trans-Boundary Conservation Area
Programme Description: The preparatory grant will be used to by WCS as the convening agent to partner with Okavanga Capital Partners, Conservation Capital and a range of local and specialist actors in the field of conservation finance to catalyse a pipeline of projects to promote coral reef ecosystem resilience and sustainable development of reef-dependent communities in proximity to the Kenya/Tanzania Trans-Boundary Conservation Area.	Total Preparatory Grant Costs: USD 100,000
	Proposed Project Start Date: 1 March 2021 Proposed Project End Date: 10 May 2021
Key expected outputs <ul style="list-style-type: none">- Full Programme Proposal submitted to the GFCR Executive Board in May 2021- Key elements to be included in the full Programme Proposal: (a) Presence of resilient reefs; (2) Blended Finance to promote sustainable revenue streams with positive impact on coral reef ecosystems and dependent communities; (3) Consortium of partners convened by WCS; (4) M&E Strategy; (5) Budget and workplan tied to clear milestones	
Signature of Receiving Organisation – Wildlife Conservation Society: *To confirm the organisation’s approval of the programmatic document, please sign and date below. Print: Name <u>Simon Cripps</u> Title <u>Executive Director, Marine Conservation, WCS</u> Signature <u></u> Date <u>18 March 2021</u>	



Summary Page

Partners:	Dr Simon Cripps, Dr Ray Victorine, Dr Jennifer O’Leary – WCS Giles Davies - Conservation Capital Josep Oriol – Okavanga Capital Partners
Advisors	Nicolas Pascal – Blue Finance, and local NGOs tbd
Convening Agent:	Wildlife Conservation Society
Funding sought:	US\$100,000

Conservation importance of the area

The focal area of the project including the Trans-boundary Conservation Area (TBCA) stretches from north of Malindi in Kenya to Dar Es Salaam in Tanzania and totals 2,752 km². Past and future projections of coral bleaching suggest this region is at a lower risk to climate change than surrounding locations in the Western Indian Ocean due to run-off through a deep coastal basin providing thermal stability. The region is rich in biodiversity and is characterized by fringing reef, mangroves, rocky shores, seagrass beds, intertidal reef flats, muddy or sandy flats, and a range of iconic species. Multiple MPAs exist within the TBCA.

Problem statement

The coral reefs within the TBCA are of key importance to the livelihoods of the coastal peoples of Kenya and Tanzania. In Kenya, threats to the reefs include fisheries overexploitation, destructive fishing practices, habitat degradation, uncontrolled development, plastic and wastewater pollution. In Tanzania, destructive fishing (specifically dynamite fishing), sedimentation from coastal run-off, habitat loss, climate change and coastal development are key local threats.

Theory of change

Financial incentives and blended finance, including concessionary loans and impact investment, will unlock new capital to protect key coral reefs through the reduction of threats from fisheries overexploitation, pollution and habitat loss. As the convening agent WCS will partner with Okavanga Capital Partners, Conservation Capital and a range of local and specialist actors in the field of conservation finance such as Blue Finance to design a funding pipeline which will include a range of innovative funding and investment solutions to form a vehicle around which a fund can be built. The vehicle or pipeline will mobilize and structure finance. The pipeline will include an investment strategy, a vehicle, capital structure and a means to seek and appraise investments matched to projects that make an important and discernible positive impact on coral reef integrity and health.

Example opportunities

Whilst the specific opportunities for investment will be determined during the design phase of the pipeline and tested during the implementation phase, several example projects and sectors of work indicate that the area has considerable potential for both attracting funding and achieving significant coral reef conservation aims. Sectors in the region include: tourism / ecotourism; blue carbon – mangroves and sea grass; coastal infrastructure – ports and defences; waste – particularly plastic recycling and other waste disposal; fisheries – small-scale, coastal; and aquaculture.

Projects that initially show potential include:

- Sustainable financing facility: collaborate to innovate new projects and approaches for conservation and provide revenue streams for local communities.



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- Community plastic recycling in the Mombasa MPA: collect and recycle plastic, to create incentives for sustainable income and clean reefs.
- Empowering small-scale fishers to access markets: empowerment of fishers to access markets, while ensuring safeguards.
- Blue carbon in Vanga (Kenya) and Mkinga (Tanzania): protect and restore mangroves and seagrass in locally managed marine areas (LMMAs) selling certified offsets as a profit.
- Marine aquarium at a major public beach to educate public, create awareness, and generate revenue.



Concept Note

FACT SHEET _____

Title of the proposed Programme:
Sustainable financing for coral reefs on the Kenya - Tanzania border

Lead Entity: Wildlife Conservation Society

Date: 26 Jan 2021

Lead contact person: Dr Simon Cripps (WCS Executive Director of Global Marine Program)

Other participating entities and contact persons:

- WCS Global Coral Reef Team - Dr Emily Darling (Senior Scientist)
- WCS Western Indian Ocean - Dr Jennifer O'Leary (Marine Ecologist & Program Coordinator)
- WCS Conservation Finance – Dr Ray Victorine (Director – Business & Conservation)
- WCS Kenya - Dr Nyawira Muthiga (Director)
- WCS Tanzania - Noah Mpunga (Director)

Name of coral reef site or project area: Kenya and Tanzania

Period of implementations (years and months): 3 years

Total amount requested:
Grant Window capital amount requested: \$100k project design, \$1m implementation phase.
Investment Window private capital amount requested: to be determined based on pipeline developed, estimated ~\$2,375,000

Relevant objective/s from national strategic document/s:
The creation of a Trans-Boundary Conservation Area between Kenya and Tanzania highlights the ambition of national strategies jointly ensure the biodiversity and resilience of coastal and marine ecosystem, supported nationally by Kenya's Vision 2030 and Blue Economy support, and Tanzania's Fisheries Act and Marine Parks and Reserves Act. More details provided in section on 'Country conservation ambition'

SDG targets on which the progress will be accelerated (includes targets from a range of SDGs and development pillars):
GOAL 1: No Poverty
GOAL 2: End Food Insecurity
GOAL 3: Good Health and Wellbeing
GOAL 13: Climate Action



GOAL 14: Life Below Water

Relevant GFCR outcomes and outputs:

- A carefully selected portfolio of blended finance opportunities to facilitate return-based investments in a critical climate refuge for coral reefs in Kenya and Tanzania.
- Maintained or increased ecosystem function and integrity of coral reefs.
- Measured progress towards gender responsive sustainable livelihoods and adaptive capacity of reef-dependent communities in project sites.
- The development of a broader enabling environment for identifying and fostering new investment opportunities and catalyzing the financial resources necessary to achieve positive financial returns and improved livelihoods for local populations while delivering coral reef conservation. Financial mechanisms that can catalyze and scale blended finance in the region. This approach provides a significant change in tactics from a non-sustainable grant-based revenue base to addressing threats and challenges incrementally over time, to one that provides a rigorous analysis to explore how private capital can sustain conservation efforts once projects are identified and supported through initial grant financing.

SELF-ASSESSMENT

Eligibility criteria	Yes/No
The proposal reflects a holistic approach to mitigating various drivers of coral reef degradation	Yes
The proposal is based on a blended finance approach, with the goal of creating an enabling environment for private sector engagement and/or developing revenue streams to sustainable finance coral reef conservation and reef-first businesses	Yes
The proposed results are aligned with national SDG priorities	Yes
The proposed Programme will be endorsed by the government and include key national stakeholders	Yes



<p>The proposal is based on country consultations, as explained in the Concept note, and efforts have been or will be made to secure Programme government endorsement of the full proposal (the Letter of Endorsement)</p>	<p>Yes</p>
<p>The proposal is based on the standard template for Concept Notes, it is complete, and it includes:</p>	<p>Yes</p>
<ul style="list-style-type: none"> - Theory of Change demonstrating contribution to GFCR Outcomes - Results-oriented partnerships - Environmental and socio-economic baseline data is available and/or there is a strategy in place to collect this data - Results are measurable and a clear plan exists for monitoring and evaluation - Blended solutions (transactions) and substantive outcome-level results, and - Initial risk assessment and mitigation measures. 	
<p>The proposal is expected to leverage resources for the SDGs at scale</p>	<p>Yes</p>

PROPOSAL FOR JOINT PROGRAMME

1. Summary of the Joint Programme.

This Programme will work toward long-term blended sustainable financing to conserve coral reefs in a critical climate refuge in East Africa. The project area is within a complex system of climate refuges encompassing southern Kenya and northern Tanzania in the Western Indian Ocean, an area of rich and remarkable biodiversity for coral reefs, fish, mangroves, seagrasses and marine mammals. The Programme comprises several opportunities that illustrate the potential in the area. These opportunities listed for illustrative purposes include initiatives spanning blue carbon, community plastic recycling, empowering small-scale fisheries with new access to value chains and the establishment of a regional funding pipeline for future revenue-generating conservation projects, which will provide technical assistance to identify and develop promising investment ideas; provide seed capital to develop and scaleup those ideas into investable projects, and support private capital investments as part of a blended finance approach, seed and take to scale new projects aligned with the objectives of the Global Fund for Coral Reefs. By addressing a crucial gap of missing private sector funding, these opportunities indicate potential for combining blended finance with social safeguards to ensure the achievement of social, financial and environmental outcomes. The Programme duration is three years, and includes opportunities currently in pre-design, proof of concept, and piloting



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stages. By working across multiple partners from international organizations, private sector partners to local communities, this work will be led and implemented by the Wildlife Conservation Society with a forty-year track record in coral reef conservation and sustainable fisheries in the region, in coordination with potential investors such as Okavango Conservation Partners, Conservation Capital and Blue Finance.



2. Climate resilience of coral reefs in the proposed project area *Max* *200 words*

The Tanzania/Kenya coral reef bioclimatic unit (Beyer et al. 2018) stretches from north of Malindi in Kenya to Dar Es Salaam in Tanzania. This complex reef system of fringing reefs has recently received increased attention with the release of a thirty-year study that established the presence of a climate refuge for coral reefs (McClanahan 2020). Labeled a 'jewel of biodiversity' by long-time researchers, the Tanzania/Kenya reef complex is located in a rare ocean cool spot that is helping to protect large populations of corals, fish and marine mammals from the devastating impacts of climate change. Past and future projections of coral bleaching suggest this region is at lower risk than surrounding locations in the Western Indian Ocean. This appears due to a deep coastal basin formed thousands of years ago by runoff from Mt. Kilimanjaro and the Usambara mountains, and deep water channels now help provide thermal stability to marine ecosystems, shielding them from the worst of global warming in a pocket of cool and calm waters (Link: [Rare climate refuge for coral reefs discovered off the coast of Kenya and Tanzania](#)).

The region is rich in biodiversity and is characterized by fringing reef, mangroves, rocky shores, seagrass beds, intertidal reef flats, muddy or sandy flats, and coastal forests. The area is also important as a habitat for East Africa's unique marine life. This includes threatened sharks and rays, fish, dolphins and various sea turtles, amongst many other species. The elusive and very rare dugong is also known to inhabit the area.

Multiple MPAs already exist and are presented in the figure as blue areas (Explore the [Marine Protection Atlas](#)) though the map is not necessarily exhaustive as it excludes numerous community conservation areas (such as that based in Kuruwitu, between Malindi and Mombasa, and a number of sites in southern Kenya and northern Tanzania). As per the Marine Protection Atlas, only 7 MPAs are categorized as "fully/highly protected" covering a combined area of 87km² and include Malindi Marine National Park; Watamu Marine National Park; Mombasa Marine National Park; Kisite Marine National Park; Maziwe Island Marine Reserve; the Tanga Coelcanth core zone, Chumbe Island Coral Park; and Dar Es Salaam Marine Reserve. This area is part of the proposed Trans-Boundary Conservation Area (TBCA) between Kenya and Tanzania. It was designated for its high level of reef biodiversity and is under consideration as a joint management area under the TBCA designation by the two governments. There are both national and international conservation and management opportunities in this region.



3. Barriers hindering progress towards sustainable practices, development of financial instruments and barriers to private sector engagement related to coral reef ecosystem health.
Max 400 words

One of the main barriers to sustainable financing are ratings attributed by international credit ratings for Kenya and Tanzania. While investment opportunities exist in various sectors such as ecotourism, blue carbon, fisheries improvements and aquaculture, Kenya and Tanzania have both received a credit rating of "B2" by Moody's, which signifies that investment is considered speculative or subject to high credit risk. This is a barrier to investment in these two countries. In addition, Kenya and Tanzania respectively received scores of 24.5 and 39.4 for control of corruption and 58.3 and 61.7 for enforcement of contracts (World Bank, 2019). It is interesting to note that although Kenya scored lower than Tanzania for the two previous categories, ease of doing business seems to be higher in Kenya which scores 73.2 versus Tanzania which received a score of 54.5. These ratings have also been a barrier to sustainable financing.

Further, especially in northern Tanzania, opportunities for sustainable finance through ecotourism are limited, and this has been greatly exacerbated by Covid-19 and an associated global collapse in tourism.

Other barriers to sustainable finance include:

- Limited opportunities for scaling investment opportunities. Limited technical assistance and smaller scale of opportunities limit investment. Grant funding is needed that can help generate investable opportunities in the region but there has been limited focus on marine investments. This is a serious gap.
- Lack of regulation to protect marine resources. Currently there are no regulations that require investments to compensate for project impacts. As new projects enter the region, compensation of impacts could result in significant financing for coral reef conservation.
- Lack of awareness of sustainable financing opportunities. Information and technical assistance to take advantage of ecosystem service investments is necessary for development of new markets and creating investment opportunities.

4. Thesis and theory of change of the Programme.

Problem statement: The Tanzania/Kenya reef is of key importance to the livelihoods of the coastal peoples of Kenya and Tanzania providing a source of nutrition and income to many supporting large agglomerations such as Zanzibar, Mombasa and Dar Es Salaam, the metro areas of which respectively have populations of 735,000, 1,296,000 and 6,702,000 people (as per the latest data published on macro-trends.net). As with other coastal countries, the



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livelihoods of many are closely linked to the reefs which provide not only fish but also a source of tourism revenue. Threats to reefs are ever present with fishing pressure and coastal development being deemed the most pressing issues for this specific BCU. In Kenya, top local threats include fisheries overexploitation, destructive fishing practices (e.g. drag nets), habitat degradation, uncontrolled development, plastic and wastewater pollution. In Tanzania, destructive fishing (specifically dynamite fishing and drag nets), sedimentation from coastal run-off, habitat loss, climate change and coastal development are key local threats.

The **Theory of Change** for the program of work is that financial incentives and blended finance, including concessionary loans will unlock new capital to protect key coral reef and linked habitats (mangrove and seagrass beds) through the reduction of threats from fisheries overexploitation, pollution and habitat loss; by reducing key threats of overfishing, pollution, and habitat loss, the improved holistic management will also improve the functioning and resilience of coral reefs and associated habitats, restore the ecological integrity and ecosystem services they provide, enhance resilience to climate change, establish improved revenue streams for return on investment and improve local ecosystem function, thus improving the livelihoods and wellbeing of local communities. Specifically, opportunities will aim to: 1) build the capacity for mitigating top threats to coral reefs; 2) strengthen monitoring and evaluation of social, financial and ecological outcomes; 3) link local communities to new and diverse models of income generation, and 4) increase the value of safeguarding intact coral reef ecosystem services by developing scalable business models with social safeguards on a finance investment approach. In particular, our theory of change focusing on projects with local communities is highly scalable because benefits accrue directly to local fishing communities, which can then diffuse to other communities in Kenya and Tanzania and the broader Western Indian Ocean region through peer-to-peer learning groups, sharing measurable success stories, and access to financial capital to seed scaled projects. Broadly, these outcomes will help Kenya and Tanzania achieve its national policy objectives (see section on Country Conservation Ambition) and make progress on SDG Goals SDG 3: Good Health and Wellbeing, SDG 13: Climate Action, and SDG 14: Life Below Water.

WCS ensures that women and men benefit from our projects by having those groups, where possible, equally represented and ensuring an equal voice in decision-making. In both countries, community members are already organized into management units and have formed a community conservation committee that seeks to launch this project with WCS and implementing partners.



5. What are the specific intervention(s) of the proposed Programme? *Max 500 words*

The example programme, subject to an evaluation phase, comprises four example opportunities: the establishment of a sustainable funding innovation hub for future revenue generating conservation projects in this reef system; blue carbon; plastic recycling revenue; and improved small-scale fisheries value chains.

Opportunity: Establishing a hub for the future pipeline of sustainable financing of coral reef conservation.

in Kenya and Tanzania

Possible **partners** include: Wildlife Conservation Society, Okavango Capital, Blue Ventures, Kenya Marine Fisheries Research Institute, Tanzania Fisheries Research Institute, Technical University of Mombasa, University of Dar es Salaam, MPA management institutions (Kenya Wildlife Service and Marine Parks & Reserves Unit), National and District/County Fisheries Agencies, national Forestry agencies, local CBOs (e.g. COMRED, Kenya; Mwambao, Tanzania; Blue Ventures, Kenya/Tanzania), coastal communities organized into Beach Management Units

Description: This will function as an umbrella initiative to identify local and regional partners to establish an investment promotion facility with expertise in blended funding pipelines for future conservation projects which are expected to arise in the region. The hub will comprise expertise in ecological management, project finance and social benefits, who will collaborate to innovate new projects and approaches which both fulfil conservation aims as well as providing revenue streams for local communities and investors. The hub will seek tailored solutions within blended finance to de-risk projects and so facilitate a pipeline of investments. By building capacity and structures within the region this project will increase the probability of sustainably funded projects long after the lifetime of the GFCR grants.

Most Recent Revenue: No revenue yet – early stage

Projected Revenue in 5 years: \$20,000+ /year

5-year financing needs: 250,000 - 500,000 USD

Projected IRR: TBD

Investment Horizon: TBD

Opportunity: Blue carbon in Shimoni-Vanga (Kenya) and Mkinga (Tanzania)

Partners: Wildlife Conservation Society, Kenya Marine Fisheries Research Institute

Description: WCS is working with the Kenya Marine Fisheries Research Institute to help communities in southern Kenya and northern Tanzania: protect and restore mangrove and seagrass areas in locally managed marine areas (LMMAs); assess the amount of carbon stored, develop project documents needed to validate the carbon and enter blue carbon international markets; and bring in independent validators to assess the carbon. They are replicating and scaling a proven financial model conducted in Gazi, Kenya called Mikoko Pamoja (<https://www.planvivo.org/project-network/mikoko-pamoja-kenya/>) and are working to expand the Vanga Blue Forest initiative (focused on mangroves) to seagrass areas adjacent to coral reefs. Using this mechanism, communities will create and enforce



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fisheries closures in high-carbon seagrass areas, and stop using harmful beach seines throughout their entire managed areas to restore blue carbon-producing habitats. Benefits to communities include marketable carbon that can generate local income for conservation. For example, in the Mikoko Pamoja project, communities have seen ~USD\$30,000/year in revenue from carbon credits alone. As connected ecosystems to coral reefs, the protection of seagrass and mangrove habitats will benefit coral reefs through sediment retention and protection of nursery habitat for coral reef fishes.

Most Recent Revenue: This project has not kicked off in the Vanga community. However, in the pilot site Mikoko Pamoja, the communities are making ~\$30,000 USD/year from the sequestration of blue carbon and the sale of credits on the growing voluntary market.

Projected Revenue in 5 years: \$30,000 USD/year for each site

5-year financing needs: 50,000 - 100,000 USD

Projected IRR: 3 - 6% return

Investment Horizon: Medium 3-7 years

Opportunity: Community plastic recycling in the Mombasa Marine Protected Area

Partners: Wildlife Conservation Society, Kenya Wildlife Service, Mombasa Marine Park Conservation Committee (community group)

Description: The Mombasa Marine Park and Reserve is a marine protected area (MPA) that sits in an urban area just outside the Kenya's second largest city, Mombasa. The beaches adjacent to the MPA can have over 10,000 visitors per week from local communities and domestic tourists enjoying Kenya's beaches. However, these visitors deposit large quantities of plastic trash on beaches that harm adjacent coral reefs, disrupt sea turtle nesting grounds, and become micro-particles ingested by fishes and other organisms. Over the past 20 years, various initiatives have worked with the Kenya Wildlife Service to collect plastic trash, educate the public about ocean cleanups, and provide trash bins. However, there are no county or municipal programs to remove waste, so typically the collected waste ends up in dumping areas close to beaches, leading to runoff of trash back into the nearshore coral reef and seagrass habitats. Critically, plastic items are marketable in Kenya and can be redeemed for money if processed correctly. This project is a major opportunity to pay community members to collect and recycle plastic trash, which will create incentives for provide sustainable income and for communities to clean the beaches and improve ocean and human health of the Mombasa MPA.

Most Recent Revenue: No revenue yet – Early stages

Projected Revenue in 5 years: \$10,000+ /year

5-year financing needs: < 125,000 USD

Projected IRR: Unknown

Investment Horizon: Short term 1-3 years

Opportunity: Empowering small-scale fishers to access markets

Partners: Wildlife Conservation Society, Abalobi, Government Fisheries Agencies

Description: Small-scale fishing is the mainstay of livelihoods and food security for coastal communities on the Kenyan coast, however small-scale fishing has also substantial environmental impacts on coral reefs in Kenya. Improved fisheries management will reduce impacts on coral reefs and associated seagrass beds to restore reef habitat, fish stocks and



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the ecosystem services they provide that local communities depend upon. A critical intervention to ensuring sustainable and necessary fisheries catch is the empowerment of fishers in accessing markets, while at the same time ensuring social safeguards to avoid unintended consequences (e.g., runaway overexploitation, inequitable social outcomes, etc). WCS has been working with local fishing communities across Kenya for decades. Recently, fisheries policy reforms in Kenya have created a new enabling environment by empowering communities to co-manage their fishing grounds through the Beach Management Units (BMUs) legislation. This allows communities and county governments to legally manage local fisheries over relatively large areas, and has the potential to recover fish stocks to sustainable catch levels and also financially viable yields, by setting up new projects that allow smallscale fishers to access larger, more lucrative markets for their catch. As a pilot project, WCS will work with an established BMU in the Shimoni-Vanga area, the State Department of Fisheries and Blue economy, the Kwale county fisheries department to: 1) review and strengthen the capacity for fisheries management of BMUs; 2) monitor and estimate the improved yields and ecological restoration and; 3) access the fisheries value and develop a business model with social safeguards that has the potential for providing sustainable yields and sustainable livelihoods. In addition, WCS has partnered with the South African NGO Abalobi to develop smart phone technology for fisheries that will be co-designed with fishers in the TBCA and help them track and visualize their individual and cumulative catch, as well as provide links to market access.

Most Recent Revenue: No revenue data yet – early stage

Projected Revenue in 5 years: \$10,000+/year

5-year financing needs: 250,000 - 500,000 USD

Projected IRR: TBD

Investment Horizon: TBD

6. What are the expected results of the proposed Programme?

(If the Concept note is approved, this will be the basis for Results Framework of the full Programme document).

The expected results of this Programme of blended finance (depending on projects supported) are 10-fold:

1. Increased incentives for conservation by directly linking improved incomes to direct conservation measures.
2. Participation of private capital in resolving conservation challenges in the region.
3. Increase or maintain live coral cover and hard coral diversity.
4. Increase or maintain carbonate production levels of coral reefs.
5. Increase or maintain reef fish biomass and reef fish species diversity.
6. Environmental protection and restoration of critical coastal habitats, including coral reefs, mangrove forests and seagrass beds.
7. Local communities and governments have stronger capacity for small-scale fisheries management, including business plans for increased revenue, sustainability and biodiversity protection.



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8. Reduced plastic waste, a community income generating project from plastic recycling, and sustainable financing for a keystone MPA of Kenya: Mombasa Marine National Park and Reserve
9. Reduced sediment pollution of seagrass and mangrove habitats from protected mangrove forests, which would otherwise reduce productivity and damage livelihoods.
10. Blue carbon accreditation and financing provided to communities in Kenya and Tanzania, with the potential to scale-up in both countries and throughout the WIO region.
11. Protection of nursery habitat for coral reef fishes, a key resource for small-scale fisheries in the region.
12. A regional think-tank to identify and invest in blended finance projects for coral reef conservation and revenue generation in the region.

The sustainability of these outcomes will be ensured through the integrated and interdisciplinary nature of our approach, incorporating social, financial and environmental activities and objectives; blended finance from public, private, and philanthropic funds; the long-term investments of WCS programs and partners in this region; the co-design of projects and social safeguards with local communities and partners prior to implantation; engaging communities and partners in regular monitoring and evaluation to measure and share stories of success.

7. Describe the innovative nature of the Programme

The innovative nature of this Programme is the combination of blended finance with conservation tools appropriately matched to local context to achieve win-wins for local communities and coral reefs. The likelihood of success is founded on the diverse portfolio, spanning blue carbon, a community plastic recycling program, linking small-scale fishers with markets and setting up a broader financial instrument to seed and scale additional investments in the region. The project is innovative in that it will allow WCS, in the region to take a new approach, one that is based engaging private capital to secure conservation results. To date, private sector investment has not engaged with the conservation sector in East Africa, in part, because of the lack of facilitation and partnerships such as that offered by the Global Fund for Coral Reefs. Building on forty years of conservation engagement by WCS, our Programme provides a new approach to revenue-generating conservation activities, bringing together NGOs, the UN, the private sector, national and subnational governments and local communities.

The sustainability of these outcomes will be ensured through the integrated and interdisciplinary nature of our approach, incorporating social, financial and environmental activities and objectives; blended finance from public, private, and philanthropic funds; the long-term investments of WCS programs and partners in this region; the co-design of projects and social safeguards with local communities and partners prior to implantation; engaging communities and partners in regular monitoring and evaluation to measure and share stories of success.

This set of interventions is timely because it dovetails with work being sponsored by Bloomberg, Blue Action Fund and others. These funders have facilitated the ecological and



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community elements that are so important to the GFCR proposal, but the GFCR brings support for sustainable financing and investment. The GFCR work then builds on years of grant funded competence and success to convert the projects into financially independent entities allowing a scale-up in success and widening of investments.

8. Expected added value of partners and the GFCR

Based on four decades of coral reef conservation and sustainable coastal fisheries projects in the region, the primary implementing partner will be the Wildlife Conservation Society and its regional East Africa program with offices in Mombasa, Kenya and Zanzibar, Republic of Tanzania.

To deliver the program effectively and appropriately, we will seek to create or build on existing partnerships from among the following local and international organizations. Partners have



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chosen to collaborate given the innovation of blended finance to support sustainable livelihood and coral reef conservation outcomes of this project:

- CORDIO EA
- Women against poverty (WAP) -Mikoko Ujamaa Community organization
- KMRFI (Kenya Marine Fisheries Research Institute)
Kenya Fisheries Service
WIOMSA
- WWF
- County agencies (e.g., Kwale) and district fisheries departments
- WIOMSA
- Coastal Oceans Research & Development (COMRED)
- Oceans Alive Trust (OAT)
- Beach Management Units (BMUs)
- Marine Parks & Reserves Unit of Tanzania
- Wetlands International
- Seacology
- Plan Vivo
- State Department of Fisheries and Blue Economy
- KWS - Kenya Wildlife Service
- Okavango Partners
- Mwambao Coastal Community Network
- MPRU (Marine Parks & Reserves Unit of Tanzania)
- Ministry of Livestock and Fisheries, Tanzania
- TAFIRI (Tanzania Fisheries Research Institute)
- Blue Ventures
- Coral Reef Care
- Regional academic partners: University of Dar Es Salaam - Institute of Marine Sciences (IMS), Technical University of Mombasa
- Tourism organizations (Tanzania Tourist Board, Kenya Coast Tourism Association – KCTA, Kenya Association of Tour Operators-KATO)
- IUCN ESARO
- UNEP Nairobi
- Local Ocean Conservation (LOC)
- COMRED (Coastal and Marine Resources Development)
- NEMA (National Environmental Management Agency), Kenya
- Ministry of Tourism and Wildlife, Kenya
- Watamu Marine Association /EcoWorld Watamu Recycling

Abalobi (South African NGO developing smart phone technology for fisheries) □
Worldfish



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The expected added value of the Global Fund for Coral Reefs is the catalyst of new resources from blended finance, and the business planning lens to provide revenue-generating activities to ensure sustainable financing of projects over the long-term. The Global Fund for Coral Reefs will also allow the Programme to leap over common barriers (see section on Barriers) to private capital investment at the national level, despite the positive enabling conditions for success at the local and subnational level.

9. Leadership and implementation of the Programme

We propose a consortium of organizations to come together under the lead and coordination of the Wildlife Conservation Society (WCS). WCS will provide the overall technical leadership and capacity to design and deliver the Programme of work, including catalyzing a regional blended finance 'investment promotion facility' for the region tasked with identifying, piloting and scaling additional projects in Kenya and Tanzania focused on coral reef conservation. In particular WCS is talking to local financial institutions such as Okavango Partners/Conservation Capital that function both as potential advisors and investors as well as risk reduction supplying a 'market eye'.

The roles and responsibilities of other partners will be appropriately matched to each proposed project, and include the following organisations:

1. Blue carbon: Kenya Marine Fisheries Research Institute (KMFRI), the Vanga Blue Forest initiative, Mikoko Pamoja, Kenya Wildlife Service (KWS), Kenya Fisheries Service (KFS), County/District agencies, Plan Vivo, and local communities (organized into Beach Management Units, BMUs). KMFRI will serve as a technical advisor on the project as the group that has successfully developed the two global models of blue carbon projects where communities receive financing from carbon credits. In addition, to facilitate this work, we would hire a consultant (blue carbon specialist) to lead the initiatives in collaboration with WCS and KMFRI. The KWS, KFS, and County/District agencies will play supporting roles to ensure that initiatives are aligned with local legislation and needs and to provide long-term support to the communities. The community groups (BMUs) will co-develop the project and will receive guidance from existing blue carbon community groups (Vanga Blue Forests and Mikoko Pamoja).

2. Sustainable community conservation financing within an MPA through plastic recycling: Kenya Wildlife Service, local county governments, recycling companies.

3. Empowering small-scale fisheries to reach new value chains: Shimoni-Vanga Beach Management Units, Kenya Fisheries Service, the Kwale county Fisheries Department, Mkinga Beach Management Units, Mkinga District Fisheries, Tanzania Ministry of Livestock and Fisheries, Abalobi, Mwambao, COMRED. This work will be technically supported by Abalobi, a South African NGO that has developed smart phone technology that empowers fishers to track and visualize catch trends and access markets. The technology will be co-developed with



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fishers and linked to county/district governments, which are seeking to develop a catch tracking system (thus meeting government and community needs).

4. Regional investment promotion facility on blended finance initiatives: Conservation Finance Alliance, CORDIO East Africa, WWF, TNC, Okavango Partners, Blue Ventures, Mwambao, Okavango Partners/Conservation Capital.

10. Expected period of implementation

Max 200 words

The expected period of implementation is three years. This timeline will allow us to engage partners to scale up existing projects, co-design new projects, and bring together a regional think-tank to support a pipeline of new projects.

Critical milestones include:

Year 1: For the initial suite of initiatives. Identifying social safeguards and risk management for each project, co-designing a business plan for each project selected (based on feasibility studies), hiring consultants and agreeing with partners on roles and responsibilities, and catalyzing a regional investment promotion facility to identify and seed pipeline projects by other partners in the region.

Year 2: All projects are up and running, income generation and social safeguards and regularly monitored and evaluated; a regional think-tank has identified and supported additional projects in the region.

Year 3: Projects begin generating sustainable income or are on track to do so in the near future, ecological conditions of coral reefs are maintained and/or improved, social safeguards are in place and support communities working together to achieve shared goals, a regional investment promotion facility is supported additional projects in the region.

11. Cost, co-financing and leverage potential of the Programme

Max 400 words



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Existing Funding:

Vibrant Oceans - \$1,975,652

BAF - \$2,860,000

Oceans 5 - \$999,000

USAID - \$380,437

MACP (proposal in process) - \$500,000

Estimated total leveraged funding = \$6,715,089

-In addition, there is likely to be significant investment starting in 2022 from the pipeline company (EACOP) for compensation of impacts on biodiversity. Discussions will be held with the company to explore the use of those compensation funds as part of the overall investment portfolio.

Costs:

- \$500K per country for sustainable fisheries and mobile technology development - \$125K for plastic recycling
- \$500K per country for blue carbon, including carbon credit sales - \$250K for the regional financing hub

12. Country conservation ambition

The ambition and track record of conservation in Kenya and Tanzania is high. Both countries have committed to high-ambition international agreements, conventions and policies related to environmental issues, including: UNCLOS (United Nations Convention on the Law of the Sea), CBD (Convention on Biological Diversity), UNFCCC (United Nations Framework Convention on Climate Change), Kyoto Protocol, Paris Agreement, Ramsar Convention (Convention on Wetlands of International Importance), CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora), London Convention (Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matter), MARPOL 73/78 (International Convention for the Prevention of Pollution from Ships), Stockholm Convention (Convention on Persistent Organic Pollutants), CMS (Convention on the Conservation of Migratory Species of Wild Animals), and the Nairobi Convention.

At the national level, Kenya's Blue Economy Strategy prioritizes the sustainable use of marine resources. Kenya's constitution has devolved decision-making and management of resources to the local level through the Counties. The Bill of rights 42: Every person has the right to a clean and healthy environment, which includes the right-- (a) to have the environment protected for the benefit of present and future generations through legislative and other



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measures, particularly those contemplated in Article 69; and (b) to have obligations relating to the environment fulfilled under Article 70.

The national "Vision 2030" specifically mentions the '*creation of more marine reserves and the protection of Kenya's fish stocks by enforcing fishing regulations and more effective policing of marine parks and reserves.*' Moreover, Kenya was also a host for the Blue Economy Conference which took place in 2018 in Nairobi, in addition to being one of the 14 countries that recently endorsed the commitment to a 100% Sustainable Ocean (oceanpanel.org). As regards national policy instruments, one may cite, amongst others:

The Environmental Management and Coordination Act (EMCA, 1999, revised in 2015) which provides the legal and institutional framework for managing and protecting Kenya's environment, the Wildlife Coordination and Management Act (WCMA, 2013) which provides for protection, conservation and management of wildlife in Kenya and related matters the Fisheries Act (2016), an Act of Parliament to provide for the conservation, management and development of fisheries and other aquatic resources to enhance the livelihood of communities dependent on fishing the Land Act (2012) which emphasizes on conservation of ecologically sensitive areas and public land, by controlling the allocation of property rights (e.g., the Act protects land grab of fish landing sites (FLS) along the beachfront)

For Tanzania, due to the historical distinction between Tanganyika (now mainland Tanzania) and Zanzibar (the islands of Pemba and Unguja), there is a certain level of separation in legislation and administrative authorities governing environmental issues and marine fisheries. In both areas (mainland and islands) there has been a clear desire to advance the blue economy. Dr. Hussein Mwinyi (President of Zanzibar) has affirmed his support for blue economy projects (see article: [Why Hussein Mwinyi is rooting for Blue Economy](#)), and the mainland government has a Blue Economy Panel that is focusing on advancing marine sustainable use. National level instruments include: the National Environmental Management Act (NEMA, 2004) that applies to the sustainable management of the environment in mainland Tanzania, the Fisheries Act (2003) which regulates fishing and the fishing industry, and aquaculture development in the Republic of Tanzania, the Fisheries Act (No. 7 of 2010) that provides for the conservation of fish resources in the territorial waters and EEZ of Zanzibar, the Marine Parks and Reserves Act (1994) which provides for the establishment, management and monitoring of marine parks and reserves. As a nation, Tanzania embraces the concept of co-management and invests considerable authority to coastal communities in managing their resources, and communities are also beneficiaries of government MPA revenues (when revenues are sufficient).

In addition, Kenya and Tanzania are both members of IORA (the Indian Ocean Rim Association) which focuses, amongst other things, on sustainable fisheries management and the blue economy. Tanzania, particularly Zanzibar, also hosts WIOMSA (the Western Indian Ocean Marine Science Association) which aims to advance regional co-operation in all aspects of coastal and marine sciences and to support sustainable development in the Western Indian Ocean Region.

13. Risk assessment



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Risk will be managed in several ways. First, the Programme includes a portfolio of projects that can balance risk as projects will have different timelines and expected revenue generating profiles. There is not a focus on a specific type of investment but on a variety of potential revenue opportunities that can deliver returns. The Programme includes a portfolio of projects (blue carbon, sustainable MPA financing, small-scale fishery value chains) and a regional pipeline or investment promotion facility that will build out other projects in the region over time to broaden the portfolio of interventions and activities over the course of the project. By increasing a network of projects and partners across this critical reef complex for coral reefs, including institutions that are promoting investment in the region, the Programme balances not only financial risk but also geographic and ecological risks should reefs experience coral bleaching or other unexpected natural disasters. Further, we are working with diverse partners that bring varied expertise, and will thus ensure that each project selected has the necessary technical leadership.

Social safeguards co-designed with local communities and partners will also help alleviate risk by considering the intended and unintended outcome and risks in the design of the project, before implementation. The social safeguards will help communities manage their vision of revenue generating projects and help ensure all communities who wish to benefit can benefit from the projects. Further, because we partner with local and national governments, we create long-term support for projects initiated. All work is co-designed in a partnership between communities, governments, and technical partners.

Finally, risk management across all projects will be supported by WCS and a network of government and community partners. WCS has more than 30 years of experience and leadership in the region, connected to a global program working in more than 60 countries around the world. Our mission and track record will support the Programme to safeguard UN principles and international norms and standards for ethical conservation and partnerships with local communities and Indigenous peoples (e.g., <https://www.wcs.org/aboutus/literature/conservation-and-human-rights>)

OVERVIEW OF FUNDING REQUESTED

Indicate the financing needs from the GFCR grant window and the leverage ratio of private sector investment capital. Additionally, please provide a very brief description of the activities in each funding category.

Category	Amount Requested	Description
Program development	\$100,000	Review projects with the potential to raise finance. Identify sources of blended finance. Evaluate innovative blended funding solutions. Quantify expected revenue streams.



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Investment hub	\$250,000*	Establish a hub of competence in blended finance. Mobilise and structure finance. Identify and set-up innovative investible mechanisms and link to conservation imperatives. Establish a pipeline that will result in a system and culture change in support for conservation priorities.
Blue carbon	\$1,000,000* (\$500k per country)	Assess the amount of carbon stored and potential for expansion. Assess the likely profitability. Develop project documents needed to validate the carbon and enter blue carbon international markets. Bring in independent validators to assess the carbon. Evaluate scalability.
Plastic recycling	\$125,000*	Assess the amount of plastic available to the scheme. Assess the likely profitability of recycling. Predict the likely environmental benefits and their potential for investment. Evaluate scalability.
Small-scale fishers	\$1,000,000* (\$500k per country)	Assess the scale of small-scale fisheries projects. Predict the likely environmental benefits and their potential for investment. Evaluate scalability.
TOTAL	\$2,475,000	
Expected Programme leverage ratio of grants to investment capital	To be determined during the development phase of the program.	

* Note these sums are rough estimates to be determined during the development phase of the program.



Annex 1: Budget

[Link to full preparatory grant budget and workplan](#) (contact maxime.philip@undp.org for access)

Budget by UNDG Category

UNDG BUDGET CATEGORIES	Amount (US\$)
1. Staff and other personnel	20,000
2. Supplies, Commodities, Materials	2,000
3. Equipment, Vehicles, and Furniture (including Depreciation)	3,500
4. Contractual services	55,000
5. Travel	5,000
6. Transfers and Grants to Counterparts	-
7. General Operating and other Direct Costs	7,958
Total Direct Costs	93,458
8. Indirect Support Costs (Max. 7%)	6,542
TOTAL Budget	100,000

Annex 2: Project Administrative Arrangement for Non-UN Recipient Organizations

Accountability, transparency and reporting of the Recipient Non-United Nations Organization:

Each Recipient Non-UN Organization will establish a separate ledger account under its financial regulations and rules for the receipt and administration of the funds disbursed to it by the Administrative Agent from the Fund Account. That separate ledger account will be administered by each Recipient Non-UN Organization in accordance with its own regulations, rules, policies and procedures, including those relating to interest

The Recipient Non-United Nations Organization will assume full programmatic and financial accountability for the funds disbursed to them by the Administrative Agent. Such funds will be administered by each recipient in accordance with its own regulations, rules, directives and



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procedures.

The Recipient Non-United Nations Organization will have full responsibility for ensuring that the Activity is implemented in accordance with the signed Project Document;

In the event of a financial review, audit or evaluation recommended by the Executive Board, the cost of such activity should be included in the project budget;

Ensure compliance with the Financing Agreement and relevant applicable clauses in the Fund MOU.

Reporting:

Each Receipt NUNO will provide the Administrative Agent and the Fund Secretariat (for narrative reports only) with:

Financial Reports

- a) Annual financial report as of 31 December with respect to the funds disbursed to it from the Fund Account, to be provided no later than four (4) months (30 April) after the end of the calendar year; and
- b) Certified final financial statements and final financial reports after the completion of the activities in the approved programmatic document, including the final year of the activities in the approved programmatic document, to be provided no later than five (5) months (31 May) after the end of the calendar year in which the financial closure of the activities in the approved programmatic document occurs, or according to the time period specified in the financial regulations and rules of the Recipient UN Organization, whichever is earlier.

Narrative Reports

- a) Annual narrative progress reports, to be provided no later than three months (31st March) after the end of the calendar year; and
- b) Final narrative reports, after the completion of the activities in the approved programmatic document, including the final year of the activities in the approved programmatic document, to be provided no later than four months (30 April) after the end of the calendar year in which the operational closure of the activities in the approved programmatic document occurs.

Unspent Balance exceeding USD 250 at the closure of the project would have to be refunded and a notification sent to the Administrative Agent, no later than three months (31 March) of the year following the completion of the activities.

Ownership of Equipment, Supplies and Other Property

Matters relating to the transfer of ownership by the Recipient Non-UN Recipient Organization will be determined in accordance with applicable policies and procedures defined by the Fund.

Public Disclosure

The Fund Secretariat and Administrative Agent will ensure that operations of the Lion's Share are



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publicly disclosed on the Lion's Share website (<https://thelionssharefund.com>) and the Administrative Agent website (<http://www.mptf.undp.org>)

Final Project Audit for non-UN recipient organization projects

An independent project audit will be requested by the end of the project. The audit report needs to be attached to the final narrative project report. The cost of such activity must be included in the project budget.

Special Provisions regarding Financing of Terrorism

Consistent with UN Security Council Resolutions relating to terrorism, including UN Security Council Resolution 1373 (2001) and 1267 (1999) and related resolutions, the Participants are firmly committed to the international fight against terrorism, and in particular, against the financing of terrorism. Similarly, all Recipient Organizations recognize their obligation to comply with any applicable sanctions imposed by the UN Security Council. Each of the Recipient Organizations will use all reasonable efforts to ensure that the funds transferred to it in accordance with this agreement are not used to provide support or assistance to individuals or entities associated with terrorism as designated by any UN Security Council sanctions regime. If, during the term of this agreement, a Recipient Organization determines that there are credible allegations that funds transferred to it in accordance with this agreement have been used to provide support or assistance to individuals or entities associated with terrorism as designated by any UN Security Council sanctions regime it will as soon as it becomes aware of it inform the head of Fund Secretariat, the Administrative Agent and the donor(s) and, in consultation with the donors as appropriate, determine an appropriate response.

Annex 3: Provisions Related to the Prevention of and Response to Sexual Harassment (SH) and Sexual Exploitation and Abuse (SEA) involving Implementing Partners (IPs)

1. The Implementing Partner acknowledges and agrees that UNDP will not tolerate sexual harassment and sexual exploitation and abuse of anyone by the Implementing Partner, and each of its responsible parties, their respective sub-recipients and other entities involved in Project implementation, either as contractors or subcontractors and their personnel, and any individuals performing services for them under the Project Document.
 - a. In the implementation of the activities under this Project Document, **the Implementing Partner, and each of its sub-parties referred to above, shall comply with the standards of conduct set forth in the Secretary General's Bulletin ST/SGB/2003/13 of 9 October 2003, concerning "Special measures for protection from sexual exploitation and sexual abuse" ("SEA").**
 - b. Moreover, and without limitation to the application of other regulations, rules, policies and procedures bearing upon the performance of the activities under this Project Document, in the implementation of activities, **the Implementing Partner, and each of its sub-parties referred to above, shall not engage in any form of sexual harassment ("SH").** SH is defined as any unwelcome conduct of a sexual nature that might reasonably be expected or be perceived to cause offense or humiliation, when such conduct interferes with work, is made a condition of employment or creates an intimidating, hostile or offensive work environment.
2. A) In the performance of the activities under this Project Document, the Implementing



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Partner shall (with respect to its own activities), and shall require from its sub-parties (with respect to their activities) that they, **have minimum standards and procedures in place, or a plan to develop and/or improve such standards and procedures in order to be able to take effective preventive and investigative action.** These should include: policies on sexual harassment and sexual exploitation and abuse; policies on whistleblowing/protection against retaliation; and complaints, disciplinary and investigative mechanisms. In line with this, the Implementing Partner will and will require that such sub-parties will take all appropriate measures to:

- i. Prevent its employees, agents or any other persons engaged to perform any services under this Project Document, from engaging in SH or SEA;
 - ii. Offer employees and associated personnel training on prevention and response to SH and SEA, **where the Implementing Partner and its sub-parties have not put in place its own training regarding the prevention of SH and SEA, the Implementing Partner and its sub-parties may use the training material available at UNDP;**
 - iii. Report and monitor allegations of SH and SEA of which the Implementing Partner and its sub-parties have been informed or have otherwise become aware, and status thereof;
 - iv. Refer victims/survivors of SH and SEA to safe and confidential victim assistance; and
 - v. Promptly and confidentially record and investigate any allegations credible enough to warrant an investigation of SH or SEA. The Implementing Partner shall advise UNDP of any such allegations received and investigations being conducted by itself or any of its sub-parties referred to in with respect to their activities under the Project Document, and shall keep UNDP informed during the investigation by it or any of such sub-parties, to the extent that such notification (i) does not jeopardize the conduct of the investigation, including but not limited to the safety or security of persons, and/or (ii) is not in contravention of any laws applicable to it. Following the investigation, the Implementing Partner shall advise UNDP of any actions taken by it or any of the other entities further to the investigation.
2. B) The Implementing Partner shall establish that it has complied with the foregoing, to the satisfaction of UNDP, when requested by UNDP or any party acting on its behalf to provide such confirmation. Failure of the Implementing Partner, and each of its sub-parties, to comply of the foregoing, as determined by UNDP, shall be considered grounds for suspension or termination of the Project.