



GLOBAL FUND FOR CORAL REEFS

CONCEPT NOTE SIGNATURE PAGE

Title of the proposed Programme: CRR I Solomon Islands Program

Convening Agent: World Wildlife Fund (WWF)
Lead contact person: John-Paul Jaudel

Other participating entities and contact persons:

- WWF Solomon Islands - Shannon Seeto
- WWF Pacific - Mark Drew

WWF Allocation Approved by GFCR:
Preparatory Grant: Up to USD 100,000
Initial Disbursement: Up to USD 100,000

Project End Date:
April 2022 to April 2023
*Project start date is contingent upon GFCR Funding approval and disbursement

Signature of Recipient Organisation:

Print: WWF
Organisation: _____
Name: Kristine B. Vega
Title: Vice President, Program Operations

Signature: _____
DocuSigned by: Kristine B. Vega
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Date: 07-Feb-2022

National Coordinating Authority
Name of institution: N/A - To be accomplished during Full Programme Proposal development stage
Name of representative: _____

Official support letter(s) attached

Signature of GFCR Executive Board UN Representative:

Andrew Hudson
Head, Water & Ocean Governance Programme at UNDP

Signature: _____
DocuSigned by: Andrew Hudson
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Date: 17-Mar-2022



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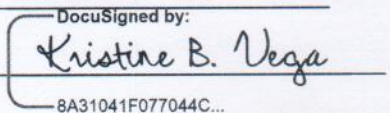
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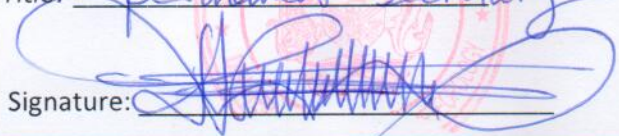
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National Coordinating Authority

Name of institution: Ministry of Environment, climate change, Disaster Management & Meteorology
Name of representative: Melchior Mestake
Title: Permanent Secretary

Signature:  Date: 14/3/22

Signature of GFCR Executive Board UN Representative:

Print Name: _____

BUDGET BY UNDG CATEGORIES

All in USD

| | GFCR |
|--|----------------|
| 1. Staff and other personnel | 16,694 |
| 2. Supplies, Commodities, Materials | - |
| 3. Equipment, Vehicles, and Furniture (including Depreciation) | - |
| 4. Contractual services | 58,264 |
| 5. Travel | 15,000 |
| 6. Transfers and Grants to Counterparts | - |
| 7. General Operating and other Direct Costs | 3,500 |
| Total Direct Costs | 93,458 |
| 8. Indirect Support Costs (Max. 7%) | 6,542 |
| TOTAL Budget | 100,000 |



GLOBAL FUND FOR CORAL REEFS

CONCEPT NOTE

FACT SHEET

Title of the proposed Programme: CRRRI Solomon Islands Program

Convening Agent: World Wildlife Fund (WWF)

Date: August 19th, 2021

Lead contact person: John-Paul Jaudel

Other participating entities and contact persons:

- WWF Solomon Islands - Shannon Seeto
- WWF Pacific - Mark Drew

Name of coral reef site or project area: Solomon Islands - Central Island Province, Malaita, Isabel and Temotu

Period of implementations (years and months): 6-8 years

Full Programme Proposal Development: 5 Months

Total amount requested:

Preparatory Grant: USD 100,000

Full Programme Grant Window Capital Target request: USD 10,000,000

Investment Window capital amount requested: TBD

Relevant objective/s from national strategic document/s:

- Solomon Islands National Development Strategy 2016 - 2035 - medium Term Strategy 11: Manage the environment in a sustainable resilient way and contribute to climate change mitigation;
- Solomon Islands National Climate Change Policy 2012 - 2017 - priority national action: The people, natural environment and economy of the country are resilient and able to adapt to the predicted impacts of climate change;
- Solomon Islands National Ocean Policy 2018 (SINOP) - priority national action: Strengthen the resilience of people and communities to negative impacts on their ocean resources;
- Solomon Islands National Adaptation Program of Action 2008 - priority national action: Integrated coastal Zone management - 2.9 Promote coastal zone management (ICZM) and integrate climate change adaptation into sustainable coastal development; and
- National Biodiversity Strategic Action Plan 2016-2020 (NBSAP).

SDG targets on which the progress will be accelerated (includes targets from a range of SDGs and development pillars):

- **Goal 2 – Zero Hunger:** enhanced protection and sustainable fisheries management in the Solomon Islands will allow the provision of important sources of protein to their populations. The programme will contribute mainly with targets 2.3: double the productivity and incomes of small-scale food producers, including fishers; and 2.4: ensure sustainable food production systems and implement resilient practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change.
- **Goal 4 – Quality education:** the programme, through the community facility, will provide technical assistance and capacity building to new community-based businesses, contributing to target 4.4: increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.
- **Goal 5 – Gender Equality:** The programme will promote equality in participation and decision-making between men and women in the activities it supports, for example ensuring balanced support for both female and male-led businesses. This will contribute mainly to target 5.5: Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.
- **Goal 6 – Clean Water and Sanitation:** the programme will adopt a ridge-to-reef approach. In this sense, it may support the installation of enhanced community sanitation facilities, including wastewater treatment, if these are inserted in a business model. It may also support sustainable agriculture, which reduces the run-off of fertilizers and other pollutants to the water courses and to the reefs. In this sense it will accelerate target 6.3: improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.
- **Goal 8 - Decent Work and Economic Growth:** Businesses supported under the programme will provide new employment opportunities and opportunities for economic growth. In this sense, it will accelerate target 8.2: achieve higher levels of economic productivity through diversification, technological upgrading and innovation; and target 8.10: strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services.
- **Goal 12 - Responsible Consumption and Production:** initiatives supported under the programme will promote responsible consumption and use of materials (for example, reducing extraction of reefs for building). This will help accelerate target 12.2: achieve the sustainable management and efficient use of natural resources.
- **Goal 13 - Climate Action:** programme interventions should deliver climate change adaptation benefits, accelerating target 13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters. Additionally, there may be impacts on climate change mitigation (carbon emission reductions) through increased adoption of sustainable forestry and agriculture practices, better control of burning regimes, and enhanced protection of mangrove ecosystems during coastal development (via improved EIA processes). These actions would support target 13.2: integrate climate change measures into national policies, strategies and planning.
- **Goal 14 - Life Below Water:** The protection of the reefs will have large-scale positive impacts for the coastal and marine ecosystems, such as those surrounding the Solomon Islands. Depending on the projects supported by the Community and Development facilities to be implemented through this programme, the following targets can be accelerated: target 14.1: prevent and significantly reduce marine pollution; target 14.2: sustainably manage and protect marine and coastal ecosystems; and target 14.7: increase the economic benefits to Small Island Developing States (SIDS) and least developed countries from the sustainable use of marine resources, including through sustainable management of fisheries, aquaculture and tourism.
- **Goal 15 - Life on Land:** The programme 'ridge-to-reef' approach envisions actions to promote more sustainable agricultural and forestry practices, which will have positive impacts on terrestrial ecosystems and wildlife, accelerating target 15.1: conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services; and target 15.2: promote the implementation of sustainable management of all types of forests.
- **Goal 17 - Partnerships:** The programme will help to foster partnerships between government and the private sector and will help to provide finance and capacity building in the Solomon Islands, contributing to target 17.3: Mobilize additional financial resources for developing countries from multiple sources; and target 17.9: Enhance international support for implementing effective and

targeted capacity-building in developing countries to support national plans to implement all the sustainable development goals.

Relevant GFCR outcomes and outputs:

OUTCOME 1: Protection of priority coral reef sites including climate 'refugia'

- Increase in well managed and enforced MPAs and LMMAs that protect and promote healthy reefs
- Entrepreneurial MPAs
- Increase in scientific studies on identifying climate refugia
- Water quality/land-ocean interface projects roll-out to protect coral reefs
- Elimination of destructive fishing practices and harmful gear from protection sites
- Establishment of 'no-take' zones and nurseries within protected areas

OUTCOME 2: Transformation of the livelihoods of coral reef-dependent communities and sectors

- Community-based projects for sustainable fisheries, seaweed farms, aquaculture, tourism, etc.
- Sustainable value chain development and educational programmes to build skills for alternative careers and livelihoods
- Women empowered through capacity building and safety nets
- Reef-positive businesses

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 |
| 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) | Yes |
| The proposal is based on the standard template for Concept Notes, it is complete, and it includes: <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 | Yes |

| | |
|--|-----|
| <ul style="list-style-type: none">- Blended solutions (transactions) and substantive outcome-level results, and- Initial risk assessment and mitigation measures. | |
| The proposal is expected to leverage resources for the SDGs at scale | Yes |

PROPOSAL FOR JOINT PROGRAMME

1. Summary of the Joint Programme.

The Solomon Islands have some of the most unique coral and fish assemblages on the planet.¹ The country is part of the WWF-led Coral Reefs Rescue Initiative (CRRRI), which seeks to protect the world's coral reefs by removing and reducing pressures on reefs with the highest probability of survival in the face of climate change. According to the in-depth analysis of Beyer et al (2018),² the Solomon Islands host 3% of the regeneration potential for the world's reefs. These are coral reefs that are less exposed to changing conditions brought on by climate change such as ocean sea temperature rise and bleaching events. In the near term, protection and restoration of these reefs is critical to maintain the adaptive capacity of coastal communities in the Solomons who depend on these reefs for physical protection (eg. barriers against storm surges) and for their economic and livelihood security which is dependent on healthy coastal ecosystems (eg. fisheries). In the long term, these reefs, if protected, can provide the essential coral stock to help repopulate other reefs who are more vulnerable to climate change once global temperatures are stabilized. The detailed CRRRI rationale is provided in Annex II.

This programme with the GFCR is designed in a very favourable moment, given the secured co-finance to be available and the government support to the initiative. A project with the Global Environment Facility (GEF) for the CRRRI countries³ and a Green Climate Fund (GCF) project specific to the Solomon Islands are in the appraisal phase and will directly contribute to the GFCR programme. These projects will complement the GFCR programme by supporting some components of the CRRRI strategy, mainly policy, capacity development and knowledge sharing, while the GFCR programme will focus on the component dedicated to financial solutions. These components are part of a comprehensive theory of change that considers the current lack of capacity and enabling conditions in the country to attract private finance for reef-positive businesses.⁴

The overall purpose of the GFCR-WWF programme in the Solomon Islands is to enable the creation and development of reef-positive businesses that attract private investments and provide livelihood opportunities. Regeneration reefs identified as priority areas for field-based action in the country are in four provinces: Central Island Province, Malaita, Isabel and Temotu (see map in Annex 2). Together these provinces have 654 km² of coral reefs, from which only 8% are protected. It is estimated that from the 500,000 people living in these islands, 150,000 would directly benefit from resilient reefs.

Main local drivers of coral reef degradation have been identified in these provinces and they include overharvesting of natural resources, overfishing, mining, impacts from in-land activities (logging, plantations, mining, coastal infrastructure) and pollution. The impacts of these drivers are intensified by climate change effects, such as sea temperature rise and bleaching events, and increasing natural disasters. With the COVID-19 pandemic, there was a move of population from the capital Honiara to the provinces, with increased overfishing for subsistence.

Interventions will aim for enhanced protection and restoration of coral reefs through ecosystem-based adaptation (EbA) approaches and nature-based solutions (NbS) that can receive additional and sustainable funding channelled by financial mechanisms and solutions, including:

- A Community Facility (CF) to support micro and community-based businesses with grants;
- A Development Facility (DF) to channel impact investments into small and medium enterprises (SMEs); and
- A Market Access Agency to support the DF, the CF and other impactful businesses in strategic sectors to achieve positive financial and environmental returns.

¹ <https://www.icriforum.org/wp-content/uploads/2020/06/Solomon-Islands-Final-Report.pdf>

² op.cit. Beyer et al., 2018

³ The CRRRI countries include Cuba, Tanzania, Madagascar, Fiji. It also includes Indonesia, Philippines, Solomon Islands that are all in the Coral Reef Triangle.

⁴ Reef-positive businesses are considered self-sustained initiatives that can address drivers of coral reef degradation or improve coral reef protection and restoration.

The programme is expected to be implemented in a 6 to 8-year period to allow it to evolve from the current pre-design phase to proven solutions that can be fully operational and sustainable in the long term.

2. Climate resilience of coral reefs in the proposed project area

Biodiversity value(s) and other characteristics of resilience

The Solomon Islands are located on the easternmost range of the Coral Triangle, a global marine biodiversity hotspot. The country has 485 known species of corals from 76 genera, making the Solomon Islands coral diversity second only to Raja Ampat (Indonesia) where a total of 535 species of corals were recorded. There are 19 species of sea cucumber (Holothuroidea), 4 main species of crayfish, 6 giant clams, 3 species of pearl oyster, trochus, and green snails.⁵

Mangroves cover 65,000 hectares of The Solomon Islands, with 38 species, representing 13 families and 15 genera, of which 43% are endemic.⁶ Compared to neighbouring countries, coral reefs in the Solomon Islands are relatively undisturbed, which offers hope for sustaining ecosystem functioning.⁷

Historical knowledge of bleaching events

In 2000, there was widespread coral bleaching in Western and Central Provinces, and in 2011 in Temotu Province. Compared to other countries in the region, coral reefs in Solomon Islands show high levels of resistance against coral bleaching events.⁸ The resilience of these reefs can be attributed to the healthy conditions of these reefs, due to lower anthropogenic impacts relative to other countries in the region, strengthened by local community-based management of marine resources. The health of these reefs allows for rapid rates of growth and recovery.⁹ There was another suspected coral bleaching event identified in January 2021 on the western coast of Vangunu Island, and New Georgia Island in the Western Province.¹⁰

Future projections for coral bleaching

It is projected that 55% of the coral reefs in the Solomon Islands will be experiencing annual bleaching conditions before 2030.¹¹ Other countries in the region vary, with over 90% of the reefs in Fiji, New Caledonia, and the Federated States of Micronesia experiencing annual bleaching conditions before 2030. In the Philippines it is 36% and 61% in Papua New Guinea, undergoing bleaching before 2030.¹²

Gaps of information

Most available analysis of the states of coral reefs in the Solomon Islands are from 2012/2014. A 2020 survey of reefs in the Solomon Islands was carried out by the Global Reef Expedition, however it only covered Temotu Province, Isabel Province and Western Province.¹³ There is the need to update information and assess data on climate refugia. As part of the development of the WWF CRRRI Solomon Islands Country Project development for the GCF, WWF will be conducting a number of reef health and connected ecosystem surveys to establish the current conditions of coastal ecosystems and communities in the target landscapes in early 2022. These surveys to be conducted as part of the GCF Funding Proposal feasibility studies will include ecological assessments of coral reefs in the target provinces of Malaita, Isabel, Central, and Temotu and connected terrestrial ecosystems including mangrove areas and inland forests connected through watersheds. The analysis will also include socio-economic connections to coastal ecosystems such as community health and income. These assessments will also support the GFCR project on enterprise development establishing current conditions of coastal

⁵ Sulu et al., 2012. Available online:

https://www.researchgate.net/publication/281947995_State_of_the_Coral_Triangle_Solomon_Islands

⁶ CBD Fourth National Report, 2011. Available online: <https://www.cbd.int/doc/world/sb/sb-nr-04-en.pdf>

⁷ van der Ploeg et al., 2020. Available online: <https://doi.org/10.3390/su12177225>

⁸ Ibid

⁹ Denley et al. (2020). Subregional variation in cover and diversity of hard coral (Scleractinia) in the Western Province, Solomon Islands following an unprecedented global bleaching event. Available online: <https://journals.plos.org/plosone/article?id=10.1371/journal.pone.0242153>

¹⁰ WCS, 2021. Available online: <https://newsroom.wcs.org/News-Releases/articleType/ArticleView/articleId/15878/Widespread-Bleaching-Spotted-in-Solomon-Islands-Coral-Reefs.aspx>

¹¹ UNEP, 2020. Available online:

https://www.researchgate.net/publication/346311563_Projections_of_future_coral_bleaching_conditions_using_IPCC_CMIP6_Models

¹² Ibid.

¹³ Carlton et al. (2020). Global Reef Expedition: Solomon Islands. Final Report. Available online: <https://www.icriforum.org/wp-content/uploads/2020/06/Solomon-Islands-Final-Report.pdf>

ecosystems setting a baseline for ecological performance and impacts of target businesses under the GFCR and GCF projects on connected ecosystems.

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

There are a series of barriers impeding the flow of public and private finance into for projects with a positive impact on coral reef ecosystems:

Enabling environment & policy framework

- Lack of enabling government policies and priority to coral reefs and the wider blue economy - Two key documents are currently in draft, the Coral Reef National Action Plan and the Coral Reef National Management Plan. The National Development Strategy is crucial to getting finance from the government, however it does not have a focus on coral reef ecosystems.
- Lack of government capacity at national and provincial level to enforce laws on the ground - The Government's budget remains low compared to other countries in the region and the government policies in place do not translate to public budgets.
- Coral reefs are under customary ownership - There are challenges on benefit sharing and the use of coral reefs, most of the land outside of Honiara is customary land which will put off potential investors. In this sense, investing in clarifying regulations and setting-up governance arrangements will be key. Any regulations or arrangements proposed on customary land ownership will aim to provide more clarity on land tenure, user rights and boundaries. This will be done in consultation, using WWF Safeguards as a framework to engage with customary landowner organizations and ensure the correct benefit sharing mechanisms and safeguards are in place.
- Limited government support to businesses – need to improve rural extension services; the design of the credit schemes in place (which are very complicated for SMEs to access); the banking systems that do not reach rural areas; regulations to facilitate new businesses.

Economic challenges

- High cost of doing business - Individual investment opportunities do not reach scale to attract investors, establishing and maintaining a business is expensive, mainly due to the costs of logistics and utilities. Transport costs are high, as the transport network is underdeveloped and ineffective. In some places there is no electricity and where there is it is mainly expensive fossil fuel energy. Drinkable water is also restricted and expensive.
- Access to finance - Financial institutions do not offer access to finance to community-based organizations and SMEs and there is limited access to blended finance instruments.
- Geographical challenges - Small and dispersed populations and remoteness from major markets.
- Limited capacity to export – access to the market is problematic and most agriculture commodities are not processed in the country to add value.
- Limited capacity to start new businesses - Locals often lack the business drive/entrepreneurship as they have traditionally lived a subsistence lifestyle. There is a lack of training and the level of education in the provinces is low, with a high dropout percentage, causing a significant number of people to work in informal jobs, especially from vulnerable groups (mainly women and youth).
- Economic reliance on natural resource extraction - Overexploitation of these resources are having negative impacts on coral reef ecosystems.

4. Thesis and theory of change of the Programme.

The proposed programme is expected to increase financial flows for building the resilience of coral reefs and the communities that rely on them by implementing financial solutions that will help overcome the current barriers for reef-positive businesses in the country.

Problem statement

Currently, there is no framework to enable Solomon Islander businesses and investors to attract private capital into initiatives focused on reef health. Some initiatives have or are still promoting local sustainable entrepreneurship, however these (i) mostly focus on short-term financing solutions and building capacity support which fail to create the necessary enabling conditions to help create and sustain community based enterprises and SMEs which enhance coastal ecosystems, (ii) past grants to support enterprise development did not provide the necessary diligent and hands on technical assistance and incubation these businesses require to grow and scale, were not integrated in financial instruments which could attract institutional investors, and were not accompanied with the necessary regulatory reform and development of institutions to incentivize, assist, and sustain blue and green investments, (iii) do not cover the eastern provinces where priority regeneration reefs were identified, and (iv) are not focused on reefs.

Long-term change and target beneficiaries

The CRRI's ultimate vision is to preserve the current benefits to coastal communities provided by low exposure reefs and reduce their threat to anticipated climate change in the Solomon Islands, so that in the long term the health of reefs is maintained by reducing pressures on reefs so they can continue to withstand anticipated climate change, such as warming and acidifying oceans, thereby ensuring the survival of necessary coral stock to repopulate other degraded reefs.

The culture and economy of coastal communities in the Solomon Islands are closely intertwined with the coral reefs upon which they heavily depend for their food and livelihoods. These reefs also provide vital protection from climate change impacts such as coastal erosion, storm surges and the destruction of coastal assets – from mangrove forests to community structures and tourism or port facilities. Early estimates are that 500,000 women and men will receive indirect support from the programme activities in the country, being 150,000 directly impacted. The target of this indicator will be further refined during the development phase of the programme.

Programme rationale

The CRRI theory of change is that if the main local threats to low exposure reefs can be reduced such that their resiliency is sustained then the long-term foundation for global reef maintenance and recovery will be secured, and reef sustaining investments will simultaneously generate significant climate adaptation benefits for vulnerable reef-dependent communities including financial buffering to withstand repeated climate and economic shocks.

This joint programme with the GCFR introduces a set of paradigm shifting components which address the identified barriers, namely, a information and baseline analysis that supports holistic land and marine use planning and ecosystems management with NbS and EbA solutions (Outcome 1, see outputs supported by GCFR in bold in Figure 1); and financial policy, systems and pipeline business development, which will increase investment appetite into the Solomon Islands which will in turn incentivize the creation of products and services for regenerative production and practices with market outcomes (Outcome 2, see outputs supported by GCFR in bold in Figure 1).

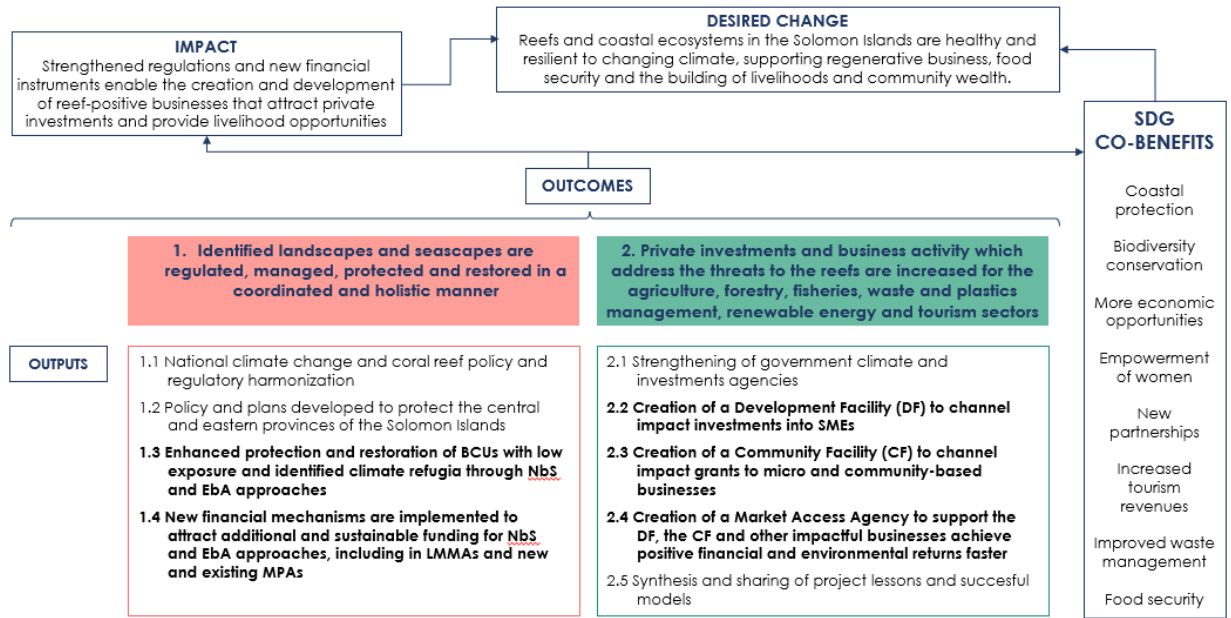
The programme will create a pipeline of sustainable and bankable ecosystem-safe businesses and projects and create blended finance vehicles and instruments to streamline investment processes and reduce transaction costs for investors. With strengthened regulations and new financial instruments, it will enable the creation and development of reef-positive businesses that attract private investments and provide livelihood opportunities.

The programme is focused on creating opportunities for reef-dependent communities in the four target provinces, which will require a continuum of support solutions delivered by a network of partners with

complementary skills. Cross-cutting issues to be highlighted are the need for capacity building in all levels, women economic empowerment in different sectors, as well as youth inclusion.

The figure below summarizes the Theory of Change of the GFCR-WWF joint programme in the Solomon Islands, with the outputs to be funded by the GFCR highlighted in bold:

Figure 1: Theory of Change for GFCR-WWF joint programme in the Solomon Islands



The Outputs in bold in Figure 1 are the ones to be supported by the GFCR funds (see Section 5 for more detail).

5. What are the specific intervention(s) of the proposed Programme?

Outcome 1 - Identified landscapes and seascapes are regulated, managed, protected and restored in a coordinated and holistic manner.

This policy development work under Outputs 1.1 and 1.2 will be funded through co-finance from GEF and GCF projects, which WWF is developing in parallel to the GFCR programme. Under Output 1.3 a baseline assessment of the current status of the target reef areas and the indicators under the monitoring framework will be carried out. Research will also be carried out to identify where private investment could have the greatest positive impact on these reef areas, which will help support the subsequent design of the Community Facility, Development Facility, and the Market Access Agency in Outcome 2. Under the GCF, a number of NbS and EbA interventions will be executed including MPA/LMMA expansion, climate smart agriculture, aquaculture, agro-forestry, coral replanting, mangrove replanting, etc. Many of these interventions will ultimately be publicly funded as part of the WWF GCF Project but each activity will be screened for commercial viability and those selected will be included under Output 1.4 (New financial mechanisms are implemented to attract additional and sustainable funding for NbS and EbA). These businesses and projects would then be integrated within the Community Facility or Development Facility within Outcome 2.

Outcome 2 - Private investments and business activity which address the threats to the reefs are increased for the agriculture, forestry, fisheries, waste and plastics management, renewable energy and tourism sectors.

The specific interventions that the GFCR programme will deliver through Outcome 2 are:

Output 2.2 - Creation of a Development Facility (DF): the DF will be established to channel impact investments into small, medium, and large businesses, typically of a larger deal size than the Community Facility (see below). A small number of community businesses may transition from the CF to receive support from the DF. The business model of the DF will be to build sustainable businesses and supply chains in the Solomon Islands, providing strategic and operational management to its portfolio companies. This could include working with existing MPAs (e.g. Arnavon Community Marine Park, see Annex II) and helping to establish new MPAs (Tetepare Descendants' Association) through capacity building, strategy development, feasibility studies, surveys, and monitoring etc. The DF will provide grant capital, which will be used for business development and seed investments; concessional loan including through the GFCR Blue Bridges, which will be used to scale the existing portfolio; and facilitate access to private sector loans to further scale existing investments and develop new businesses. WWF will also identify a partner to manage the DF and this co-implementer is expected to have a track record on business support. The process to source investment opportunities will be based on a set of criteria to be established and it is anticipated that resources are dedicated to outreach and communication, so that companies are aware of the DF and how to request support. WWF and the co-implementer of the DF (to be identified during the full project proposal phase) will partner with private sector associations, such as the Solomon Islands Chamber of Commerce and Industry, and public entities focused on supporting the business environment, such as the Solomon Islands Development Bank. If national entities are not considered suitable to manage the DF, this will be based on existing WWF legal, financial/operational, and technical due diligence processes also used for GCF projects, there is the possibility of collaborating with regional entities. WWF will reach out to identify potential national and regional candidates in the full proposal preparation process.

Output 2.3 - Creation of a Community Facility (CF): the CF is targeted at micro/small community businesses, at nascent stages of development, which are not yet bankable for private sector investors. The objective of the facility is to establish the businesses and build their capacity to a stage where they are operational, self-sufficient and bankable to a private sector party (e.g., a local bank). The CF seeks to close the two most persistent barriers to community business (i) lack of capacity/experience to run a business and (ii) initial financing. To address these, while also setting positive financial incentives the CF will provide three instruments: (i) in-kind technical assistance grant, (ii) cash grant for operational expenses and (iii) soft (interest free) loan. The businesses repaying their soft loan to the CF will be considered successful in building their capacity and a track record of repaying a loan, and therefore self-sustainable. Should these businesses continue to grow and require follow-on financing, such financing

will come from the private sector, or they can access the Development Facility (but not all businesses from the CF will be viable for private sector finance or DF support). A next step for these businesses, if viable, would be to access concessional loans from the GCFR Blue Bridge.

The CF will build on WWF Solomon Island experience with the microfinance and community revolving funds experience, as well as other partners' experience working with communities. The CF will work with some of the smaller, more vulnerable communities that are operating community-based resource management of their marine resources in setting up more formal governance structures through becoming an LMMA. Selection criteria and the engagement approach used by the CF will also maximize support for women-led and owned businesses, and business concepts that promote the principles of gender equality.

The process to source projects to be supported by the CF will be proactive and flexible, as there are few community-based businesses already operational in the programme priority areas. WWF will identify a partner institution (co-implementer) to operate the CF and will work with this institution to engage stakeholders at the provincial level (provincial governments, local community groups, women's groups, business development NGOs and youth groups), who can identify current initiatives and ideas. This co-implementer may be [Strongim Bisnis](#), an Australian government supported initiative that is fully aligned with the CF. WWF will be exploring this possibility and further discussions will take place during the full proposal preparation. It is anticipated that the CF will use resources to help develop business concepts and build the capacity of the actors to implement them.

Output 2.4 Creation of a Market Access Agency (MAA): the MAA will help DF, CF and other impactful businesses in strategic sectors achieve positive financial and environmental returns. It will convene sectoral assistance, including marketing and product development experts to identify relevant supply chains and existing markets and thereafter offer a suite of strategically focused services to enable market access and higher margins. As businesses develop and evolve, services of MAA will similarly evolve to include access to technology and innovation experts, innovation skills development, grants for R&D and support to export. The MAA would initially be a grant-financed facility, with the aim over time to build a revenue model through charging businesses for the support that it provides. During the lifetime of the programme the MAA will develop its business model to be self-financing through these chargeable services. It is envisioned that this agency will be hosted within a public entity, potentially the Ministry of Commerce or Ministry of Finance.

Figure 2: Roles and support provided by the CF, DF and MAA



These financial mechanisms are expected to provide businesses in the Solomon Islands with a continuum of support that can take them from the very incipient phase to an investable status. A graphic representation of this continuum of support for the full programme (not just the CF, DF and MAA) is provided in Annex III, as well as a list with some initiatives identified to illustrate potential candidates for support. As the convening agent, WWF will implement an outreach and communication strategy that

support the CF and the DF to source projects for the pipeline, by presenting the facilities in the priority areas and making information available through channels that are adequate for the engagement of local people. The direct engagement with local communities to promote reef-positive businesses is a strategy to overcome the barrier that customary ownership of the reefs may mean to enterprises without community participation.

It is still early to estimate the expected leveraging ratio per intervention, but it is anticipated that the community facility will leverage resources through increased revenues for the supported businesses and the development facility will also leverage investments, in the form of debt or equity. The required grants from the GFCR to set-up and operate these mechanisms over the next 6 to 8 years is USD 7,500,000, as detailed in 'Overview of funding requested' section below. It is expected that from this amount, 5 to 8% are spent in set-up and operational costs and the remaining directed to business opportunities. Following these 6-8 years of support from GFCR Grant Window, the programme will seek additional support from the GFCR Investment Window and from other impact investors.

The facilities will select SMEs, micro and community-based businesses in the following priority sectors, which have the potential of addressing the current drivers of degradation to coral reefs:

| Priority sectors | Drivers of degradation addressed |
|--------------------------------------|---|
| Sustainable agriculture and forestry | Sedimentation and eutrophication |
| Sustainable fisheries | Overexploitation of marine resources |
| Waste and plastics management | Pollution and waste |
| Renewable energy | Pollution and waste |
| Ecotourism | Overexploitation of marine resources, COVID-19 increased pressure |

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

The programme is expected to deliver direct results in terms of improving the business environment in the priority areas to promote reef-positive initiatives. In this sense, the direct expected results of the interventions are:

- Area of healthy reef coverage
- Hectares of coral/mangrove/seagrass with improved conditions as a result of threats reduction
- Number of reef-positive SMEs supported and percentage of them becoming investable (per province, per sector, and led by women)
- Number of local entrepreneurs (men and women) managing reef-positive businesses
- Number of people (men and women) with increased awareness about the importance of coral reefs and associated ecosystems
- Number of people (men and women) with increased income (and percentage of increase) from reef-positive businesses
- Number of local people (men and women) employed by the supported reef-positive businesses
- Volume of funding leveraged from the private and public sectors to reef-positive businesses
- Number of people (men and women) with increased capacities to sustainably manage natural resources
- Number of businesses receiving support through the MAA (technical, market access, product development, etc.)
- Annual capital expenditures (US\$/yr) for strengthened management and enforcement capacities of MPA and LMMA networks

In addition, each supported initiative will have specific expected results, depending on the sector. These indicators will be defined as the projects are selected by the CF and the DF and their measurement will be added to the programme monitoring and evaluation plan. Some examples of additional project indicators are:

- Improvement in water quality (by reduction of run-off from agriculture/ forestry and by wastewater management)
- Tonnes of plastic waste reduced and avoided
- Reduction in use of fossil fuels for electricity generation
- Increased number of visitors in community-managed protected areas
- Increased fish catch through sustainable fishing
- Increased forest cover in catchment areas

The direct expected results are aligned to national priorities as they will contribute to increasing the resilience of coastal communities and ecosystems to climate change impacts and they will also contribute to coastal zone management.

There are two dimensions in terms of the sustainability of the proposed interventions: the sustainability of the financial mechanisms implemented by the programme and the sustainability of the reef-positive businesses supported by them. One of the selection criteria for the initiatives selected by the CF and the DF will be the existence of current and potential future revenue streams, to demonstrate a clear path to sustainability. The establishment of the MAA will support the revenue streams of the businesses and the achievement of their financial sustainability. Although the GFCR programme will not support policy reform directly, this is a key component for the sustainability of the facilities and of the businesses. A harmonized and strengthened regulatory framework that allows for coordinated and holistic protection, management and restoration of landscapes should be able to create improved enabling conditions for reef-positive businesses. In addition to the improved enabling environment, WWF is designing an institutional arrangement that can manage not only the GFCR resources but also the funding to be provided by the GCF and the GEF projects, to enable the CF and the DF to be maintained for a longer period of time. It is possible that the DF establishes a remuneration model depending on the success of investment opportunities in its pipeline. The CF, as any grant-based mechanism focused on the most vulnerable groups, will always have a certain level of donor dependency, and will rely on the track record of WWF and the CRR partners to constantly raise resources for its operation.

7. Describe the innovative nature of the Programme

The WWF CRRRI Global Programme is the first in the world to implement a focused and implementable strategy for low exposed coral reef conservation.

The financing approach is a key element which differentiates the programme's approach from past efforts. It introduces a paradigm shift from the historical perceived trade-off between economic development and coastal ecosystem protection. The blended finance approach allows potential for a much larger scale of action, longer time frames, and direct engagement of key businesses who are often drivers of reef degradation.

The programme will have a sequencing approach to seeking different sources of complementary finance from the GEF and GCF (see Figure 4 for more detail). This will allow for the enabling environment and conditions to be put in place to support local businesses and communities through innovative financial mechanisms via the GFCR.

The programme will also innovate by expanding the geographical target areas. Traditionally, international cooperation resources for reef conservation have been concentrated in the Western province, which is part of the Coral Triangle. This programme will focus on the central and eastern areas, which have high coral diversity, and low exposed reefs.

The programme thus presents a novel approach to changing unsustainable local business and community livelihood patterns towards market driven alternative income generating opportunities, which in turn have the potential to create new and increased tax revenues for increased public investment into resilience.

This approach has not been pursued previously as actions towards coral reefs conservation and restoration took traction in the last decade, culminating with the current availability of resources from global funds to the topic in the Solomon Islands. The implementation of this specific programme is timely because it will benefit from substantial co-finance and strengthened government support. The need to recover the country's economy after the COVID-19 crisis is also a unique opportunity for nature-based solutions to receive attention. The suggested approach builds on initiatives being implemented by other actors, such as the Australian cooperation and previous projects led by WWF. Given the lack of capacity and available resources from the public sector for coral reefs conservation and restoration, the proposed approach is the best one to build financial stability, by attracting complementary private finance for reef-positive business development.

8. Expected added value of partners and the GFCR

WWF Solomon Islands is the convening agent for the GFCR programme, and it is part of a global network of country and regional WWF offices present in over 100 countries. More than 7,000 WWF staff collaborate with an extensive network of partners at the local, national, and global levels to deliver science-based solutions for conserving biodiversity, halting environmental degradation, and tackling climate change. WWF is a global leader in providing nature-based solutions for climate change, including through its marine and terrestrial EbA efforts. The WWF-US office has been accredited by GCF to serve as an Accredited Entity and by the GEF to serve as an Implementing Agency.

In addition to the WWF network, the CRRRI implemented globally through a partnership of organizations including Blue Ventures, Rare, CARE International, the University of Queensland (UQ), Vulcan, and the Wildlife Conservation Society, together bringing extensive experience in delivering conservation and climate solutions in close collaboration with governments and local communities. The WWF CRRRI partners will collaborate with national institutions to fill knowledge gaps and provide practical experience and capacity building to deliver these solutions.

The CRRRI innovative approach of protecting low exposure coral reefs with high potential for regeneration is aligned with the GFCR vision. The partnership between WWF and the GFCR in the Solomon Islands brings added value to the broader implementation of the CRRRI strategy in the country, especially because it allows for a focus on investment opportunities in reef-positive businesses. This approach is complementary to the GCF and the GEF projects, which will help improve the enabling environment for the businesses to thrive. Additionally, the GFCR partnership comes at an opportune moment, as it will allow WWF to start implementing the CRRRI strategy in the Solomon Islands in the short term. Without the GFCR support, WWF would have to wait the appraisal processes of the GCF and GEF, which are longer, to start implementing the suggested solutions and would not have the same level of resources for supporting new and current businesses. The GFCR partnership strengthens the CRRRI strategy in the country by providing catalytic funding that can attract private resources in the form of investments, helping to build the sustainability of the CRRRI efforts.

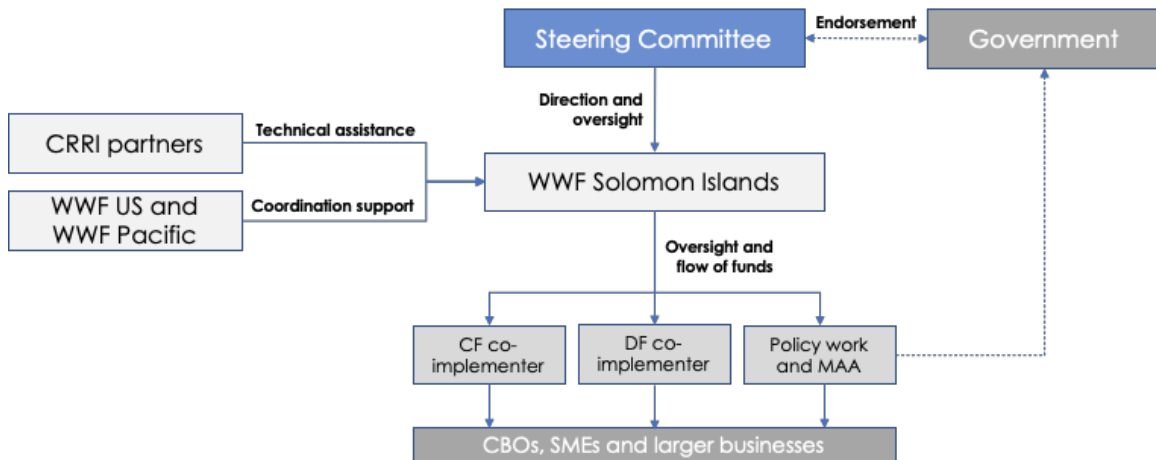
9. Leadership and implementation of the Programme

The programme will be overseen by a Steering Committee, who will approve annual plans and budgets, provide strategic guidance to the WWF Solomon Islands as the convening agent and review reports. This committee will be co-chaired by an appropriate government agency (to be confirmed during full proposal development) and WWF.

WWF already works in close collaboration with the Ministry of Environment, Climate Change, Disaster Management and Meteorology (MECDM), which is responsible for sustainable environmental management, climate change adaptation and mitigation, disaster risk management and meteorological services for the Solomon Islands. This ministry is key for the implementation of the GFCR programme and has been consulted for the preparation of this concept note. It will also be important to work closely with the provincial governments in the priority areas. In this sense, the Ministry of Provincial Government and Institutional Strengthening (MPGIS) will also be an implementation partner.

As mentioned above, the convening agent will receive coordination support from the WWF network (especially WWF US and WWF Pacific who are involved in the implementation and execution of the GCF and the GEF projects) and technical assistance from the CRRRI partners. Additionally, WWF Solomon Islands will require partnerships with local stakeholders to operate the CF and the DF. These partners will be co-implementers and will be defined during the full proposal preparation. They will need to have a track record working with communities and supporting business opportunities, as well as financial management and reporting capacities. It is expected that these partners will also participate in the institutional arrangements of the GCF and the GEF projects, in a way their partnership with WWF Solomon Islands will have a broader scope and impact, beyond the GFCR programme. The figure below illustrates the GFCR programme institutional arrangement.

Figure 3: GFCR-WWF joint programme in the Solomon Islands institutional arrangement

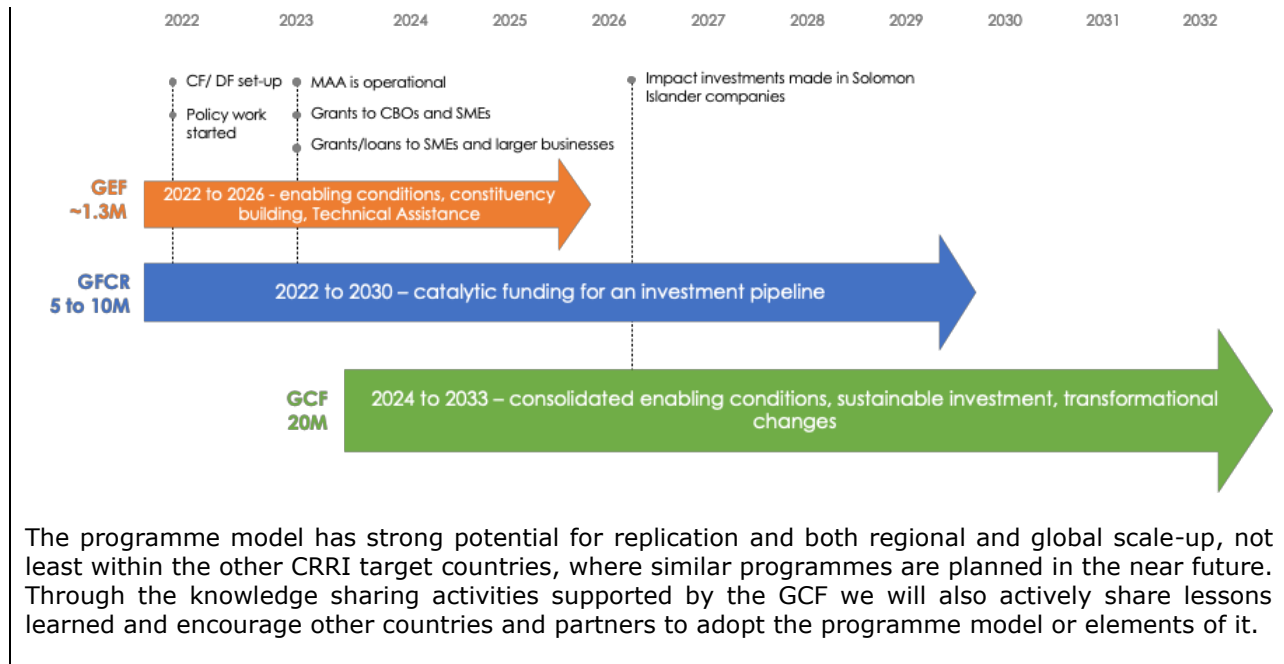


10. Expected period of implementation

The GFCR-WWF programme in the Solomon Islands is expected to be implemented in a period between 6 to 8 years, funded via the GFCR Grant Window. A detailed work plan will be developed during the full proposal preparation, along with a preliminary potential pipeline of businesses that could be supported by the DF and CF. It is expected that in the first years of implementation the facilities and the market access agency are set-up and operationalized, with partnerships formalized with the co-implementers, policies and procedures in place and resources transferred. In a second phase, anticipated to last from 2023 to 2025, the facilities will further expand the pipeline and provide catalytic funding and technical assistance, to help these businesses become investable. Depending on the identified businesses, it is also planned that the programme can provide concessional loans for companies that are ready to scale-up their operations. The MAA can also help source larger investment ready deals and PPPs with the government and private operators during this period.

From 2026 to the end of the programme timeline, WWF expects to attract investment capital, from the GFCR Investment Window and also from other impact investors. Additional funding will be provided by the GEF and the GCF projects, supporting the enabling environment and replenishing the community and the development facilities. This coordination of different funding sources will allow the programme to extend its benefits in the long-term and achieve greater impact. The figure below illustrates the different projects, their implementation period and some key milestones.

Figure 4: GFCR-WWF joint programme in the Solomon Islands period of implementation



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

The GFCR expects that around USD 5 to 10 million will be allocated to the Solomon Islands from its Grant Window. WWF will develop a budget during the full proposal preparation, but it is already possible to anticipate that around 50% of the available resources will be allocated to the CF and the DF (the split between these will be determined during full project development) and around 25% to the MAA. Programme management costs will use 10% of the resources, around 8% will be dedicated to baseline assessments and monitoring and evaluation, and indirect costs will use the remaining 7%. The concentration of GFCR Grant Window resources in the CF and the DF are due to the fact that through these facilities grant resources can be used as catalytic capital and leverage impact capital that can be sought from the GFCR Investment Window. It is anticipated that approximately 70% of GFCR funding sought under the Grant Window will be in the form of grants and 30% will be in the form of concessional loans. This ratio will be confirmed during full proposal development.

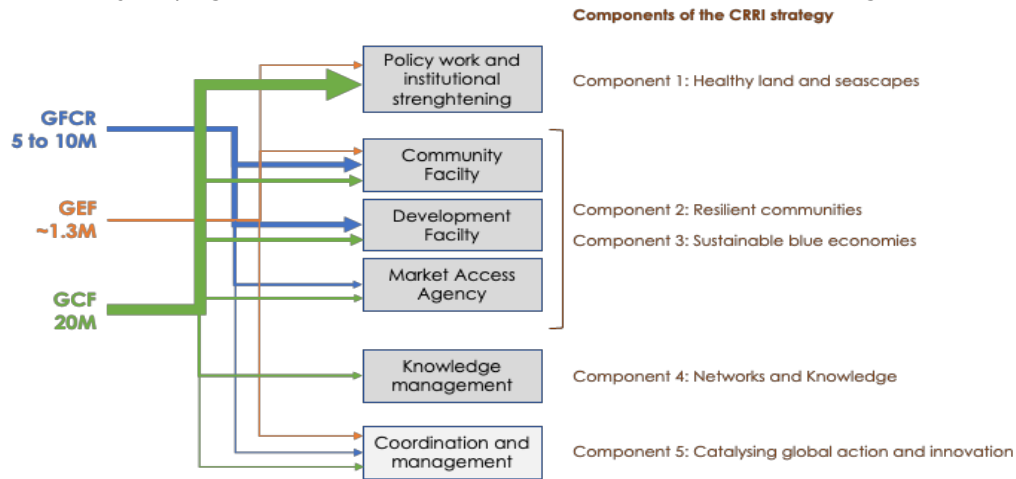
As mentioned above, the GFCR funding will be complemented by the GEF and the GCF projects. The GEF project is anticipated to begin execution in Q1 2022 and the GCF project in Q2 2023. Co-finance from the GEF project will allow the start of policy review and strengthening work with the public entities in the country, a much-needed requirement to improve the enabling environment for coral reefs conservation and restoration and for reef-positive business development. In addition, the GEF project will have a community-based focus and will contribute to the CF set-up and operation. The GCF project will provide co-finance for all elements of the CRRRI strategy, with a strong focus on policy work and the institutional strengthening of government capacity. It will also provide resources for the operation of the CF, the DF and the MAA, allowing for these mechanisms to extend their duration and impact after the GFCR programme is finished. The GCF project will finance a knowledge component that may receive some limited financial support from the GEF and the GFCR when the detailed budgets are developed. The figure below illustrates the different funding sources and their contributions to the different components of the CRRRI global strategy. If the maximum expected allocation of USD 10 million from the GFCR Grant Window is confirmed, it will represent 30% of the total amount of the three projects.

It is important to note that additional co-finance may be mobilized by WWF in collaboration with other partners. Other notable projects that are or will be operating in the Solomon Islands includes IUCN's [Coastal and Marine Ecosystem Resilience Programme \(M-CMERP\)](#), Save the Children Australia's [Solomon Islands Knowledge-Action-Sustainability for Resilient Villages \(SOLSKAS\) Project](#) (both at GCF Concept Note stage), SPREP's [Pacific Regional Project: Ocean health for Ocean Wealth – the Voyage to a Blue](#)

[Economy for the Blue Pacific Continent](#), UNDP's [SAFE project](#), ADB's [Partnerships for Coral Reef Finance and Insurance in Asia and the Pacific](#) (all at GEF Concept approved stage), and SPREP's [Pacific Ecosystems-based Adaptation to Climate Change](#) project (2017-2020). UNDP [Solomon Islands Water Sector Adaptation Project](#). As mentioned, the Australian cooperation is also an important donor for the Solomon Islands, currently funding Strongim Bisnis.

Whilst it is too early to confirm the overall leverage ratio (grants to investment capital), WWF will pursue the target of leveraging at least 1:4, as requested by the GFCR.

Figure 5: GFCR-WWF joint programme in the Solomon Islands use of funds and co-financing



12. Country conservation ambition

The Solomon Islands Government signed the Leaders Declaration to launch the Coral Triangle Initiative on Coral reefs, food security and fisheries in 2009, ratified the Paris Agreement in 2016 and made a global commitment at the 2018 World Oceans Conference to develop ocean legislation to safeguard its ocean resources. Since then, it has made several broader national responses through policy statements. These responses were guided by the realities of tenure, coastal communities' dependency, and custodial rights over the natural resources. It further highlights the need to manage natural resources in order to access the social and economic benefits from a healthy ecosystem. These responses are dispersed across several Policy documents with priority national actions, including:

- Solomon Islands National Development Strategy 2016 - 2035 - medium Term Strategy 11: Manage the environment in a sustainable resilient way and contribute to climate change mitigation;
- Solomon Islands National Climate Change Policy 2012 - 2017 - priority national action: The people, natural environment and economy of the country are resilient and able to adapt to the predicted impacts of climate change;
- Solomon Islands National Ocean Policy 2018 (SINOP) - priority national action: Strengthen the resilience of people and communities to negative impacts on their ocean resources; and
- Solomon Islands National Adaptation Program of Action 2008 - priority national action: Integrated coastal Zone management - 2.9 Promote coastal zone management (ICZM) and integrate climate change adaptation into sustainable coastal development.
- The National Biodiversity Strategic Action Plan 2016–2020 (NBSAP) - specifically the NBSAP aimed to protect at least 15 percent of coastal and marine areas of the country by 2020 and to ensure that 25 percent of villages in the coastal area were managing their fisheries through CBRM by 2015. However, these targets have not been achieved (MECDM 2019).

There is a coral restoration and management plan that was gazetted, but like many other Government policies, implementation is a challenge. Also, most of the key policies stated above are outdated and the review process is slow. The GCF and GEF project proposals being developed by WWF for the Solomon

Islands include support to improve the policy environment that can fully support protection of the regenerating reefs.

It is important to highlight that government representatives have been engaged in the GCF and GEF projects development through several rounds of consultation and are aligned and supportive of the CRRRI strategy for the country, including the priority areas selected. One meeting was held to present the GFCR opportunity, with the Ministry of Environment (MECDM) and further discussions will be held in the full proposal preparation phase to ensure active leadership from the government and local ownership.

13. Risk assessment

The risks of increased climate change damaging effects and major natural disasters in the programme areas are high, which motivates a focus on increased resilience of ecosystems and communities throughout the programme implementation.

There is also a moderate risk related to limited local capacity and skills relating to financing businesses. The engagement of the private sector with sustainable development, biodiversity conservation and climate change targets in the Solomon Islands is limited. Government agencies responsible for these agendas have not worked closely with the private companies operating in the country and traditionally have not built alliances to attract private finance to conservation. In addition, there are significant barriers for the development of new businesses, as explained above. WWF is working to construct bridges between the public and the private sectors to mitigate the important risk of lack of government capacity to engage with reef-positive businesses. Through the GCF investment and participatory government engagement and centralized support provided through WWF Pacific and other executing partners, government capacity will be significantly increased. The program's focus on developing the necessary participatory frameworks for both integrated land and seascape use planning and sustainable investment mobilization will also be key to enabling governments to manage these programmes over the long term after the projects end.

An additional moderate risk is the limited sources of long-term finance to maintain sustainable management of initiatives. The combination of the GFCR programme with the GEF and the GCF projects are a great opportunity for the development of sustainable finance mechanisms in the country.

It is important to consider the risk COVID-19 still poses to any new programme in the country. The pandemic brought an unprecedented economic and humanitarian crisis that will slow down the implementation of the programme. It also heavily affected the economy, especially the tourism sector with the halt of travelling. Government priorities are also focused on the impacts of the crisis and how to control the spread of the disease. On the other hand, the need to promote economic recovery after the pandemic may also represent an opportunity for the productive sector.

Finally, WWF has developed a comprehensive institutional framework on environmental and social risk management, which will be applied throughout the GFCR programme implementation, ensuring that any reputational risks are identified and mitigated.

OVERVIEW OF FUNDING REQUESTED

The amounts presented below are an estimate based on the proportion of resources dedicated to each component of the CRRRI strategy, considering a total amount of USD 10 million. The budget will be refined during the full proposal preparation process.

| Category | Amount Requested | Description |
|--|-------------------|--|
| Baseline studies | 800,000 | Baseline assessment for the indicators included in the M&E Strategy and monitoring |
| Initial pipeline projects | 5,000,000 | Set-up and operation of the CF and DF |
| Programme development | 2,500,000 | Set-up of the MAA and support to the CF and DF businesses to access markets |
| Programme management | 1,000,000 | WWF permanent staff dedicated to the GFCR programme, travel costs, communication |
| Indirect costs | 700,000 | Office and other indirect costs |
| TOTAL | 10,000,000 | |
| Expected Programme leverage ratio of grants to investment capital | 1:4 | WWF expects to leverage a minimum of 1:4 grants to investment capital as requested by the GFCR |
| | | |

ANNEX 1: TECHNICAL REVIEW CRITERIA FOR CONCEPT NOTES

| Category | Criteria | Weight in category | Weight of total |
|-----------------------|---|--------------------|-----------------|
| 1. Mandatory criteria | 1.1 Submission is appropriate, complete and follows guidelines outlined in the call for proposal | Pass/Fail | |
| | 1.2 Feasible timeframe (2-8 years) with quantitative milestones on a semi-annual basis | Pass/Fail | |
| | 1.3a Clearly delineated impact metrics positively affecting coral reefs and associated ecosystems and coastal and reef-dependent communities (e.g., x hectares protected, x% increase in fish density, x% increase in biodiversity, alternative incomes for xx fishers, coastal protection for xx households, etc.) | Pass/Fail | |
| | 1.3b Drivers negatively affecting coral reefs and associated ecosystems identified and clear actions to mitigate (e.g. overfishing: impose a no-take zone, agricultural runoff: introduce upstream regulation and enforcement) | Pass/Fail | |
| | 1.3c Monitoring plan adequately described tied to delivering proposed impact metrics and appropriately resourced | Pass/Fail | |
| | 1.5 Co-investment from local sponsors (can be in the form of funding or in-kind/staff time) | Pass/Fail | |
| | 1.6a Revenue generation schemes are included | Pass/Fail | |
| | 1.6b Already revenue generating | Pass/Fail | |
| | 1.6c If Point 1.6b is 'Fail' then does the proposal include a clear, feasible route to market and eventually secure financial sustainability? | Pass/Fail | |

| | | | |
|----------------------------|--|-----------|-----|
| | 1.7 Clear budget with overhead/management accounting for no more than 18% (breakdown by outcome and output) | Pass/Fail | |
| | 1.8 Targeted grant to investment leverage ratio is 1:3 or above. | Pass/Fail | |
| 2. Relevance | 2.1 Relevance of approach according to GFRC vision and the SDGs (drivers addressed and use of blended finance mechanisms) | X/10 | 75% |
| | 2.2 Theory of Change and rationale for the proposal is clear with potential for scaling-up and replication | XX/10 | |
| | 2.4 Conservation and biodiversity outcomes are project priorities with multiple drivers of degradation addressed and tied to milestones appropriately timed and measured (clearly stated; % increase in live coral cover, reduction of invasive species, increase in fish density, hectares protected, reduction in pollution, etc.) | XX/20 | |
| | 2.5 Blue finance mechanisms are viable and include appropriate timeline to implementation (business models using blue bonds, debt, guarantees to attract investment, etc.) | XX/20 | |
| | 2.6 Scale of positive impact for coastal and reef dependent communities. (i.e. number of benefactors and type) | X/10 | |
| | 2.8 Project aims to address issues of gender and social inclusion with clear metrics, timelines, and delivery routes (e.g. more economic opportunities for women) | X/5 | |
| 3. Delivery and operations | 3.1 Roles and responsibilities (clarity and appropriateness of governing and policy frameworks) with local employment favoured and gender balanced | X/5 | 25% |

| | | | |
|--|--|-----|--|
| | 3.2 Capacities or convening agent and partners (technical capacities and/or abilities), readiness of actors involved, baseline metrics, capacity for monitoring and reporting impacts | X/5 | |
| | 3.3 Duration and milestones (clarity and appropriateness of), with risks and mitigating factors delineated | X/5 | |
| | 3.4 Budget adequacy (cost-efficiency and appropriateness) | X/5 | |
| | 3.5 Stage of development—is the concept past the idea stage, demonstrated by financing secured, signed partnership agreements, signed contracts with the community or government, IP produced, or other contractual evidence | X/5 | |

ANNEX 2: ADDITIONAL BASELINE DATA

Please provide any site-specific documents of baseline studies on coral reef ecosystem health, resiliency to climate change and baseline data on socio-economic context.

The Coral Reef Rescue Initiative

While many coral reefs are facing increasing stress from climate warming and ocean acidification, some reefs are less exposed to climate change stress due to local oceanographic conditions such as currents and upwelling.¹⁴ These less exposed coral reefs have an important role to play in the future of coral reefs.¹⁵ A global analysis (led by the University of Queensland and other partners) selected reef candidates using a complex optimization process involving 1.8 million combinations and over 30 climate and connectivity metrics (e.g. temperature extremes, projected changes etc), in Bio Climatic Units (BCUs) with a minimum size of 500 km² of coral reefs. Selection criteria also included the extent to which candidate reefs were linked to surrounding coral reefs via ocean currents. This was important given that currents transport coral larvae and fish, which is a measure of the potential of candidate reefs to act (if protected) as regeneration sites once the global climate has been stabilized.

This analysis, involving 21 world experts, identified 50 optimal sites¹⁶ published in peer-reviewed literature and has been presented at a large number of leading international meetings. It has also been cited by over 78 other peer review scientific studies, which is a very high scientific citation rate for a study that was only published a little over 2 years ago. The result of the in-depth analysis of Beyer et al (2018) is a list of coral reef regions BCUs that were 'least' exposed to climate change yet well connected to surrounding reefs. Approximately 80% of these 'least' exposed coral reefs are found in developing countries and 90% of those are concentrated in seven countries: Fiji, the Solomons Islands, Madagascar, Tanzania, the Philippines, Indonesia, and Cuba. These 7 countries together host 70% of the regeneration potential for the world's reefs. These remaining coral populations could be critical to the replenishment and restoration of other coral reefs more vulnerable to climate change once ocean surface temperatures have stabilized in the future.¹⁷ Corals that persist would act as important sources of larvae, if they are connected to reefs that require replenishment and have minimized the risks of other stressors such as storms.

The Coral Reef Rescue Initiative (CRRI) is developed by the World Wildlife Fund (WWF) delivering a portfolio of projects in the world's most climate-resilient reefs, those which are least exposed to climate change, as a lifeline for the future of our planet's coral reef ecosystems. Coral reefs are the most biologically diverse ecosystems in the ocean, providing tangible climate and economic benefits to coastal communities, many of whom are highly dependent on goods and services derived from well-functioning reef ecosystems. Approximately 850 million people live within 100 kilometers and more than 275 million reside within 30 kilometers of reefs and depend on these marine ecosystems for their food and livelihoods.¹⁸ While they occupy less than 0.1% of the world's oceans, coral reefs provide habitat for at least 25% of all marine species. The over one million species living in and around coral reefs¹⁹ are central to the food security of people living along tropical coastlines, to the economic activity and output for coastal communities²⁰, and national economies and gross domestic product of coastal countries. An estimated 30 million fishers in 99 reef countries and territories worldwide—over a quarter of the world's small-scale fishermen—harvest from coral reefs²¹. The loss of coral reefs has led to a significant downturn in fisheries productivity²² putting an estimated \$6 billion in revenues globally at risk²³.

¹⁴ Beyer et al., 2018. Available online: <https://doi.org/10.1111/conl.12587>

¹⁵ Hoegh-Guldberg et al., 2018. Available online: <http://hdl.handle.net/10138/311749>

¹⁶ op.cit. Beyer et al., 2018

¹⁷ Hoegh-Guldberg et al., 2014. Available online: <https://hdl.handle.net/10037/6969>

¹⁸ Burke et al., 2011. Available online: https://pdf.wri.org/reefs_at_risk_revisited.pdf

¹⁹ Census of Marine Life n.d.; Reaka-Kudla and Wilson 1997

²⁰ op.cit. Burke et al., 2011

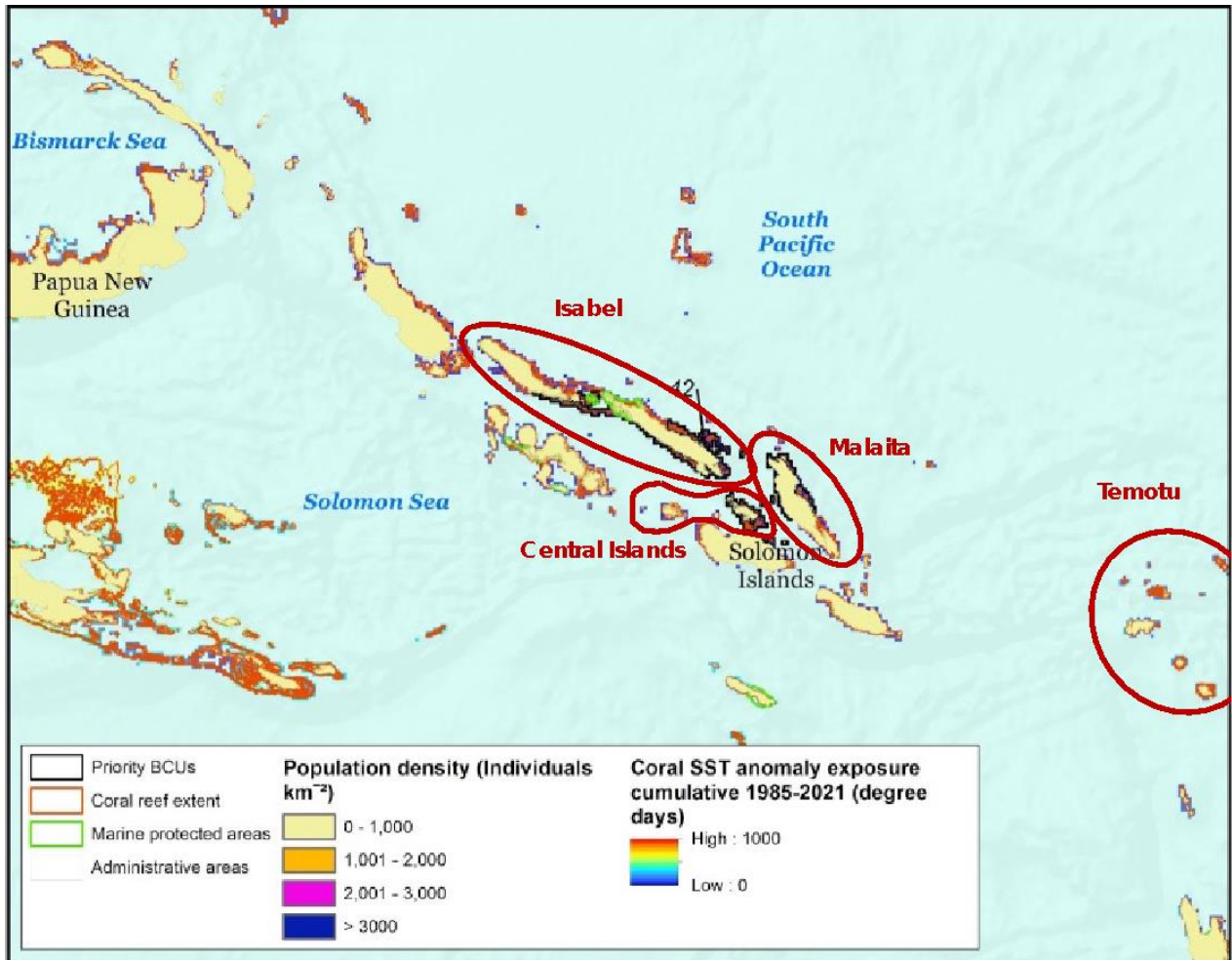
²¹ <https://coral.org/coral-reefs-101/coral-reef-ecology/coral-reef-biodiversity/>

²² Graham 2014; Pratchett, Hoey, and Wilson 2014; Speers et al. 2016

²³ Teh, Teh, and Sumaila, 2013. Available online: <https://doi.org/10.1371/journal.pone.0065397>

Solomon Islands (Central & Eastern Province Sites)
BCU 42 Solomon Islands

| Provinces identified as priorities | Reef Area (km ²) | Mangrove Area (km ²) | Total area under protection | Direct beneficiaries | Indirect beneficiaries | Total beneficiaries |
|------------------------------------|------------------------------|----------------------------------|--|----------------------|------------------------|---------------------|
| Central Island Province | 654 km ² | 278 km ² | 52.32 km ² (total reefs under protection) | 150,000 | 350,000 | 500,000 |
| Malaita Province | | | | | | |
| Isabel Province | | | | | | |
| Temotu (TBC) | | | | | | |



ANNEX 3: BUSINESS MODELS AND FINANCIAL INSTRUMENTS

Please provide any specific documents or graphics that illustrate in greater detail the financial models associated with the interventions of the programme.

GFCR-WWF Solomon-Islands programme - continuum of support

The figure below illustrates how the different financial mechanisms proposed under the GFCR-WWF Programme in the Solomon Islands are designed to provide a continuum of support to businesses, in a way they achieve an investable status.



Identified initiatives per sector to illustrate types of businesses to be potentially included in the GFCR-WWF programme:

| Sector | Identified initiative | Type of initiative | Location | Potential types of support / alliance |
|-------------------------|--|--|------------|---|
| Sustainable agriculture | Kastom Garden Association | NGO focused on farming | Nationwide | Channel support to community-based enterprises |
| Sustainable forestry | Natural Resources Development Foundation | NGO focused on sustainable forest management and conservation | Western | Replicate projects on certified honey and non-timber forest products in the eastern |
| | Kolombangara Forest Products Ltd | FSC certified forestry company with ecolodge | Western | Replicate model in the eastern provinces |
| Cosmetics | Kokonut Pacific Solomon Islands Ltd (KOSI) | Enterprise (oil and cosmetics) with network of village businesses producing Virgin Coconut Oil | Nationwide | Scale-up investment, expand network in the priority provinces |

| | | | | |
|------------------------------|--|--|----------------------------------|---|
| Sustainable fisheries | SolTuna | Tuna processing plant (with 64% women staff) | Western | Expand model in the eastern provinces |
| | National Fisheries Development Ltd (Trimarine Group) | Pole and line tuna fishery (delivers to Sol Tuna) | Western | Expand model in the eastern provinces |
| | Gizo Raru Local Fishers Association for Sustainable Fisheries | Artisanal fishery | Western | Replicate association model in the eastern provinces |
| MPAs | Arnavon Community Marine Park | Community-based conservation and ecotourism | Isabel | Support expansion of revenue streams |
| Locally Managed Marine Areas | Solomon Islands Community Conservation Partnership | Community-based conservation | Western | Replicate model in the eastern provinces with creation of revenue streams |
| Ecotourism | Tetepare Descendants' Association | Community-based conservation and ecotourism | Western | Replicate model in the eastern provinces with endowment fund |
| | Strongim Bisnis - Solomon Islands Tourism Trails | Support to tourism associations | Guadalcanal, Western and Central | Expand to eastern provinces |
| Plastic waste management | Plasticwise Gizo | Plastic waste reduction and awareness | Western | Replicate model with eastern provinces communities |
| Microfinance | WWF Saving Clubs | Village savings and loans scheme with focus on women | Western | Expand in programme priority areas |
| | West 'Are'Are Rokotanikeni Association (WARA) | Village savings and loans scheme with focus on women | Nationwide | Expand in programme priority areas |

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