CONCEPT NOTE

Concept Note Title: Programa Nossos Corais	**Recipient Organisation(s):** Fundo Brasileiro para a Biodiversidade (FUNBIO)
Convening Agent: Fundo Brasileiro para a Biodiversidade (FUNBIO) **Programme Focal Point Contact**: Manoel Serrão COO, FUNBIO manoel.serrao@funbio.org.br	**Programme Location** Country: Brazil
Description: The purpose of the Programa Nossos Corais is to recover and conserve the unique Brazilian coral reef formations, so that they keep providing ecosystem services to the coastal communities that depend on them. This will be achieved through the mobilization of additional financial resources, coordination of multiple stakeholders, systematic research and monitoring, and a new vision that strengthens the economic benefits of coral reefs conservation.	**Preparatory Grant Cost (USD)[1]:** USD 99,970 **Proposed Start Date[2]:** March, 2022 **Proposed End Date:** December, 2022

Signature of Convening Agent:

Print:
Organisation Fundo Brasileiro para a Biodiversidade
Name Rosa Maria Lemos de Sá
Title Secretária Geral
Signature [redacted] Rosa Maria Lemos de Sá (14 de Abril de 2022 12:24 ADT) Date 14-abr-2022

Signature of GFCR Executive Board UN Partner:

Print:
Organisation UNDP
Name Andrew Hudson
Title Head, Water & Ocean Governance Programme

DocuSigned by:
Signature [redacted] Date 03-May-2022

[1] As per GFCR Executive Board decision, disbursements will be determined based on fiduciary assessment, expenditures and GFCR Secretariat's performance review.
[2] Programme start date will be triggered by the initial fund transfer of the GFCR Trustee

BUDGET BY UNDG CATEGORIES

Total Budget Breakdown	Total
1. Staff and other personnel	$23,905
2. Supplies, Commodities, Materials	$0
3. Equipment, Vehicles, and Furniture (including Depreciation)	$0
4. Contractual services	$58,125
5. Travel	$11,400
6. Transfers and Grants to Counterparts	$0
7. General Operating and other Direct Costs	$0
Total Direct Costs	**$93,430**
8. Indirect Support Costs (Max. 7%)	$6,540
TOTAL Budget	**$99,970**

Concept Note

FACT SHEET

Title of the proposed Programme (limit to 30 characters):
Programa Nossos Corais ("Our Corals Programme" in Portuguese) - TBC

Convening Agent: Fundo Brasileiro para a Biodiversidade (FUNBIO)

Date: February 2nd, 2022

Lead contact person: Manoel Serrão
COO, FUNBIO
manoel.serrao@funbio.org.br

Other participating entities/co-implements and contact persons:
- To be confirmed

Name of coral reef site or project area: Brazil
Site 1: Fernando de Noronha, located in Ecoregion of Fernando de Noronha chain, also includes Rocas Atoll, the only atoll in the Western South Atlantic (Ecoregion 74).
Site 2: Environmental Protection Area (APA in Portuguese) Costa dos Corais, located in the Northeast coast of Brazil (Ecoregion 75).
Site 3: Abrolhos Bank and costal sites (Ecoregion 76).

Period of implementation (years and months):
Envisioned Proposal Development Phase: *6 months*
Vision for full programme: *8 years*

Financing Needs:
Preparatory Grant Request: USD 99,970k
Early Estimate of Full programme Grant Needs: USD 10 million

Relevant objective/s from national strategic document/s:

- The National Action Plan for the Conservation of Coral Environments (PAN Corais in Portuguese) includes 52 species threatened with extinction according to IUCN red list criteria and has the general objective of improving the conservation status of coral environments through the reduction of anthropogenic impacts, expansion of protection and knowledge, with the promotion of sustainable use and socio-environmental justice.
- The Priority Areas and Actions for the Conservation of the Brazilian Costal and Marine Zone indicates areas and actions to protect coral reefs via implementation of MPAs in an integrated system as well as local arrangements to reduce user conflicts.
- The main purpose of the National Coastal Management Plan (PNGC in Portuguese) is to establish general norms aimed at the environmental management of the Country's Coastal Zone, laying the foundations for the formulation of state and municipal policies, plans and programs.

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

- **SDG 2:** target 2.3 focuses on doubling the productivity and income of small-scale food producers, including fishers. Target 2.4 aims at ensuring sustainable food production systems and implementing resilient practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change. The programme will contribute to these targets by working with artisanal fishers, improving their practices to enhance productivity and reduce impact, and building capacity for them to professionalize their activity and access new markets.
- **SDG 5:** target 5.5 focuses on ensuring women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life. FUNBIO has a gender mainstreaming policy and will apply it to this programme, ensuring capacity building opportunities and governance systems supported provide equal opportunities to women and men.
- **SDG 8:** target 8.2 has the objective of achieving higher levels of economic productivity through diversification, technological upgrading and innovation. The programme will support technological upgrading and innovation in fishing practices and will also support diversification, by engaging reef-dependent communities in coral reef conservation, restoration/gardening, and monitoring, as well as in sustainable tourism business opportunities. Target 8.9 talks about policies to promote sustainable tourism. The programme aims at accelerating sustainable tourism in the three sites working with reef-dependent communities.
- **SDG 14:** target 14.1 aims at preventing and significantly reducing marine pollution. The programme will contribute to this target through the work with sugar-cane producers to reduce the run-off of their plantations by restoring riverbanks in their properties. Target 14.2 focuses on sustainably managing and protecting marine and coastal ecosystems. This target is at the core of the programme, which will support Marine Protected Areas (MPAs) that are home to the most significant coral reefs in the country. Target 14.4 is geared towards effectively regulating harvesting and ending overfishing. These are specific drivers of degradation identified and will be a focus of attention of the program's interventions. Finally, target 14.b, which has the objective of providing access for small-scale artisanal fishers to marine resources and markets, will also be accelerated, as the programme will work with artisanal fishers to improve their practices and support their access to markets.
- **SDG 15:** target 15.1 aims at ensuring the conservation, restoration, and sustainable use of terrestrial and inland freshwater ecosystems. By restoring riverbanks to reduce run-off to coral reefs in one of the programme sites, this target will also be supported.
- **SDG 17:** target 17.1 aims at strengthening domestic resource mobilization, including through international support, and target 17.3 aims at mobilizing additional financial resources for developing countries. Through the establishment of this joint programme, the GFCR and FUNBIO will contribute for these targets. Moreover, target 17.17 focuses on encouraging and promoting effective public-private and civil society partnerships, which is the *modus operandi* of FUNBIO, as a 25-year conservation trust fund. This programme will build on FUNBIO's track record and establish long-term collaborations with NGOs working in the areas, private actors, and the environmental authorities to implement its interventions.

Relevant GFCR outcomes and outputs:

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

Output 1.3 Increase in scientific studies on identifying climate refugia

Output 1.4: Water quality/land-ocean interface projects roll-out to protect coral reefs

Output 1.5: Elimination of destructive fishing practices and harmful gear from protection sites

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

Output 2.1: Community-based projects for sustainable fisheries and food security, seaweed farms, small scale and locally owned aquaculture, tourism, etc.

Output 2.2: Sustainable value chain development and educational programmes to build skills for alternative careers and livelihoods

Output 2.6: Communication and educational campaigns to drive and sustain behavioral change

- OUTCOME 3: Restoration of coral reefs through new technologies and adaptive approaches

Output 3.4: Restoration guidelines and training on coral reef restoration

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 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). Please note a letter of endorsement for the proposal from a relevant government entity will be needed prior to submission of the full programme proposal to the GFCR Executive Board.	Yes
The proposal is based on the standard template for Concept Notes, it is complete, and it includes: • Theory of Change demonstrating contribution to GFCR Outcomes • Results-oriented partnerships. Convening Agent demonstrates the vision for diverse partnerships to achieve an integrated ecosystem approach. • 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.	Yes
The proposal is expected to leverage resources for coral reef conversation at scale	Yes

1. Summary of Programme (400 words max.) (5pts)

The purpose of the Programa Nossos Corais is to recover and conserve the unique Brazilian coral reef formations, so that they keep providing ecosystem services to the coastal communities that depend on them. This will be achieved through the mobilization of additional financial resources, coordination of multiple stakeholders, systematic research and monitoring, and a new vision that strengthens the economic benefits of coral reefs conservation.

The programme will work in three target sites: Fernando de Noronha and Rocas Atoll (Ecoregion 74); Costa dos Corais in the Northeastern Brazil (Ecoregion 75); and Abrolhos in Eastern Brazil (Ecoregion 76).[3] Each target site contains unique characteristics and offer complementary opportunities for the successful development of reef-based businesses. Together, they represent the main reef formations in Brazil and mix ecological uniqueness, opportunity of economic transformation and maintenance of social and cultural relevance.

Although main reef areas are part of MPAs, strict protection is still very low and presently threatened by increasing pressures, including land-based runoff sedimentation and pollution, overfishing, unregulated tourism, and, more recently, climate induced impacts. At the same time, there is a limited capacity in the reef-dependent communities to develop initiatives and business models that are sustainable and that have scale to attract and absorb funding. The lack of dedicated financial mechanisms and vehicles, and of structured business models, hinder private sector engagement and systemic investment into coral reef ecosystems.

To tackle these barriers and address the drivers of degradation, this programme will work on a set of interventions adapted to each of the three sites, including:

- Support enabling conditions, such as participatory local community dialogue and decision-making, capacity building on entrepreneurial skills and sharing of best practices for sustainable economic activities;
- Facilitation of strategic public policy, with marine spatial planning to establish better zoning, and assessment of other policy needs in the state and federal level;
- Funding to robust science-based monitoring, with the use of technological solutions adapted to local conditions, including citizen science;
- Establishment of an impact investment facility designed and implemented to identify, develop and provide support to sustainable business models and livelihoods that reduce drivers of degradation to coral reefs, focusing on nature-based tourism, coral reef restoration and sustainable fisheries;
- Support to MPAs effective management with complementary investments in public use models that attract private capital; and
- Assistance to ridge-to-reef approaches, mainly through the restoration of riverbanks permanent protection areas to reduce sediment and pollution runoff to coral reefs.

[3] Mark D. Spalding, Helen E. Fox, Gerald R. Allen, Nick Davidson, Zach A. Ferdaña, Max Finlayson, Benjamin S. Halpern, Miguel A. Jorge, Al Lombana, Sara A. Lourie, Kirsten D. Martin, Edmund McManus, Jennifer Molnar, Cheri A. Recchia, James Robertson, Marine Ecoregions of the World: A Bioregionalization of Coastal and Shelf Areas, BioScience, Volume 57, Issue 7, July 2007, Pages 573–583, https://doi.org/10.1641/B570707

With increased funding flowing to the Marine Protected Areas (MPAs) and to community-based businesses that are sustainable and reduce the drivers of degradation, FUNBIO aims at contributing to the increased resilience of both the coral reefs and the communities that depend on their services. The programme will be implemented in a span of eight years, with an anticipated kick-off in the second half of 2022.

2. Climate resilience of coral reefs and biodiversity value of reefs in the proposed project area(s) (300 words max.) (5pts)

Brazil supports the only coral reefs in the South Atlantic, spread along 3,000 km of coastline. Coral reef formations in Brazil are unique both in form and species composition, growing in mushroom shapes that may form pinnacles 20m high, such as the Abrolhos "*chapeirões*", or extensive reef tops in shallow areas that expand laterally and coalesce in large *banquises*. Low diversity (23 species of hard coral and five species of hydrocoral) and strong endemism (nine of 28 species are endemic), including species considered relics (that is, that have been extinct elsewhere), are distinct characteristics of Brazilian coral reefs.[4]

Major causes of coral loss on coastal Brazilian reefs have been, in the past, direct removal for construction and lime production, followed by chronic land-based threats such as sedimentation and pollution.[5] [6] Plagued by multiple stressors as in any densely populated country, Brazilian reefs, which are under turbid regimes, have been considered as refuges in relation to climate induced stressors, as they have escaped multiple thermal stress events that affected reefs worldwide, remaining relatively stable.[7]

According to The Sixth Status of Corals of the World: 2020 Report – Brazil chapter,[8] the first record of affected reefs occurred during the 1998 El Niño–Southern Oscillation (ENSO) event. However, in the following decade reef recovery was observed in all areas, also boosted by increased management and protection, through the control of damage by fishing and tourism inside MPAs and the prohibition of collection and trade in corals. Prior to 2016, bleaching-associated coral mortality on Brazilian coral reefs was low compared with other regions of the world, suggesting that these reefs might represent a thermal refuge. However, the more recent 2019-2020 coral bleaching event, caused by a massive marine heat wave, resulted in widespread bleaching across all subregions, with mortality rates varying between reefs

[4] Leão, Z. M., Kikuchi, R. K., Ferreira, B. P., Neves, E. G., Sovierzoski, H. H., Oliveira, M. D., Maida, M., Correia, M. D., & Johnsson, R. (2016). Brazilian coral reefs in a period of global change: A synthesis. Brazilian Journal of Oceanography, 64(SPE2), 97-116.
[5] Maida, M., & Ferreira, B. P. (1997). Coral reefs of Brazil: an overview. In Proceedings of the 8th international coral reef symposium (Vol. 1, No. 263, p. 74). Smithsonian Tropical Research Institute Panamá.
[6] Dutra, L. X. C., Kikuchi, R. K. P., & Leão, Z. M. A. N. (2006). Effects of sediment accumulation on reef corals from Abrolhos, Bahia, Brazil. Journal of Coastal Research, 633-638.
[7] Duarte GAS, Villela HDM, Deocleciano M, Silva D, Barno A, Cardoso PM, Vilela CLS, Rosado P, Messias CSMA, Chacon MA, Santoro EP, Olmedo DB, Szpilman M, Rocha LA, Sweet M and Peixoto RS (2020) Heat Waves Are a Major Threat to Turbid Coral Reefs in Brazil. Front. Mar. Sci. 7:179. doi: https://doi.org/10.3389/fmars.2020.00179
[8] Ferreira et al., 2021 Chapter 11: Status and trends of coral reefs of the Brazil region In Status of Coral Reefs of the World: 2020 Edited by: David Souter, Serge Planes, Jérémy Wicquart, Murray Logan, David Obura and Francis Staub. Available online: https://gcrmn.net/wp-content/uploads/2021/11/Chapter-11.-Status-and-trends-of-coral-reefs-of-the-Brazil-region.pdf

and species, but exceeding 50% for some species, according to local reports. [9] [10] Coral mortality associated with the 2019-2020 event was the greatest ever recorded in Brazil and it raised doubts about the prevalent view that Brazilian marginal reefs were less prone to be affected by global mass bleaching events. This highlights the importance of continuous monitoring and evaluation; further investigation of patterns of resilience and recovery and local management measures to prevent and mitigate impacts.[11] Specificities about the status of coral reefs in the three target sites are detailed in Annex 2.

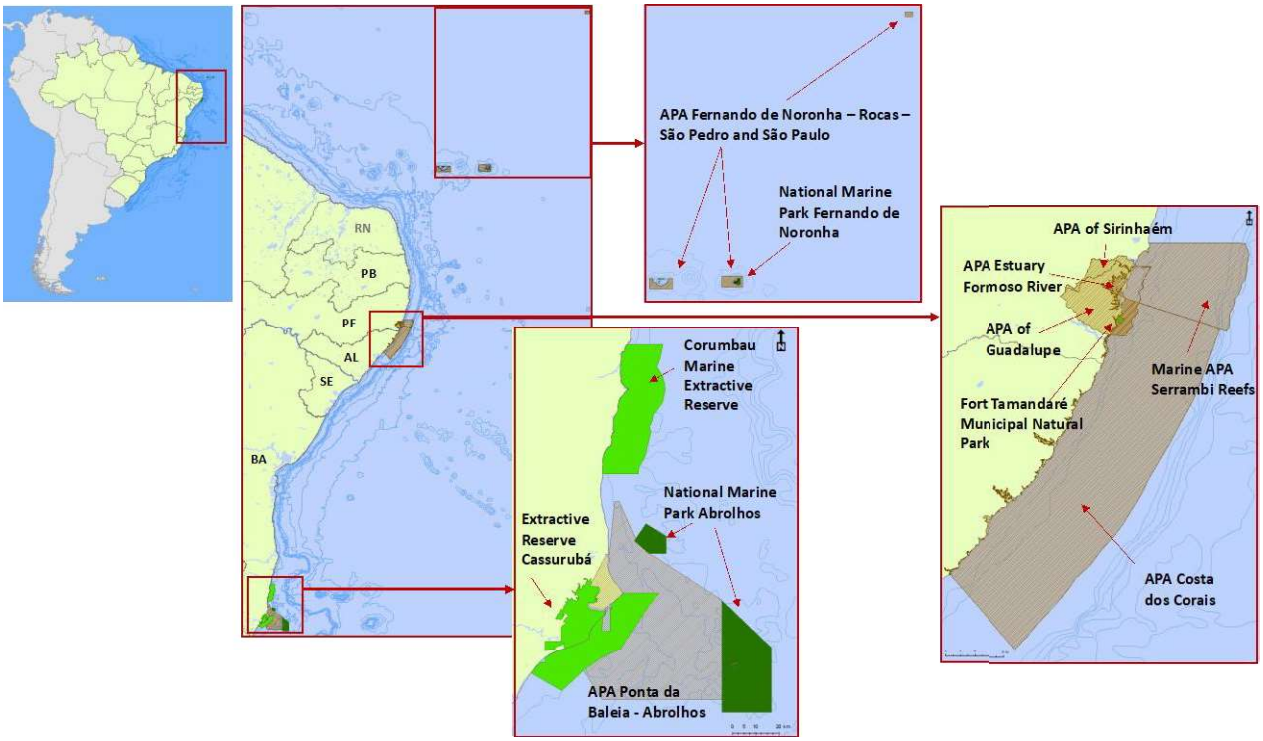

Figure 1 – Mosaic of Protected Areas in the three target sites. Source: FUNBIO GIS

The three target sites are partially protected by MPAs, including a mosaic of different protection categories and government level oversight (a map of the MPAs is presented above). These include:

- In Fernando de Noronha:
  - Fernando de Noronha Marine National Park (equivalent to IUCN category II), under the management of Brazil's national park agency, ICMBio, created in 1988, with 11,270 hectares, covering 70% of the main island of Fernando de Noronha and 20 smaller islands.[12] Since 2011, the park has a concession agreement with Grupo Cataratas,[13] a private company focused on managing

[9] Ibid

[10] Gaspar, T. L., Quimbayo, J. P., Ozekoski, R., Nunes, L. T., Aued, A. W., Mendes, T. C., Garrido, A. G., & Segal, B. (2021). Severe coral bleaching of Siderastrea stellata at the only atoll in the South Atlantic driven by sequential Marine Heatwaves. Biota Neotropica, 21(2).

[11] Op.cit. Ferreira et al., 2021

[12] https://www.parnanoronha.com.br/

[13] https://grupocataratas.com/econoronha/

public use services, mainly ecotourism, in the park. The group also has concessions in other national parks in Brazil, including Foz do Iguaçu and Tijuca.

- Fernando de Noronha – Rocas – São Pedro and São Paulo Environmental Protection Area – APA in Portuguese (equivalent to IUCN category V), under the management of ICMBio (environmental management and monitoring) and the Secretariat of Environment of the state of Pernambuco (all public services), created in 1986 by the federal government and in 1989 by the state government after the archipelago became part of the state, with 79,706 hectares. It covers the remaining 30% of the main island of Fernando de Noronha, the buffer zone of the Biological Reserve Atol das Rocas, and the Archipelago of São Pedro e São Paulo. [14] [15]

- In Costa dos Corais:
  - APA Costa dos Corais (equivalent to IUCN category V), under the management of ICMBio, created in 1997, it is the largest national MPA in Brazil, with more than 400 thousand hectares and about 120km of beaches and mangroves in two states (Alagoas and Pernambuco).[16]
  - APA of Guadalupe (equivalent to IUCN category V), under the management of the Secretariat of Environment of the state of Pernambuco, created in 1997, with 32,135 hectares of terrestrial area and 12,664 hectares of marine area. The area includes remnants of the Atlantic Forest, mangroves and coral reefs.
  - Marine APA Serrambi Reefs (equivalent to IUCN category V), under the management of the Secretariat of Environment of the state of Pernambuco, created in 2018, with 84,036 hectares of marine area. Its objectives include the support to artisanal fisheries and ecotourism.
  - APA of Serinhaém (equivalent to IUCN category V), under the management of the Secretariat of Environment of the state of Pernambuco, created in 1998, with 6,589 hectares.
  - Fort Tamandaré Municipal Natural Park (equivalent to IUCN category II), under the management of the Secretariat of Environment of the Municipality of Tamandaré, in the state of Pernambuco, created in 2003, with 349 hectares, including a terrestrial area that has historic buildings, such as the fort, and a marine portion with coral reefs.
  - APA Estuary Formoso River (equivalent to IUCN category V), under the management of the Secretariat of Environment of the state of Pernambuco, created in 1986, with 2,724 hectares. The coral reefs near the coast act as a natural barrier protecting the extensive estuary from high tides, creating unique conditions for the development of fauna and flora.
- In Abrolhos:
  - Abrolhos National Marine Park (equivalent to IUCN category II), under the management of Brazil's national park agency, ICMBio, created in 1983, with 87,943 hectares, covering the archipelago of Abrolhos with five islands and an area called Parcel de Abrolhos, 70km from the coast off the state of Bahia. It is the park with the highest marine biodiversity in Brazil, with more than 1300 species registered, 45 of which are endangered. In addition to coral reefs, it also comprises breeding and calving grounds for humpback whales.17
  - APA Ponta da Baleia (equivalent to IUCN category V), under the management of Secretariat of Environment of the state of Bahia (called INEMA), with 346,535 hectares, covers coastal and marine areas, including coral reefs and extensive mangroves. It is a key area for artisanal fisheries, ecotourism, and cultural relevance as it includes historical settlements.18

[14] http://www2.cprh.pe.gov.br/uc/apa-arquipelago-de-fernando-de-noronha/
[15] https://www.parnanoronha.com.br/apa
[16] https://www.icmbio.gov.br/apacostadoscorais/
[17] https://www.icmbio.gov.br/parnaabrolhos/
[18] http://www.inema.ba.gov.br/gestao-2/unidades-de-conservacao/apa/apa-ponta-da-baleia-abrolhos/

- Extractive Reserve Cassurubá (equivalent to IUCN category V), under the management of Brazil's national park agency, ICMBio, created in 2009, with 100,578 hectares, covers extensive mangroves, sandbank formations, remnants of Atlantic Forest and coastal marine environments that compose the Banco de Abrolhos.[19]
- Marine Extractive Reserve of Corumbau (equivalent to IUCN category V), under the management of Brazil's national park agency, ICMBio, created in 2000, with 90,000 hectares. It was created as a result of the mobilization of artisanal fishers in the region, to protect their fish stocks. It includes mangroves, the mouth of the rivers Caraíva, Corumbau and Cahy.

During the full proposal preparation phase, FUNBIO will assess the feasibility of interventions and the engagement potential in each of the three target sites to identify risks and confirm assumptions. This process will allow to determine if the programme will be implemented in all three target sites as it is currently planned or if it will need to be re-dimensioned in case the required enabling conditions are not present in any of the sites.

3. Local drivers of coral reef degradation and solutions in the proposed project area(s) (300 words max.) (5pts)

There are specific drivers of degradation affecting each of the three target sites. APA Costa dos Corais, as a coastal area, faces many threats that are originated in land, while Abrolhos and Fernando de Noronha as maritime sites have specific challenges. All three sites are part of the Brazilian Northeast region.

The Brazilian Northeast coast is home to 22 million inhabitants[20], with most large cities located along the coastline. Coastal reefs that emerge on lower tides are an important feature of this region, inspiring city names like Recife (reef in Portuguese). They provide coastal protection and most of the catches of the artisanal fisheries that dominate the region. Nature-based tourism is a growing industry, with clear waters and coral reefs being the main attraction.

Although coral reefs are mainly inside MPAs, the challenge to conciliate the use of natural resources and protection is still the key issue. Historically, chronic land-based threats such as sedimentation and pollution have been the major cause of coral loss on coastal reefs along Brazil, with oceanic and shelf reefs less affected. Overfishing, driven by a growing costal population, and unregulated tourism have also been of significant impact. As an example of such impacts, most parrot fish species are listed as endangered, and recovery plans have been formulated but yet to be implemented. Damage control of fishing and tourism on a scenario of intense use, including the establishment of fishing regulations and adoption of best practices, and creation of no take zones, in addition to reduction of land runoff, continue to be key needs.

The most serious threats to **Fernando de Noronha's coral reefs** at present are from tourism and urban growth. Displacement of native terrestrial species on Fernando de Noronha Island due to vegetation clearance and invasive plants and animal predators, as well as illegal fishing also threaten the site's

[19] https://www.gov.br/icmbio/pt-br/assuntos/biodiversidade/unidade-de-conservacao/unidades-de-biomas/marinho/lista-de-ucs/resex-de-cassuruba
[20] https://cidades.ibge.gov.br/

values.[21] The site receives an intense flux of tourists for its natural beauty (in 2019, more than 106 thousand people visited the island)[22], with a consolidated wealthy tourism industry. As a result, the local capacity of the sewage system is often at its limit, so that during intense rain periods runoff may be a problem for some coral reef sites. Due to its Atlantic position in relation to the South equatorial current, the area is prone to the arrival of marine debris in the form of garbage and oil patches as seen recently with 180kg collected in the island beaches.[23] The area has also been hit by a large sargassum patch in recent years and its local capacity is very limited to deal with those disasters. Intense tourism and a constant human presence underwater disrupt normal patterns and behaviors; however, this may also be an advantage in face of a new threat: the recent lionfish invasion. The Caribbean invader has recently reached the South Atlantic and Fernando de Noronha seems to be one of its main occupancy sites.

At **APA Costa dos Corais**, the main threat is the proximity to human settlements, as typically large cities as well as small villages along the coast have developed in the proximity of coral reef formations. Direct exploration through artisanal fisheries and coral removal for various uses, as well as agriculture runoff, are historical drivers of degradation in this region where coral reefs form continuous barriers along the coast that have been studied and described by naturalists thorough the centuries. Although severely impacted by centuries of use, management initiatives such as the creation of MPAs and protected zones have been fostering recovery.

Abrolhos is less affected by the presence of people than Fernando de Noronha and APA Costa dos Corais. It is distant from the coast and there are no settlements in the archipelago. The site receives tourists that come aboard charter vessels from the coast for day use or live-aboard (around 3 to 4 days lodged in vessels). The main attraction is diving and whale watching. Along the coast, coral reef formations also occur and harbor a rich fishery for local communities. Since the region is distant from large cities, massive tourism is not as developed as in other regions.

The table below summarizes the drivers of degradation that this programme is aiming to contribute to address and where they are prevalent:

Drivers of degradation	Sites
Unsustainable fisheries and overfishing	APA Costa dos Corais and Fernando de Noronha
Predatory uncontrolled tourism	APA Costa dos Corais and Fernando de Noronha
Marine invasive species (lionfish)	Fernando de Noronha
Natural and human-induced disasters, including sargassum and marine debris and oil spills	Fernando de Noronha and Abrolhos
Marine litter from fishing gear disposal and loss	APA Costa dos Corais

[21] https://worldheritageoutlook.iucn.org/explore-sites/wdpaid/900631
[22] https://www.diariodepernambuco.com.br/noticia/vidaurbana/2020/01/fluxo-turistico-de-noronha-cresce-39-37-em-5-anos.html
[23] https://g1.globo.com/pe/pernambuco/blog/viver-noronha/post/2021/08/14/fragmentos-de-oleo-e-lixo-oceanico-sao-encontrados-nas-praias-de-fernando-de-noronha.ghtml

Drivers of degradation	Sites
Poor land use practices causing terrestrial run-off pollution and sedimentation	APA Costa dos Corais

4. Barriers hindering progress towards sustainable practices, development of financial instruments and barriers to private sector engagement related to coral reef ecosystem health. (300 words max.) (5pts)

Lack of dedicated financial mechanisms and vehicles, and of structured business models, hinder private sector engagement and systemic investment in coral reef ecosystems. In the present proposal the three selected areas present different challenges in terms of funding, that together provide a package of diverse potential, scalable and replicable solutions.

A review of successful impact investment initiatives in Latin America and the Caribbean identified a number of barriers and challenges that must be addressed to bridge the financing gap for conservation.[24] One of those is the small to medium size of potential business enterprises and the dispersion of target conservation areas and local communities involved in the preservation or restoration of natural habitats, which result in a lack of financial investors willing to consider such ventures. This is the case of Abrolhos, located far from the coast and from populated locations, and with coastal access distant from major urban centers, resulting in a lower flow of tourists. In contrast, APA Costa dos Corais suffers the impacts of rapid coastal population growth, increase in tourism activities, and the potential exclusion of local communities in business opportunities, due to limited capacity for business management and project development.

In addition, there are limited proof-of-concept or examples that would offer potential investors information about project returns, impacts and benefits from conservation investments. From lowering operational costs, to unlocking new revenue streams to increasing customer engagement and delivering public environmental goods, a clear understanding of the goals and results from the investment, together with the establishment of proof-of-concept and a track record, is the foundation of credibility and the ability to progressively attract a broader base of investors and more capital. This scenario is particularly applicable to Fernando de Noronha, which is experiencing escalating tourism and isolation, but offers great potential and high value tourism that can more easily attract investments from the private sector.

Clearly one size does not fit all, and the establishment of financial mechanisms must consider and address the objectives, characteristics, specificities, and dimensions of the necessary investment in order to successfully attract private capital.

5. Thesis and theory of change of the Programme (400 words max.) (10pts)

FUNBIO is designing the Programa Nossos Corais in partnership with the GFCR to help tackle the lack of financial mechanisms and vehicles, and of structured business models, which hinder private sector engagement and systematic investment into the Brazilian main coral reef ecosystems.

[24] Studer-Noguez, Isabel (2021) Impact investment for biodiversity conservation: cases from Latin America and the Caribbean. IDB Monograph, 822pp. Available online: https://publications.iadb.org/publications/english/document/Impact-Investment-for-Biodiversity-Conservation-Cases-from-Latin-America-and-the-Caribbean.pdf

To improve this situation, the programme will mobilize and direct additional finance to MPAs and to community-based businesses that are sustainable and reduce the drivers of degradation of coral reefs. With that, it is expected that in the long-term Brazilian coral reefs are recovered, conserved, and provide services to reef-based livelihoods, with increased resilience of ecosystems and communities.

The programme will pursue the following **outcomes**, which are aligned with the GFCR strategy:

1. Protection to priority coral reef sites is improved through effective management of MPAs and community engagement
2. Transition to sustainable business models is supported, including reef conservation-based enterprises, and private finance mobilized
3. Coral reefs and adjacent ecosystems are restored

The main assumptions of the envisioned programme of work are that sustainable business models can be developed with the support of technical assistance, grant, and concessional debt instruments, building the capacity of coastal communities to engage in alternative livelihoods that benefit coral reefs, both by restoring their health as well as by reducing the drivers of degradation. If these business models and the capacity of communities to manage them are developed and implemented, proof-of-concepts will illuminate the economic potential of the three target sites, attracting impact investors that can scale-up the successful enterprises, especially if they can be offered as a bundled and de-risked investment opportunity by an impact investment facility. This logic of intervention will improve coral reefs protection and health, if combined with actions to strengthen MPAs effective management.

Cross-cutting issues present in all outputs will be the focus of participatory local dialogue and decision-making, as all of the interventions require stakeholder engagement and collaborative efforts to produce the expected results. The focus on local communities is a transversal axis, as the programme aims not only at protecting and conserving coral reefs, but also at increasing the resilience of coastal communities. Finally, gender equality will be pursued in all opportunities, following FUNBIO's gender mainstreaming policy. Capacity building and access to resources and opportunities will be equally offered to women and men, ensuring alternative livelihoods are developed to economically empower women.

The table below illustrates the program's theory of change:

PROBLEM STATEMENT: Lack of dedicated financial mechanisms and vehicles, and of structured business models, hinder private sector engagement and systemic investment into coral reef ecosystem resilience.			
DESIRED CHANGE: Brazilian coral reefs are recovered, conserved, and provide services to reef-based livelihoods, with increased resilience of ecosystems and communities.			
IMPACT: Additional finance is mobilized and directed to MPAs and to community-based businesses that are sustainable and reduce the drivers of degradation of coral reefs.			
OUTCOMES	**1:** Protection to priority coral reef sites is improved through effective management of MPAs and community engagement	**2:** Transition to sustainable business models is supported, including reef conservation-based enterprises, and private finance mobilized	**3:** Coral reefs and adjacent ecosystems are restored

OUTPUTS	1.1 Investment opportunities in MPAs public use are developed to leverage private capital 1.2 Participatory local community dialogue and decision-making promoted in connection with MPAs management and public use 1.3 Strategic public policy work facilitated, with marine spatial planning to establish better zoning and assessment of other policy needs in the state and federal level 1.4 Robust science-based monitoring funded, with the use of technological solutions adapted to local conditions, including citizen science supporting MPA effective management	2.1 Capacity building on entrepreneurial skills delivered and sharing of best practices for sustainable economic activities 2.2 Alternative business ideas are identified and tested through grants to solve drivers of degradation, including sustainable tourism and fisheries 2.3 Business models supported are systematized to develop proof-of-concept and showcase to investors 2.4 Impact investment facility designed and implemented providing technical assistance and concessional debt (loans and microcredit) to sustainable business models that reduce drivers of degradation to coral reefs and provide alternative livelihoods	3.1 Ridge-to-reef approaches are supported in collaboration with the agriculture sector so that riverbanks permanent protection areas are restored to reduce sediment and pollution runoff to coral reefs 3.2 Community-based coral nurseries and gardening are supported to allow for coral outplanting as an alternative ecotourism offer
FINANCING STRATEGY	• Grants • Private sector investment	• Grants • Private sector investment • Concessional loans	• Grants • Private sector investment
REVENUES	• MPAs user revenues	• Revenues from businesses supported • Additional investments leveraged	• Revenues from businesses supported • Additional investments leveraged

6. What are the specific intervention(s) of the proposed Programme? (500 words max.) (15 pts)

The set of interventions envisioned to be implemented by the programme is presented according to the expected outcomes and outputs.

Outcome 1 - Protection to priority coral reef sites is improved through effective management of MPAs and community engagement

- Output 1.1 - Investment opportunities in MPAs public use are developed to leverage private capital: the three target sites have tourism as one of the main drivers of degradation and as one of the potential solutions to generate revenues locally and reduce damage to coral reefs. Well-structured public use options within MPAs can provide potential revenue streams and a solution to control unsustainable tourism. Concessionaire companies in MPAs have vast experience in this field, with ecotourism activities, catering and other commercial options being offered in different national parks, with positive financial results and efficient control of the carrying capacity. The programme will work with partner institutions and MPA managers to identify and develop these investment opportunities, which can apply to the program's impact investment facility or leverage investments directly with other funders. The leverage ratio is difficult to be estimated at this stage, but FUNBIO plans to work with concessionaires during the full proposal preparation to understand the potential return on investment based on their experience.
- Output 1.2 - Participatory local community dialogue and decision-making promoted in connection with MPAs management and public use: it will be a key intervention to promote local dialogues and the engagement of coastal communities, which are the main stakeholders to implement the sustainable business models envisioned in outcome 2. In this intervention the facilitated dialogues will be done in connection with the management of the different MPAs, taking advantage of existing MPA councils and improving social participation and awareness about MPA management. MPA managers will be also strategic stakeholders in this intervention. Although this is an enabling activity and is not expected to leverage investments directly, it will raise awareness for potential public-private collaboration models (e.g. concessions) that can be implemented in the different MPAs.
- Output 1.3 - Strategic public policy work facilitated, with marine spatial planning to establish better zoning and assessment of other policy needs in the state and federal level: one required action to improve protection of coral reefs is the establishment of clear zoning within and around MPAs, creating no-take zones that support reef fishes' populations to recover, including herbivores that are essential to maintain coral reef health by controlling algal overgrowth. A close collaboration with public authorities, especially at the state and municipal level, will be promoted to implement marine spatial planning actions and to assess other policy needs that can be supported to increase the level of current protection for the coral areas. In addition, current legal framework that allow public-private collaboration models around Protected Areas will be discussed with MPA agencies and managers. The programme may incentivize the development of new agreements with private groups, including concessions. Policy work is considered a key enabling condition, not expected to generate revenues directly but making possible that new models with private actors participation take place.
- Output 1.4 - Robust science-based monitoring funded, with the use of technological solutions adapted to local conditions, including citizen science supporting MPA effective management: Regular measurement and reporting on the biodiversity status of coral reefs in the target sites will be of utmost importance to show the credibility needed to build trust with partners and current and future investors. It will also be a strategy to engage local communities in MPAs management through participatory monitoring and citizen science. There are examples in other countries that these local actions around biodiversity monitoring generate awareness and build the necessary mindset for

engagement of the communities. This intervention will not generate revenues directly, in principle, but it is a condition to attract impact investors and donors.

Outcome 2 - Transition to sustainable business models is supported, including reef conservation-based enterprises, and private finance mobilized

- Output 2.1 - Capacity building on entrepreneurial skills delivered and sharing of best practices for sustainable economic activities: one of the main barriers to develop sustainable business models to be implemented by community-based organizations is the limited entrepreneurial and management capacity of the communities. FUNBIO believes that a key intervention is to provide capacity building for community groups, including financial literacy, business management skills and coral reef knowledge to support the adoption of sustainable practices. This intervention will also allow FUNBIO to exercise its gender policy, supporting women's groups for their economic empowerment and participation in programme opportunities. For that, FUNBIO plans to work with partners[25] specialized in capacity building for sustainable economy and with a local presence. Identification, mobilization, and negotiation with potential implementing partners will be conducted during full programme development phase. This intervention is an enabling activity that will not generate revenues directly but set the required conditions for investments to be made.
- Output 2.2 - Alternative business ideas are identified and tested through grants to solve drivers of degradation, including sustainable tourism and fisheries: a first step to implement the programme vision of providing capital to reef conservation-based enterprises is to compose a pipeline of opportunities. This intervention will identify current enterprises in the three target sites and gaps of potential business niches that are not being occupied yet. For the current enterprises, an assessment will be carried out to determine the need for adjustments in terms of environmental and social standards. For the gaps in business niches, an assessment will be carried out to identify potential local implementers that can be interested in leading the development of the ideas. This intervention is a preparatory step for the support to enterprises and the generation of increased local revenues. The identified business models will be tested through the deployment of grants and technical assistance. The initial focus will be on MPA public use and tourism, as these are important drivers of degradation, but support may be offered to other business activities as additional private sector partnerships are established. Tourism operators and private companies that exploit coral reef ecosystems depend on the health and resilience of those ecosystems for their own survival. Building conservation and restoration efforts and initiatives directly as part of their core business may result in lower operational costs, unlock new revenue streams, increase visitor/tourist engagement, and deliver public environmental goods. The identified business ideas and improved practices tested with grants and technical assistance will provide the supported enterprises with the conditions to attract investments.
- Output 2.3 - Business models supported are systematized to develop proof-of-concept and showcase to investors:

  Proof-of-concept business models will be developed in partnership with key private sector actors and will build on the tested business ideas from Output 2.2 above. An already identified initial potential

[25] Two potential partners for this are Instituto Humanize (https://www.ihumanize.org/) and Tabôa (https://www.taboa.org.br/), which are already partners of Funbio in other initiatives. However, their participation in the GFCR programme was not discussed with them yet. This is an activity for the full proposal preparation phase.

partner are MPA concessionaires, who manages visitors' access and promotes tourism. The engagement and training of local communities in coral reef conservation, restoration/gardening and monitoring activities, incorporating a citizen science approach as part of the business model, is an example of a potential strategy to be developed, combining private investment and grant resources to create an enabling environment as needed. The adoption of the ReefCheck business model comprises another example of possible integrations between coral reef monitoring and conservation and tourism.[26]

These will be business models that prove to be feasible and are ready to be scaled-up with additional investments. The detailed capital needs, expected leverage ratios and potential return on investment will be estimated after the activities under Output 2.2 are implemented.

- Output 2.4 - Impact investment facility designed and implemented providing technical assistance and concessional debt (loans and microcredit) to sustainable business models that reduce drivers of degradation to coral reefs and provide alternative livelihoods: funding for MPA implementation and effectiveness currently managed by FUNBIO include a combination of grant resources, legal obligations and endowments totaling almost USD 20 million. These consist of existing anchor investments around which a blended finance portfolio can be built. The focus of the new impact investment facility to be implemented by this programme will be on sustainable tourism and fisheries, as these sectors are the main economic activities in the target sites and also the drivers of degradation, which include direct damage to coral reefs from visitors and tourism activities, as well as direct and indirect impacts from fishing (including marine debris/litter, such as lost and/or discarded fishing gear).

  The Impact Investment Facility will provide the additionality of a blended finance solution, combining philanthropy, microcredit, concessional loans and guarantees to promote technological improvements, updates and innovation on current tourism and fishing practices at the community level; to insert community-based mangrove and coral reef conservation, restoration/gardening and monitoring activities into mainstream public-use and tourism strategies; to provide economic and livelihood alternatives for local communities within and outside MPAs, including for women; and to foster riparian zone restoration in agricultural areas, especially with sugarcane, to reduce terrestrial runoff pollution and sedimentation.

  Once enabling conditions are in place and a pipeline of opportunities is developed, technical assistance, microcredit, concessional loans, or guarantees can be used for business development and improvement. Public funding may be unlocked via access to existing credit lines, whereas private funding would take the form of microcredit impact investments or guarantees. These would seek to overcome credit access barriers encountered by artisanal fishers and other local community members, such as absence of more flexible credit lines as well as lack of guarantees for accessing existing ones, difficulty in elaborating business plans, and in filling out credit forms. Microcredit lines can be targeted specifically at the support of new ventures or enhancement of existing ones, with specific ceilings, conditions, and requirements. In addition to prospecting, analysing, and approving credit, support will be provided in the preparation of the business plans as well as technical monitoring; those are key to ensure low interest rates.

[26] https://www.reefcheck.org/tropical-program/courses-products/

Financial and business models will be assessed during preparation phase to detail the estimated capital needed as well as the expected leveraging ratio per intervention.

Outcome 3 - Coral reefs and adjacent ecosystems are restored

- Output 3.1 - Ridge-to-reef approaches are supported in collaboration with the agriculture sector so that riverbanks permanent protection areas are restored to reduce sediment and pollution runoff to coral reefs: the restoration of the riparian areas, considered permanent protection areas by the Brazilian legislation, is fundamental to reduce the pollution and sediment run-off from unsustainable land-uses, which directly degrade coral reefs. This ridge-to-reef approach will build on the need of landowners, especially sugarcane producers, to restore the riverbanks in their properties to be compliant with the forest code. The programme will incentivize that these landowners invest in restoration of their properties, for example by providing concessional debt and supporting NGOs and technical partners that can provide technical assistance for the correct restoration. This will reduce the costs for the landowners, stimulating that they engage in the restoration effort.
- Output 3.2 - Community-based coral nurseries and gardening are supported to allow for coral outplanting as an alternative ecotourism offer: the restoration of coral reefs engaging local communities is a strategy to improve the ecosystem health, raise awareness about the importance and fragility of the coral reefs, and potentially develop a new revenue stream related to diving tourism. In other countries, such as The Bahamas, dive operators are supported with technical assistance and training to set up coral nurseries, carry out coral gardening and offer the restoration experience to tourists. This model will be tested as an alternative business idea and if economically feasible can receive support of the impact investment facility.

The table below summarizes the envisioned interventions and the drivers of degradation they will help to address, as well as the financial mechanisms to be used:

DRIVER	IMPACTS	INTERVENTIONS	ACTORS	MECHANISMS
Unsustainable fisheries and overfishing	Coral damage and mortality	Fishing gear adequacy via technological improvements, updates and innovation	Fishers, financial & microcredit institutions; Tourism entrepreneurs; Local municipalities and MPAs councils	Microcredit, provision of guarantees to access existing credit lines, grants and technical assistance, impact investment
		Marine spatial planning and better zoning		
		Capacity building for local fishers in alternative activities (such as ecotourism guides, reef monitoring) and on business management		
		Facilitated access to markets that value sustainable fisheries produce		
Predatory uncontrolled tourism	Coral damage and mortality; habitat degradation and pollution; mangrove marginal erosion due to marine traffic	Engagement of local communities in coral reef and associated habitats conservation, restoration/gardening and monitoring	MPA concessionaires, local communities (fishers, OTHERS?), local businesses, tourists	Concessional loans, microcredit, provision of guarantees, grants, access to existing credit lines, impact investment
		Capacity building for local communities on business management for sustainable tourism services		
		Development and expansion of community-based tourism businesses		
		New nature and science-based tourism offers, including coral restoration		
Marine invasive species (lionfish)	Ecological unbalance	Educational campaign and effort with fishers to fish the invasive species; potential to develop gastronomic tourism around dishes prepared with lionfish (as it is done in the Caribbean)	Fishers, MPAs authorities and councils, tourism enterprises	Grants and technical assistance
Marine litter from fishing gear disposal and loss	Coral damage and mortality	Awareness campaigns, technological improvements, litter collection & recycling	Fishers, local communities	Grants, impact investment
Poor land use practices	Terrestrial run-off pollution & sedimentation	Riparian zone restoration in agricultural areas; Better practices by local municipalities through ecological solidarity campaigns	Sugarcane producers; Local municipality councils, NGOs and technical partners	Concessional loans, guarantees, access to existing credit lines, grants and technical assistance
Natural & human-induced disasters	Multiple, non-specific	Contingence disaster plans for MPAs; others to be determined	MPA managers; oil & gas industry	Grants and technical assistance

7. What are the expected results of the proposed Programme? (400 words max.) (5pts)

At this stage, it is possible to expect that the programme will contribute to the following results:

- Increase in live coral reef cover/ reduction in fleshy microalgae

Results from The Sixth Status of Corals of the World: 2020 Report – Brazil chapter showed that Brazilian coral reefs have the capacity to recover from thermal stresses when local management / protection is in place. The increase in live coral reef cover and the reduction in fleshy microalgae are expected to be ecological results in the areas receiving support for the establishment of enabling conditions and for business initiatives that reduce the pressure of tourism and fishing direct and indirect impacts on coral reefs. This will be measured via the size of the area supported (hectares) and in percentage of change. Change will be monitored as part of the MPAs monitoring efforts.

- Increased area of coral/mangrove/seagrass protected or restored

The programme will support the mosaic of MPAs and their buffer zones, where enabling conditions for better protection or restoration and business initiatives that focus on coral reef restoration/gardening will take place. The area (hectares) that receive direct support for improved protection or restoration will be measured by MPA staff and implementing partners receiving resources from the program.

- Increased area under better conservation management

This result is expected to be achieved especially by improving the management effectiveness of the MPAs in the three target sites. Specific conservation indicators for each area will be monitored to assess better conservation management. The aggregated result will be measured in area (hectares) receiving support for the establishment of enabling conditions and for business initiatives that focus on the adoption of best practices, technological advances, coral reef restoration/gardening.

- Increase in commercial and/or herbivorous reef fish stocks

Many herbivorous species in the parrot fish family are considered threatened with extinction and under recovery plans. The project will stimulate participative monitoring of such populations as well as self-monitoring of small-scale fisheries landings to improve fisheries management, already in place in some of the MPAs (for example, coastal Abrolhos) and within extractive reserves, but also through initiatives from the Brazilian association of artisanal fishers. Results will be measured through monitoring reports from implementing partners that receive support from the program.

- Increased number of reef-positive businesses in the three sites, as well as increased revenues generated by them

As the core of the second outcome, the impact investment facility will identify, develop and support enterprises to establish, enhance or scale-up business models that are reef-positive. The programme will measure the total number of business enterprises that receive support, their stage of development and their revenues generated (in USD/ year). These indicators will be measured through monitoring reports from implementing partners that receive support from the program.

- Diversification of productive activities and jobs created for local communities

Jobs to be created include people working in new alternative activities in the three target sites and increase in positions on existing activities. New alternative activities may include the creation of jobs as ecotourism guides and related activities, coral monitoring, and restoration in collaboration with MPAs and diving operators, among other innovative nature-based solutions. Existing activities, such as fisheries, may create new jobs through the increased competitivity with more sustainable practices and enhanced access to markets. These results will be measured via monitoring of project-supported initiatives. Jobs created will be disaggregated by women and men.

- Beneficiaries and engagement of local communities

A range of business and non-business activities are planned to be offered to the local communities in the three target sites, as they are the main beneficiaries of the program. The engagement of these community members in the programme activities will be measured throughout the implementation (total number of persons disaggregated by women and men).

- Area of riparian zones restored and improvement in water quality in terms of nutrient overloading (i.e., nitrogen, phosphorus), pollutants and turbidity due to suspended sediment

Specific efforts in partnership with academic institutions as well as citizen science projects will be supported by the programme to measure the improvement of the water quality as a result of the restoration of riparian zones.

- Coral reef threats reduction in target sites

In an effort with existing MPA managers and councils, integrating participatory monitoring and citizen science, the programme will support robust monitoring of coral reefs health in the target sites. This efforts will allow the programme to monitor the frequency and severity of future bleaching events, the level of marine debris in coral reefs, and the impact and occurrence of natural and human-induced disasters (e.g., tropical storms, oil spills, etc.).

8. Co-implementing partners (300 words max.) (10pts)

FUNBIO, as a conservation trust fund, works with implementing partners in all projects and programs it manages. In this program, FUNBIO plans to engage civil society organizations, private entities and academic partners to work with the stakeholders at the local level in the three target sites which will be identified and confirmed during the proposal development period.

Specific partnerships will be established with organizations that support capacity building in entrepreneurship and community-based business development. Another group of partners will be national impact investors and entrepreneurs that already have consolidated businesses and are willing to expand. These stakeholders will be engaged in the business models that are already tested and have developed proof-of-concept. Public banks and funding programmes are also a target group, as they can provide concessional loans through facilitated credit lines to the business models that prove to be feasible.

During the full proposal preparation, FUNBIO will also formalize a collaboration process with the GFCR Equity Fund manager and its advisors. The joint work will support the identification and assessment of potential investment opportunities that are of a larger scale (above USD 5 million). Through this programme, FUNBIO aims at building its staff capacity in business analysis and impact investments.

9. Leadership and implementation coordination of the Programme (300 words max.) (5pts)

FUNBIO was created in 1996 as an innovative, private financial mechanism for the efficient and long-term conservation and sustainable use of biodiversity, capable of attracting the private sector as a potential partner. To date, FUNBIO has managed over USD 700 million in project assets and works extensively with over 90 funders, including private companies and major donors such as the GEF, USAID, and the EU. FUNBIO mobilizes a wide variety of actors and implementing partners, having financed and supervised over 340 projects implemented by 280 local conservation organizations.

FUNBIO also develops, articulates, structures and implements a variety of financing arrangements. One example is the Tropical Forest Conservation Act (TFCA), which directed a debt-for-nature swap between the US and Brazilian governments to support conservation initiatives. Another example is the GEF/World Bank funded National Biodiversity Mainstreaming and Institutional Consolidation Project (Probio II), that mobilized productive sectors to adopt practices for the conservation and sustainable use of biodiversity in their businesses, including blended finance mechanisms. Probio II has worked in the Northeast of the country (in Bahia) and will potentially co-finance this program.

Diagnostics of the financial environment and the design of innovative mechanisms and instruments that enable access to new and otherwise limited-access funding sources is also a key area of expertise within FUNBIO. Among the initiatives developed is the Surui Fund, a REDD-based financial mechanism; the Atlantic Forest Fund for the State of Rio de Janeiro (FMA/RJ), which ensured access to funds deriving from state-agreed environmental compensation payments; and the Amazon Region Protected Areas Program - ARPA's Transition Fund, a long-term transition strategy from donor-based financing to a combination of government and alternative sources of funding for PAs.

FUNBIO is among the founding members of the Latin American and Caribbean Network of Environmental Funds (RedLAC), a network of 23 funds from 17 countries that are leaders in the development of permanent financing mechanisms that produce measurable impacts on conservation and sustainable development goals at national, regional, and global scales. FUNBIO is a GEF implementing agency in Brazil and a GCF accredited entity.

To implement this program, FUNBIO will build on its experience in managing multistakeholder arrangements and set-up a lean and efficient governance system. It will include a Steering Committee, in which the GFCR may participate together with programme partners. The Steering Committee will provide technical guidance and oversight for the program, ensuring participation of relevant actors in decision-making. FUNBIO will provide the technical coordination and financial management to the program, and will design and operate the impact investment facility, channeling the GFCR resources to co-implementing partners and to MPAs and grantees directly. FUNBIO will also coordinate the leveraging of additional resources, liaising with other impact investors and co-financiers. The figure below illustrates the institutional arrangement anticipated for the management of the program:

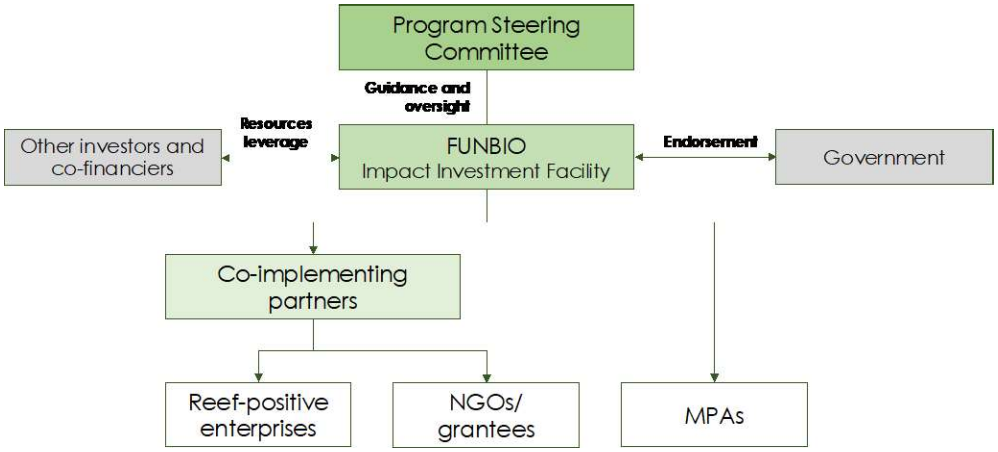

Figure 2 – Anticipated institutional arrangement of the program

10. Expected period of implementation (200 words max.) (5pts)

FUNBIO plans to implement this programme in eight years, most probably starting in January 2023 to the end of 2030. Main phases will be the following:

1. Establishment of programme structures and collaboration agreements:

In the first six months, FUNBIO will install the Steering Committee with an inception meeting in which the charter of the committee will be discussed and approved. A one-year detailed workplan and budget will be prepared and presented to the committee and to the GFCR. This procedure of annual workplans and budgets preparation will be followed throughout programme implementation. In this initial phase, FUNBIO will also formalize the collaboration agreements with the co-implementing partners, including monitoring and reporting guidelines that will allow for the program's results tracking, aggregating, and reporting to the GFCR. An internal management team will be defined, with a programme manager, a financial officer, and other part-time technical and administrative support staff members. The impact investment facility operational procedures will be designed, and a communication plan will support its launch, as a way to mobilize attention of potential investors and co-financiers.

2. Enabling conditions and pipeline development:

The first two years will have a greater attention to the implementation of the activities focused on ensuring the enabling conditions are present in the three target sites and that the impact investment facility has a pipeline of opportunities. Main activities in this phase will include the promotion of the participatory local community dialogue and decision-making in connection with MPAs, and the facilitation of strategic public policy work. It will also be the period to deliver capacity building on entrepreneurial

skills and sharing of best practices for sustainable economic activities. In this phase, the technical team in FUNBIO together with the co-implementing partners will identify alternative business ideas to solve drivers of degradation and provide grants and technical assistance for these ideas to be tested.

3. Execution of investment opportunities and proof-of-concepts:

In this phase, the business models supported with grants will be systematized to develop proof-of-concepts that will be showcased to investors. It is anticipated that a group of tested business models will prove to be feasible with enterprises that are ready to attract additional funding. This phase will start in the middle of phase 2, as FUNBIO intends to identify current enterprises that can receive investments in the short term, while other initiatives will need more time to be developed and matured. This is a way of start deploying impact investments early in the program, which will allow to engage other funders and test the impact investment facility procedures and criteria, in an adaptive management approach. FUNBIO expects to be providing technical assistance, and concessional debt (loans and microcredit) to sustainable business models that reduce drivers of degradation to coral reefs and provide alternative livelihoods in the beginning of Year 2 (2024).

The three phases are not completely linear, and it is important to keep the implementation as an iterative process, where learning is reviewed with the support of the Steering Committee and adjustments are incorporated as needed. In any case, for an initial planning, the three main phases help organize implementation priorities. The figure below illustrates the envisioned programme timeline and main phases:

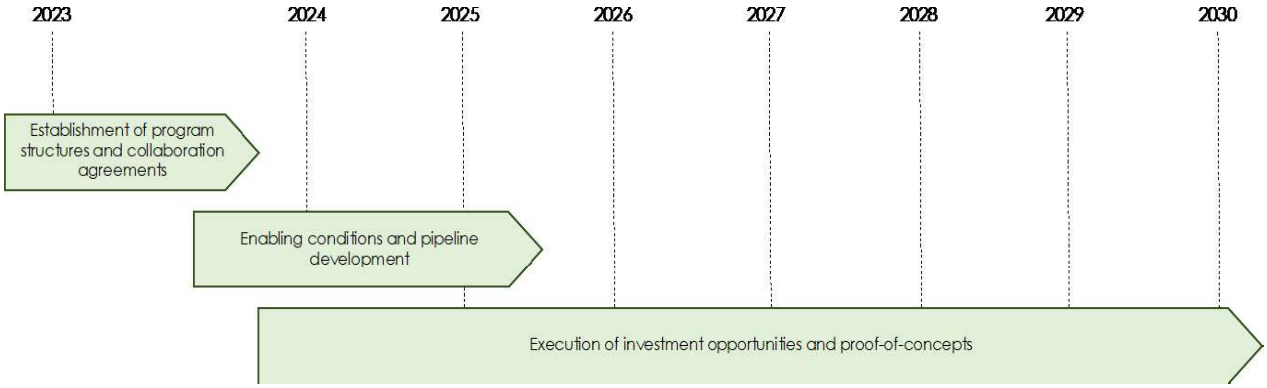

Figure 3 – Envisioned programme timeline and main phases

11. Cost, co-financing and leverage potential of the Programme (300 words max.) (10pts)

A detailed budget will be developed during the full proposal preparation. For now, FUNBIO has estimated that the planned interventions will require USD 10 million from the GFCR Grant Window. This total amount is estimated to be divided as follows:

- USD 3,000,000 to be used as grants and technical assistance support to marine spatial planning and zoning, policy work, capacity building activities and pipeline development (testing of business models through grants);

- USD 4,500,000 to be disbursed via the impact investment facility through technical assistance, concessional debt (loans and microcredit) to enterprises, NGOs and MPAs;
- USD 1,800,000, or up to 18% of total programme costs to cover technical coordination, financial management, monitoring and evaluation, reporting and communication; and
- USD 700,000, or up to 7% of total programme costs for FUNBIO indirect costs.

In the programme three target sites, FUNBIO has been managing almost USD 40 million in investments for MPAs increased management effectiveness since 2014. These investments combine different funding sources, including international cooperation grants (USD 18.2 million of GEF funds via World Bank), legal obligation payments (around USD 9 million[27] from an Adjustment of Conduct Term between IBAMA, the national agency responsible for environmental monitoring, and the oil company Petrobras), and endowment resources (earnings from an endowment composed of USD 2.5 million from the Global Conservation Fund of Conservation International-US and USD 9 million from the GEF via World Bank). Through these funds, FUNBIO has disbursed about USD 305 thousand to Fernando de Noronha, USD 538 thousand to Abrolhos, and USD 728 thousand to Costa dos Corais sites over the last five years.[28] Additional investments by Toyota Foundation, managed by another Brazilian NGO (SOS Mata Atlântica) support the management, protection, and sustainability of APA Costa dos Corais. Combined, these consist of existing anchor investments around which a blended finance portfolio can be built, as they support structural, enabling activities on which additional market-based investment mechanisms can be developed. During proposal development, FUNBIO will identify specific interventions and activities that can receive co-financing from these sources.

12. Country conservation ambition (300 words max.) (5pts)

Brazil is an ICRI member and has supported the Convention on Biological Diversity Aichi Targets, including Aichi Target 10 for coral reefs and other associated ecosystems, with the establishment of federal MPAs on all representative shallow water coral reef regions; these efforts also covered Aichi Target 11 for MPA representativeness. Since 2002, Brazil established a national strategy for coral reefs that included laws for protection of corals against extractive uses; an Atlas of shallow water coral reefs (MMA, 2016); a Coral Reefs Program and a Coral Reefs Good Practices Campaign for Visitors; as well as supported the Coral Reef Monitoring Initiative (see ICRI Brazil reports on ICRI websites).

In addition, states and municipalities that harbor coral reefs have established MPAs that encompass coral reef areas, including mesophotic reefs, and since 2000's some states have also approved protection laws for coral reefs. Also, the Consortium of Governors from Northeast, encompassing 9 states, has established several committees to discuss specific issues such as conservation and fishing. Therefore, there is a strong legal basis for conservation of coral reefs in Brazil and a widespread recognition of their importance for the economy.

Recent advances in MPA creation and management have included mandatory consultations at all levels, as well as deliberation in the case of extractive reserves, an MPA category that warrants local communities

[27] Equivalent to BRL 50 million, converted to USD at an exchange rate of BRL 5.5/ USD 1.
[28] Amounts converted to USD at an exchange rate of BRL 5.5/ USD 1.

decision-making powers regarding the use of their territories. Therefore, a strong basis exists, from which well-articulated movements of civil society, including small scale fishers, can actively build upon and participate. An example of such movements includes the monitoring of fish catches and recording of fisheries statistics. Fisheries, particularly small scale, have been lacking detailed statistics for over a decade; however, well-organized fishers' movements, with the help from NGOs, civil society and local governments, have implemented experimental programs for recording fish catches and producing fisheries statistics. Several such initiatives are under way, including on the three target sites contained in the present proposal.

13. Risk assessment (300 words max.) (5pts)

Since 2014, FUNBIO has adopted several institutional policies and internal control systems that have allowed it to be accredited as a GEF implementing agency and a GCF accredited entity. This means that FUNBIO follows the highest international standards in terms of fiduciary practices and environmental and social risk management. FUNBIO has an internal auditor and a project management office ensuring the implementation of all projects and programs follow the institutional policies and systems. A Code of Ethics overseen by an Ethics Committee is in place and all staff members receive annual training on this important policy. A gender mainstreaming policy guides FUNBIO's actions to avoid exacerbating any gender inequalities through the interventions supported. Moreover, the gender policy operational procedures are designed for funded actions to proactively promote gender equality and women's economic empowerment. In this sense, it is very unlikely that the implementation of the programme may pose any reputational risks to the GFCR.

In terms of programme implementation, a comprehensive risk assessment will be carried out during full proposal preparation, including the main social and environmental risks of the proposed interventions. In this initial planning phase, there are some highlighted risks that can already be identified, including:

- Limited engagement of the private sector: FUNBIO will test the appetite of some key private actors during the full proposal preparation, such as MPA concessionaires and the sugarcane producers. Without the engagement of these actors, some planned actions will not be feasible. The private sector is increasingly engaging with conservation projects in the country, but it is still an minority of companies investing in ecosystems conservation and restoration.
- Expansion of oil exploring activities in the Brazilian marine territory: the country has identified reserves in its continental platform, which have not been fully explored yet. Conservation measures in place have been able to limit the expansion of oil exploration activities in and around MPAs, but there is a risk that political decisions affect this situation. FUNBIO will follow closely any changes in this sense and liaise with conservation partners to advocate for increased protection.
- Lack of entrepreneurial skills in community-based organizations: the limited capacity of small tourism and fisheries enterprises managed by the coastal communities is a perceived risk that can affect the potential scaling-up and investment readiness of supported businesses. The programme will deliver intensive capacity building support and technical assistance to minimize this risk.
- Natural and human-induced disasters increase damage to coral reefs: although Brazilian reefs have proven to be relatively resilient to heat waves and other stressors, the increase of these drivers may deteriorate the conditions of coral reefs in the target sites, even with the programme

actions. FUNBIO understands that improving the livelihoods of the coastal ecosystems and communities through the actions envisioned in this programme will help build their adaptation and recovery capacity to major shocks caused by unexpected disasters.

- Weakened involvement and engagement by the central government: marine conservation in general has not been prioritized by the current government, who has also weakened collaborations with civil society organizations. FUNBIO will seek to engage with subnational governments (municipal and state) and their environmental agencies, as well as to establish a dialogue at a more decentralized level (specific government agencies and concessionaires), focusing efforts at the local level.

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. The below if for the full programme vision, not the preparatory grant.

Category	**Amount (USD)**	**Description**
Enabling conditions activities, capacity building and pipeline development	3,000,000	Grants and technical assistance to zoning, policy work, capacity building activities and pipeline development
Pipeline projects funding	4,500,000	Technical assistance, concessional debt (loans an microcredit) to enterprises, NGOs and MPAs
Programme management and operations	1,800,000	Up to 18% of total programme costs to cover technical coordination, financial management, monitoring and evaluation, reporting and communication
Indirect cost	700,000	7% of total programme costs for FUNBIO indirect costs
TOTAL	10,000,000	
Expected Programme leverage ratio of grants to investment capital	1:2	To be confirmed during full proposal preparation
Expected Programme leverage ratio of grants to revenue generation	1:4	To be confirmed during full proposal preparation

ANNEX I: 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 Concept Note template and the budget and workplan template such as includes inclusion of maps, Theory of Change figure, etc.	Pass/Fail	
	1.2 Concept is aligned with national priorities and is or will be demonstrated by a government letter of support for the programme	Pass/Fail	
	1.3 Vision for programme timeframe is aligned with GFCR expectations (3-10 years)	Pass/Fail	
	1.4 Increasing the resilience of priority coral reef ecosystems and associated communities through the application of blended finance strategy to catalyze sustainable revenue streams for reef-positive interventions is the central objective of the programme	Pass/Fail	
	1.5 Concept Notes demonstrates the ambition to build coalition of diverse partners including local stakeholders with various areas of expertise (i.e., conservation, sustainable development, context of local communities, finance, etc.)	Pass/Fail	
2. Relevance	2.1 Theory of Change and blended finance rationale for the proposal and potential for scaling-up and replication	x/10	60%
	2.2 Conservation and Socio-economic outcomes are project priorities 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.)	x/15	
	2.3 Revenue generating interventions are viable, have potential to leverage investment capital and include appropriate timeline to implementation and scalability	x/15	
	2.4 Scale of positive impact for coastal and reef dependent communities. (i.e. number of benefactors and type)	x/10	
	2.5 Addresses multiple drivers of stress on coral reefs and associated ecosystems (e.g. actions taken to reduce poor water quality, as well as destructive fishing practices) with clear metrics, timelines, and route to delivery	x/5	
	2.6 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 favored and gender balanced	X/8	40%
	3.2 Partners and Capacities (technical capacities and/or abilities) to access, readiness of actors involved, baseline metrics, capacity for monitoring and reporting impacts	X/8	
	3.3 Duration and milestones (clarity and appropriateness of) with risks and mitigating factors delineated	X/8	
	3.4 Envisioned full programme cost adequacy (cost-efficiency and appropriateness)	X/8	
	3.5 Stage of development—is the concept past the idea stage or existing initiatives to build from.	X/8	

ANNEX II: ADDITIONAL BASELINE DATA

Brazilian reefs baseline studies

The 1998 El Niño–Southern Oscillation (ENSO) event impacted Brazilian reefs, but reports were sparse.[29] The ENSO events of 2003, 2005, 2010 and 2016 caused bleaching events that varied in intensity according to year and region, but in general subsequent mortality has been low.[30] [31] [32] [33]. Indeed, bleaching-associated coral mortality on Brazilian coral reefs was low compared with other regions of the world, and thus it has been suggested that Brazilian reefs might represent a thermal refuge.[34] [35] However, more recently, the 2019-2020 coral bleaching event, caused by a massive marine heat wave[36], lead to

[29] Leão, Z. M., Kikuchi, R. K., Ferreira, B. P., Neves, E. G., Sovierzoski, H. H., Oliveira, M. D., Maida, M., Correia, M. D., & Johnsson, R. (2016). Brazilian coral reefs in a period of global change: A synthesis. Brazilian Journal of Oceanography, 64(SPE2), 97-116.

[30] Kikuchi, R. K., Leão, Z. M., & Oliveira, M. D. (2010). Conservation status and spatial patterns of AGRRA vitality indices in Southwestern Atlantic Reefs. Revista de biologia tropical, 58, 10-32.

[31] Leão, Z. M. A. N., Kikuchi, R. K., Oliveira, M. D., & Vasconcellos, V. (2010). Status of Eastern Brazilian coral reefs in time of climate changes. Pan-American Journal of Aquatic Sciences, 5(2), 224-35.

[32] Ferreira, B. P., Costa, M. B. S. F., Coxey, M. S., Gaspar, A. L. B., Veleda, D., & Araujo, M. (2012). The effects of sea surface temperature anomalies on oceanic coral reef systems in the southwestern tropical Atlantic. Coral reefs, 32(2), 441-454.

[33] Miranda, R. J., Cruz, I. C., & Leão, Z. M. (2013). Coral bleaching in the Caramuanas reef (Todos os Santos Bay, Brazil) during the 2010 El Niño event. Latin American Journal of Aquatic Research, 41(2), 351-360.

[34] Teixeira C. D., Chiroque-Solano P. M. , Ribeiro F. V., Carlos-Júnior L. A., Neves L. M., Salomon P. S, et al. (2021) Decadal (2006-2018) dynamics of Southwestern Atlantic's largest turbid zone reefs. PLoS ONE 16(2): e0247111. https://doi.org/10.1371/journal. pone.0247111

[35] Mies, M., Francini-Filho, R. B., Zilberberg, C., Garrido, A. G., Longo, G. O., Laurentino, E., … & Banha, T. N. (2020). South Atlantic coral reefs are major global warming refugia and less susceptible to bleaching. Frontiers in Marine Science, 7, 514.

[36] Op.cit. Duarte et al., 2020

widespread bleaching events across all subregions, with estimated mortality exceeding 50% for some species, according to local reports.

The recent Sixth Status of Coral Reefs of the World Report presented a chapter on Brazil's reef based on more than 6,300 observations collected as part of a national coral reef monitoring programme that commenced in 2002. Using a Reef Check compatible protocol, 35 sites distributed between 3°5'S and 18°0'S11 have been surveyed, with some sites being regularly monitored until 2018-2019.[37]

Trends in hard coral cover among the three different sites selected in this proposal indicated some heterogeneity in exposure to disturbance and recovery related to local conditions, including coral communities present in each subregion. Subregions 1 (Fernando de Noronha) and 3 (Abrolhos Bank) showed a decline in average hard coral cover, with subregion 1 exhibiting a gradual but steady decrease, and subregion 3 showing more oscillations through time with a sharper decline in the last five years. At oceanic sites (subregion 1), it is worth noting that coral cover decrease was recorded mainly in shallow areas. In subregion 2 (APA Costa dos Corais), which supports about a third of Brazilian coral reefs and where most sites are located near the coast, coral cover increased, while algal cover remained stable. Increased protection, through the control of damage by fishing and tourism inside MPAs and the prohibition of collection and trade in corals, has helped to maintain and improve coral cover, mainly due to recovery and growth of milleporids.[38]

[37] Op.cit. Ferreira et al., 2021
[38] Ibid

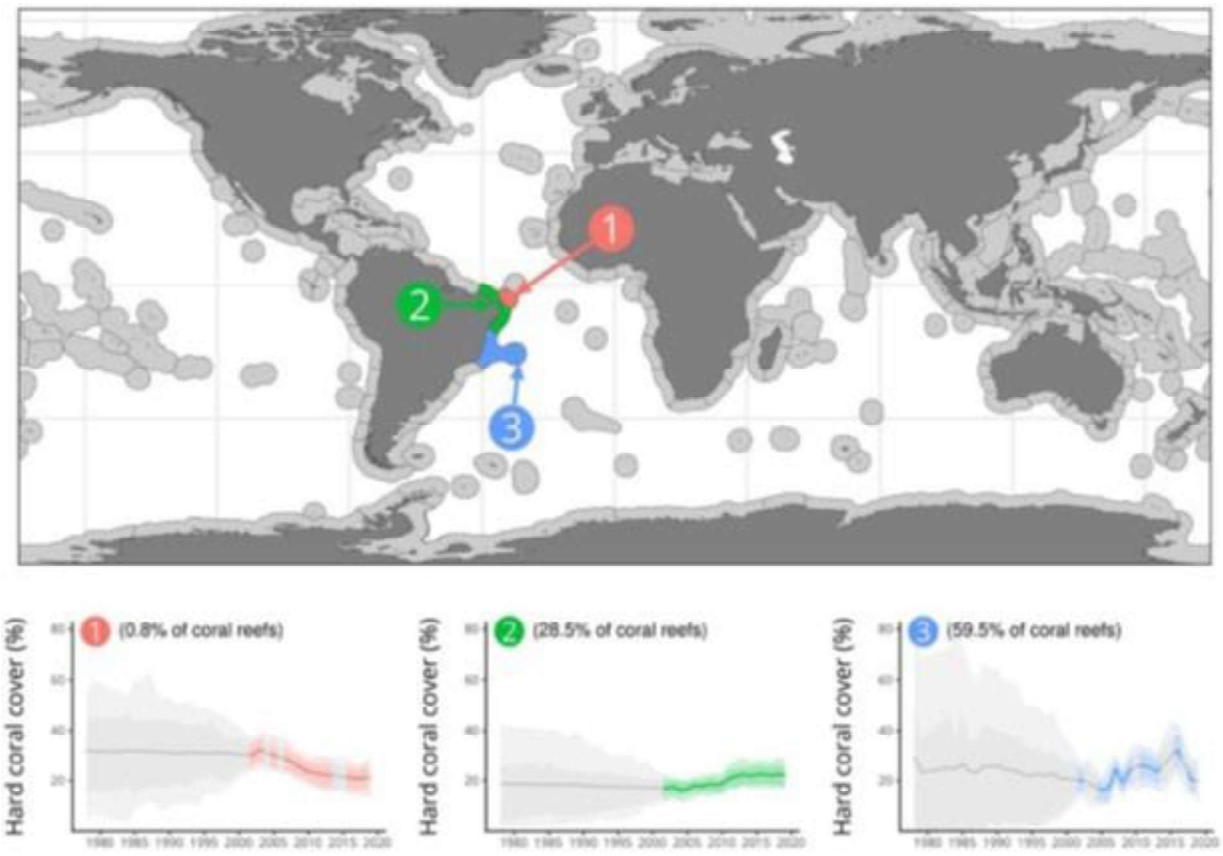

Figure 4 – Brazilian coral reefs subregions and trends in hard coral cover. Source: Sixth Status of Coral Reefs of the World Report – Brazil chapter

Fernando de Noronha

Fernando de Noronha, located in Ecoregion of Fernando de Noronha chain, also includes Rocas Atoll, the only atoll in the Western South Atlantic. Due to its eastward position, the region is particularly important as a source for the reefs in the chain, and also a natural observatory of climate induced impacts. This oceanic site has been impacted by heating ocean waters during El Nino and heat wave events. Circulation patterns in the North Atlantic may create conditions favorable to the formation of a "hot pool", similar to other oceanic regions, a phenomenon that needs to be closely observed.[39] The area was also hit by the 2019/2020 marine heat wave but, as in 2010, coral recovery response has been significant, with unaffected areas particularly in deeper sites.

Costa dos Corais

Environmental Protection Area (Área de Proteção Ambiental – APA) Costa dos Corais, located in the Northeast of Brazil. The site is typical of the NE Ecoregion, where coral reef formations grow parallel to the coast, including fringing as well as long bank reefs, and harbor some of the endemic and emblematic coral reef species such as the relic *Mussismilia harttii*, the manatee *Trichechus manatus* and the goliath groupers *Epinephelus itajara*. Coastal reefs that emerge on lower tides are an important feature of this

[39] Ferreira et al., 2013

region, inspiring city names like Recife (reef in Portuguese), providing coastal protection and most of the catches of the artisanal fisheries that dominate the region. Tourism is a growing industry in the region, with clear waters and coral reefs being the main attraction. Main reef areas are part of marine protected areas (MPAs), such as Rocas Atoll and Fernando de Noronha Island, Abrolhos Bank and the Coral Costa MPA. As with most coral reefs in Brazil, strong connectivity is maintained with mangrove and sea grass habitats. The area recovered from the 1998 ENSO event and, as with most of the coastal areas, did not suffer severe impacts of subsequent warmings until the 2019/2020 event that led to intense bleaching. The very presence of coral species and areas with good coral cover is a testimony to its resilience, as this is one of the most severely impacted areas by centuries of use, and yet one of the areas of higher human dependence on coral reef goods and services in Brazil.

Abrolhos

Abrolhos Bank and costal sites. The continental shelf widens in the south at Abrolhos Bank, which comprises the largest coral reef formation in Brazil. The area includes a Marine Park that offer protection to those important reefs. In Abrolhos Bank, coral reef formations form mushroom shapes chapeirões and harbor higher diversity. The area is known as an important climatic refuge during the last sea level variations.[40] Although distant from the coast, those reefs have been impacted by a recent dam collapse.[41] Along the coast, strong connectivity is maintained with mangrove and seagrass habitats and local fishing communities have created Extractives Reserves to conciliate sustainable use and conservation. The region is an important tourism area although some parts have been kept relatively isolated of massive tourism due to more difficult access.

Annex III: Accountability, financial management, and public disclosure

[TEXT IS FIXED DO NOT CHANGE]

The Programme will be using a pass-through fund management modality where UN Multi-Partner Trust Fund Office will act as the Administrative Agent (AA) under which the funds will be channeled for the Programme through the AA.

The convening agent and recipient organizations shall assume full programmatic and financial accountability for the funds disbursed to them by the Administrative Agent of the Global Fund for Coral Reefs (Multi-Partner Trust Fund Office). Such funds will be administered by each recipient organizations, Fund, and Programme in accordance with its own regulations, rules, directives and procedures. Each recipient organizations shall establish a separate ledger account for the receipt and administration of the funds disbursed to it by the Administrative Agent.

Indirect costs of the Recipient Organizations recovered through programme support costs will be 7%. All other costs incurred by each entity in carrying out the activities for which it is responsible under the Fund will be recovered as direct costs. The project management cost should not exceed 18%.

Funding by the GFCR will be provided on an annual basis, upon successful performance of the programme.

[40] Leão, Z. M., Kikuchi, R. K., & Testa, V. (2003). Corals and coral reefs of Brazil. In Latin American coral reefs (pp. 9-52). Elsevier Science.

[41] Coimbra, K. T. O., Alcântara, E., & de Souza Filho, C. R. (2020). Possible contamination of the Abrolhos reefs by Fundao dam tailings, Brazil–New constraints based on satellite data. Science of the Total Environment, 733, 138101.

Procedures on financial transfers, extensions, financial and operational closure, and related administrative issues are stipulated in the Operational Guidance of the GFCR.

Partners must comply with GFCR Fund brand guidelines, which includes information on donor visibility requirements.

Each recipient organization will take appropriate measures to publicize the GFCR and give due credit to the other partners. All related publicity material, official notices, reports and publications, provided to the press or Fund beneficiaries, will acknowledge the role of the host Government, donors, partners, the Administrative Agent, and any other relevant entities. In particular, the Administrative Agent will include and ensure due recognition of the role of each recipient organization and partners in all external communications related to the GFCR.

Annex IV: Project Administrative Arrangement for Recipient Organizations

On behalf of the Recipient Organizations, and in accordance with the UNDG-approved "Protocol on the Administrative Agent for Multi Donor Trust Funds and Joint Programmes, and One UN funds" (2008), the MPTF Office as the AA of the GFCR will:

- Disburse funds to each of the Recipient Organizations in accordance with instructions from the GFCR Global Team. The AA will normally make each disbursement within fifteen (15) business days after having received instructions from the GFCR Global Team along with the relevant Submission form and Project document signed by all participants concerned;
- Consolidate the financial statements (Annual and Final), based on submissions provided to the AA by Recipient Organizations and provide the GFCR annual consolidated progress reports to the donors and the GFCR Global Team;
- Proceed with the operational and financial closure of the project in the MPTF Office system once the completion is completed by the Recipient Organizations. A project will be considered as operationally closed upon submission of a joint final narrative report. In order for the MPTF Office to financially close a project, each RO must refund unspent balance of over 250 USD, indirect cost (GMS) should not exceed 7% and submission of a certified final financial statement by the recipient organizations' headquarters);
- Disburse funds to any RO for any costs extension that the GFCR Global Team may decide in accordance with the GFCR rules & regulations.

Accountability, transparency and reporting of the Recipient Organization:

Each Recipient 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 Organization in accordance with its own regulations, rules, policies and procedures, including those relating to interest

The Recipient 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 procedures.

The Recipient 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 Organisation will provide the Administrative Agent and the Fund Secretariat with:

Type of report	Due when	Submitted by
Bi-annual project progress report	15 June	Convening Agent on behalf of all implementing or recipient organizations and inconsultation with/ quality assurance by the GFCR Global Team, where they exist
Annual project progress report	15 November	Convening Agent on behalf of all implementing and recipient organizations and in consultation with/ quality assurance by the GFCR Global Team, where they exist
End of project report covering entire project duration	Within three months from the operational project closure (it can be submitted instead of an annual report if timing coincides)	Convening Agent on behalf of all implementing or recipient organizations and inconsultation with/ quality assurance by the GFCR Global Team, where they exist
Annual progress report, which may contain a request for additional GFCR allocation if the context requires it	15 December	Convening Agent on behalf of all implementing or recipient organizations and inconsultation with/ quality assurance by the GFCR Global Team

For the preparatory grant financing, the full programme document will be considered as the annual reports. The GFCR Global team might request a summary of the preparatory activities.

Financial Reports and timeline

The financial reporting requirements for the below follow the 8 UNDG budget categories.

Timeline	Event
28 February	Annual reporting – Report **Q4 expenses** (Jan. to Dec. of previous year)
30 April	Report **Q1 expenses** (January to March)
31 July	Report **Q2 expenses** (March to June)
31 October	Report **Q3 expenses** (January to September)
Certified final financial report to be provided at the quarter following the project financial closure	

Unspent Balance exceeding USD 250 at the closure of the project would have to been 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 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 GFCR are publicly disclosed on the GFCR website (https://globalfundcoralreefs.org) and the Administrative Agent website (http:www.mptf.undp.org)

Final Project Audit for recipient organization projects (Not Applicable to Preparatory Grant)

An independent project audit will be requested by the end of the project (For multi-year projects the GFCR Executive Board might request add. audit reports). 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 V: 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 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.

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Relatório de auditoria final 2022-04-14

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