




GLOBAL FUND FOR **CORAL REEFS**


Programme Document *Technical Assistance and Capital Acceleration*




Submission Date: December, 2024

Proposal Title: Technical Assistance and Capital Acceleration	Recipient Organisation: Catalytic Finance Foundation, referred to as "Catalytic" Co-recipient – Outcome 3: International Union for Conservation of Nature, referred to as "IUCN"
Organization Contact: David Albertani Chief Executive Officer Catalytic Finance David.albertani@catalyticfinance.org Minna Epps IUCN Director Global Marine and Polar Programme Minna.EPPS@iucn.org	Geographic Scope: Global
Proposal Description: This programme will support the GFCR in achieving its objectives guided by the pathways of the GFCR Strategic Plan. Catalytic Finance (Catalytic) will support primarily Pathway 2: Grown investable reef and ocean-positive business pipelines via the Flexible Technical Assistance and Capital Acceleration modalities; and Pathway 5: Contribute to a transformational global shift in sustainable ocean finance and policy in collaboration with IUCN and close coordination by the GFCR Global team (UNCDF, UNDP and UNEP).	Total Amount Requested (USD): TOTAL Approved Tranche 1: USD \$ 2,115,675 Catalytic: Tranche 1: USD \$1,903,691 Tranche 2 : USD 3,680,319 Pending subsequent GFCR EB approval IUCN: Tranche 1: USD 211,984
	Proposed Start Date: January 1 st , 2025 Proposed End Date: 31 st of December 2029
Key expected results: This project aims to achieve several key outcomes and impacts. <ol style="list-style-type: none"> 1. As a Flexible Technical Assistance provider, Catalytic will improve the environmental and social performance of reef-positive business invested in by the GFCR Equity Fund, increasing positive impacts on coral reef ecosystems while fostering community benefits. 2. As a Capital Acceleration provider, Catalytic will deploy seed financing in the form of recoverable grants and quasi equity to early-stage funds or financial vehicles with portfolios of reef-positive businesses. Catalytic will lay the framework for providing finance to regional reef-positive funds/financial vehicles in an effort to create a comprehensive financial network available for reef-positive business development. 3. As core partners, Catalytic and IUCN, will support the UN global team accelerate the GFCR Pathway 5, to scale financing sources through the One Ocean Finance development process: <p>Ultimately, the initiative aims to contribute to coral reef conservation goals by reducing local stressors on reefs and promoting resilient ecosystems across target geographies while also supporting the ambition to apply the GFCR approach to establish predictable and adequate financial solutions at scale.</p>	

Signature of Recipient Organisation:	
Print:	
Organisation: Catalytic Finance	
Name	david albertani
Title	CEO
Signature	
Date	06-Dec-2024

Signature of Recipient Organisation:	
Print:	
Organisation: IUCN	
Name	Minna EPPS
Title	Global Ocean Director
Signature	
Date	09-Jan-2025 10:16 CET

Signature of Executive Board UN Partner:	
Print:	
Organisation: UNEP	
Name	Sinikinesh Jimma
Title	Chief, Marine and Coastal Ecosystems
Signature	
Date	06-Dec-2024

Budget By UNDG Budget Categories

All in USD

Budget by UNDG Budget Categories (USD)	Tranche 1		Tranche 2	Total by Recipient		Total
	Catalytic	IUCN		Catalytic	IUCN	
1. Staff and other personnel	\$277 600	\$72 295	\$317 200	\$594 800	\$72 295	\$667 095
2. Supplies, Commodities, Materials	\$4 000	\$0	\$0	\$4 000	\$0	\$4 000
3. Equipment, Vehicles, and Furniture (including Depreciation)	\$0	\$0	\$0	\$0	\$0	\$0
4. Contractual services	\$918 300	\$91 005	\$1 108 100	\$2 026 400	\$91 005	\$2 117 405
5. Travel	\$46 000	\$11 229	\$9 000	\$55 000	\$11 229	\$66 229
6. Transfers and Grants to Counterparts	\$525 000	\$0	\$2 000 000	\$2 525 000	\$0	\$2 525 000
7. General Operating and other Direct Costs	\$8 250	\$23 587	\$5 250	\$13 500	\$23 587	\$37 087
Total Direct Costs	\$1 779 150	\$198 116	\$3 439 550	\$5 218 700	\$198 116	\$5 416 816
8. Indirect Support Costs (Max. 7%)	\$124 541	\$13 868	\$240 769	\$365 309	\$13 868	\$379 177
TOTAL Budget	\$1 903 691	\$211 984	\$3 680 319	\$5 584 009	\$211 984	\$5 795 993

Contents

1. Executive Summary 1

2. Rationale..... 4

3. Flexible Technical Assistance 7

 3.1 Output 1.1: Technical Assistance for Agrion 7

 3.2 Output 1.2: Technical Assistance for Parley 14

 3.3 Upcoming Technical Assistance Pipeline 18

4. Upcoming Capital Acceleration Pipeline..... 19

5. ESG Safeguards & Risk Assessment of Technical Assistance and Capital Acceleration Projects 21

6. Transformational global shift in sustainable ocean finance and policy 23

7. Organisational Capacity, Operational Set-up and Governance 27

 7.1 Organisational Capacity 27

 7.2 Governance structure 28

 7.3 Partnership Management 31

8. Monitoring & Evaluation 32

 8.1 Monitoring & Evaluation..... 32

 8.2 Learning and Improvement 34

Annexes (separate document):

- Annex 0 – Catalytic Organizational Information and Capability Statement
- Annex 1 – Programme Risk Management Matrix
- Annex 2- Details Agrion
- Annex 3- Details Parley
- Annex 4- Geographic and Sector Experience
- Annex 5- Examples of Technical Assistance Services
- Annex 6- Assessment Process and Criteria for Capital Acceleration
- Annex 7- Results Framework
- Annex 8 – Programme Structure
- Annex 9- Procurement Policies
- Annex 10 – [One Ocean Finance Deck](#) (provided as a link)

Acronyms

E&S	Environmental & Social
ESAP	Environmental and Social Action Plan
ESDD	Environmental and Social Due Diligence
ESG	Environmental, Social and Governance
ESIA	Environmental and Social Impact Assessment
ESMS	Environmental and Social Management Systems
GCF	Green Climate Fund
IRR	Internal Rate of Return
LCA	Life-Cycle Assessment
M&E	Monitoring & evaluation
MOIC	Multiple on Invested Capital
MRV	Monitoring, reporting, verification
ROI	Return on Investment
SCF	Subnational Climate Fund
SDG	Sustainable Development Goals
TA	Technical Assistance

1. Executive Summary

Through this programme, Catalytic Finance Foundation (Catalytic) will contribute to GFCR's mission to enhance the resilience of coral reef ecosystems, communities, and economies by unlocking new public and private resources that accelerate sustainable business and finance solutions. Catalytic will support the vision set forth in the GFCR Strategic Plan, with a focus on Pathway 2 and Pathway 5 in collaboration with IUCN Global Marine and Polar programme.

Pathway 2: Grow investible reef and ocean-positive businesses

Catalytic will be a provider of both *Flexible Technical Assistance* (FTA) and *Capital Acceleration* services, both specific actions under GFCR Pathway 2.

Outcome 1: Flexible Technical Assistance unlocks the potential of the GFCR Equity Fund

Through the **FTA modality**, Catalytic will strengthen synergies between the GFCR Equity Fund and GFCR UN Fund by providing technical assistance to investee businesses tailored to yield enhanced benefits for coral reef ecosystems and communities. This will include engagement with GFCR Convening Agents that results in complementary initiatives with GFCR country and regional programmes. FTA needs have been identified for two investees of the GFCR Equity Fund:

- Agrion Agrisolutions S.A. ("Agrion") – a Brazilian company that has created a process that uses waste generated via sugar cane processing to create organomineral fertilisers to reduce the negative impacts of agriculture and eutrophication on Brazilian watersheds. Through TA, Agrion will develop a strategy to improve water quality to benefit reefs in the Marine Protected Area (MPA) of Costa dos Corais.
- Parley Ocean Defense ("Parley") – Parley works across major brands, governments, communities and environmental groups to organise collection of ocean plastics and subsequent upcycling of the material. Through TA, Parley will strengthen ocean plastic initiatives in Maldives and Sri Lanka, while mapping priority resilient coral reef sites globally that are impacted by plastic to expand operations.

Catalytic will also reserve an FTA funding envelope to reactively respond to new TA needs as they are identified for existing or new investees. Prior to this FTA funding envelope being transferred, Catalytic will validate with the GFCR Technical Working Group new Technical Assistance needs and plans to ensure they are tailored for coral reef impact, and provide benefits across gender, indigenous peoples, disability and marginalized groups. To deliver on this workstream, Catalytic will draw on its expertise and experience with the Subnational Climate Fund (SCF) managed by Pegasus Capital Advisors (PCA). Catalytic leads the SCF's Technical Assistance (TA) for project preparation, including conducting a variety of studies in close collaboration with IUCN and funding provided by the Green climate Fund (GCF).

Outcome 2: An established ecosystem of financial vehicles for a reef-positive ecosystem

Through the **Capital Acceleration modality**, Catalytic will support the GFCR in fostering early-stage funds/financial vehicles with the aim to support regional actors that can support/finance portfolios of reef-positive businesses acting as aggregators. This may include aggregating businesses from Convening Agent programmes. While this financial ecosystem is

being created through the GFCR country/regional programmes, a gap has been identified for Small Island Developing States (SIDS) in the Pacific. The gap consists of funds that are typically smaller in size (>\$5M investments) and in geographies that are considered riskier by international investors (i.e., missing middle). Additional regional incubators may be identified in subsequent phases of the programme, for example for the Western Indian Ocean and Red Sea.

Catalytic will deploy patient capital through recoverable grants or quasi-equity as seed funding into regional investment vehicles with portfolios of reef-positive businesses. By providing early-stage financing, Catalytic will support regional actors to generate and grow a reef-positive economy. The holding period for these investments will range for a minimum of 10 years, providing patient capital and appropriate de-risk level.

Catalytic will deliver on this workstream through the following steps:

- Develop the criteria for a regional fund/financial vehicle in collaboration with the GFCR (01-2025 / 03-2025)
- Conduct an Open Call to identify a regional fund for the Pacific and select an entity (03-2025 / 06-2025)
- Validate selection with GFCR. Once validated, the GFCR will transfer funding from the Capital Acceleration envelope to proceed with the full due diligence process.
- Investment deployment

Pathway 5: Grow investible reef and ocean-positive businesses

Under Pathway 5, the UN Global Team and key international organisations, seeks to develop **One Ocean Finance (OOF)** as a path to scale financing available for reef positive solutions needed to create predictability and sustainability beyond 2030. This will be an innovative financial mechanism to further the sustainable blue economy and ocean conservation agenda. It presents a way to increase and diversify financial flows for the ocean while creating a lean, global hub dedicated to wider ocean action. The mechanism will build off lessons learned from the GFCR and implement a levy/payment for ecosystem services model.

Outcome 3: The GFCR's long-term contribution to a transformational global shift in sustainable ocean finance is initiated.

Through this programme Catalytic and IUCN will support Pathway 5 by:

- Engaging with industries such as submarine cables and shipping to understand the avenues for collaboration and participation in OOF.
- Legal consultations to support the design of OOF's governance, structure, domiciling, financial channels, and legal status to ensure a flexible, agile, independent, and representative entity able to execute its mandate and offer sustainability for GFCR.
- Support convenings of States, industry, and other relevant stakeholders to build the coalition and integrate inputs for OOF.

Budget Overview

Outcome 1: : Flexible TA unlocks the potential of the GFCR Equity Fund = USD \$1,687,500

Outcome 2: An established ecosystem of financial vehicles for a reef-positive ecosystem = USD 2,243,200

Outcome 3: The GFCR's long-term contribution to a transformational global shift in sustainable ocean finance is initiated = USD \$1,059,529

Refer to Annex 8, for an overview of programme Outcomes, Outputs and Activities, as well as associated budget and deliverables ([link](#)).

2. Rationale

Outcome 1: Flexible Technical Assistance unlocks the potential of the GFCR Equity Fund

The GFCR Equity Fund is managed by Pegasus Capital Advisors (PCA) and is an integral component of the GFCR blended finance strategy to leverage private sector finance for coral reef resilience. The Equity Fund deploys relatively large equity investments (USD 5M-40M) into businesses that can serve as a catalyst for impact, economic growth, and development in the surrounding area. The three priority sectors are: (i) Circular economy and pollution management; (ii) Ecotourism and hospitality; (iii) Sustainable ocean production.

In 2021, the Equity Fund secured de-risking investment from the Green Climate Fund (GCF), structured a team and conducted scoping for investments in the 17 countries for which they have non-objection letters from the GCF. The Equity Fund has now invested in five businesses (i.e., Agrion, Parley, Carbonwave, Oceanpick, SixSenses).

This programme will work under the new Flexible Technical Assistance (FTA) modality established by the GFCR, and for which Catalytic Finance was selected as a provider following a competitive request for applications published in 2024. FTA serves as the mechanism to augment the Equity Fund's businesses towards positive impact for coral reefs and people. Technical Assistance is deployed to inform the sustainability improvements that can then be realised by the Equity Fund investment capital and promote supply-chain linkages with the wider community.

Catalytic employs a structured approach to assess the specific TA needs of reef-positive businesses. The process includes:

- **Initial Gap Assessment:** This step evaluates the specific requirements of coral reef projects applying the GFCR Investment Principles and safeguards, including ecological restoration, climate resilience, and sustainable livelihoods. Catalytic will engage GFCR partners and Convening Agents, the GFCR Equity Fund, and local stakeholders, such as governments, communities, and NGOs, to gather insights on existing challenges, priorities, and gaps in knowledge or capacity.
- **A risk assessment** covering environmental, financial, regulatory, and operational risks. The assessment will categorise risks by their likelihood and potential impact, identifying high-risk areas such as local environmental degradation, regulatory barriers, or financial sustainability issues. Mitigation strategies will be developed, such as building local capacity, ensuring stakeholder buy-in, or securing diversified funding sources.
- **Opportunity identification** will focus on aligning TA with high-impact areas, such as scaling community-based conservation practices, promoting sustainable finance mechanisms, or supporting innovative coral reef restoration technologies. Catalytic will prioritise projects that demonstrate strong potential for replication, scalability, and alignment with both GFCR's objectives, GFCR Convening Agent programmes, and the SDGs.
- **Tailored TA Plans:** Based on identified gaps, Catalytic works with each business to develop customised TA plans. These may include feasibility studies, market

assessments, and ESG improvements aimed at enhancing coral positive impact, investment readiness and social benefits.



For businesses where there are existing GFCR programmes led by Convening Agents, Catalytic will engage with those partners to inform the TA plan to build synergies and avoid duplication.

Two businesses with defined technical assistance have been identified. Agrion Agrisolutions S.A. (Output 1.1) and Parley Ocean Defense (Output 1.2). These businesses and their technical assistance needs are described in Section 3.2 and 3.3.

In addition, under Outcome 1, Catalytic has reserved funding for technical assistance needs as new insights for impact opportunities are identified for existing or new investees (Output 1.3).

Outcome 2: An established ecosystem of financial vehicles for a reef-positive ecosystem

Under this outcome, Catalytic serves as a capital provider. The GFCR Capital Acceleration modality addresses current bottlenecks in the flow of concessional finance to businesses. As a Capital Acceleration provider, Catalytic will make available flexible finance options to for-profit and early-stage regional funds with portfolios consisting of businesses aligned with the GFCR sectors, coral reef resilience, and safeguards. The objective of this outcome is to grow the financial ecosystem of actors that can develop reef-positive portfolios acting as financial intermediaries for global financial institutions.

Catalytic structures patient capital in line with GFCR objectives using financial instruments such as recoverable grants and quasi-equity. These instruments provide the necessary flexibility to address the unique financial needs of new impact funds, ensuring that capital supports reef-positive outcomes while minimising financial risk. This approach allows these actors to focus on growth and impact as they seed new reef-positive businesses and seek additional investment from impact investors and global financial institutions. Through its involvement in the deployment of innovative financial vehicles such as the SCF, Catalytic has overseen the deployment of recoverable grants and quasi-equity.

As a non-profit, Catalytic will manage recovered funds through a revolving structure, ensuring that all recovered funds are redeployed into new reef-positive projects. This allows for continuous support of GFCR's reef conservation goals. Regular impact monitoring and reporting are conducted to ensure that funds are used effectively and in alignment with GFCR's objectives.

To identify financial vehicles requiring Capital Acceleration, Catalytic will conduct open Calls as well as apply a combination of financial analysis, stakeholder consultation, and due diligence. Potential vehicles, such as impact funds or concessional finance platforms, will be assessed for their alignment with GFCR objectives and capacity to mobilise capital for reef-positive investments. Catalytic will develop the criteria in collaboration with the GFCR to assess applicants. The full assessment process is available in **Annex 6** and in the figure below.



In the first phase of this programme, Catalytic will seek to identify a regional financial vehicle for the Pacific, as requested by the GFCR. Upon selection of an entity, Catalytic will provide the results of the assessment to the GFCR to provide feedback and trigger the funding transfer to Catalytic so an investment can be made. The process will start after agreeing on the criteria with the GFCR Global team, running the regional RFP a month after the beginning of the program, with the objective to have the first investment within 6-7 months.

Outcome 3: The GFCR’s long-term contribution to a transformational global shift in sustainable ocean finance and policy is initiated.

To date the limited investments in ocean sustainability have been mostly concentrated to a few economic sectors and geographies in the Global North (Schutter et al., 2024), underscoring an imbalance in ocean investment that must be corrected to better include the Global south and under underrepresenting areas of investment, such as marine protected areas. “Life Below Water” (SDG 14) is also the most underfunded of the SDGs (United Nations Environment Programme, 2022; WEF, 2022). Achieving the scale of financing required, and equitable distribution across countries and sectors will require a paradigm shift in the relationship between ocean health and economic activities, where ocean economies more actively support ocean health, or a “Blue Transition”.

Meeting global calls to action for ocean health, and the resources required, ultimately calls for a global ocean finance platform that is suited to facilitate investment in a variety of priority areas including reef positive businesses, including having the flexibility to engage with various political, socioeconomic, and environmental contexts to account for the high level of connectivity across ocean systems. A coordinated platform will also help scale and steer resources appropriately where needed to achieve the above-mentioned balance across sectors and geographies. Despite widespread challenges to ocean finance and a “Blue Transition”, in the eve of the third UN ocean conference, the global political landscape is exceptionally well positioned to support major new ocean finance initiatives.

This Outcome serves to contribute to Pathway 5 of the GFCR Strategic Plan. GFCR is demonstrating innovative ways to blend finance, support enabling environments, advance

monitoring and evaluation, and create positive impact for coral reefs and the communities who rely on them. The Fund is also expected to contribute to a greater goal of supporting and mobilising a global finance and policy shift within the ocean space in order to sustain GFCR impact. Along with lessons learned and a coalition of willing, comparatively advantaged partners the GFCR can contribute to this shift through taking its demonstration to scale—leading the way for ways to meet the needs of the ocean.

The **One Ocean Finance (OOF) Initiative** is an innovative financial source in co-development by UN organisations/agencies and key international organisations to further the sustainable blue economy and ocean conservation agenda including GFCR. It presents a way to increase and diversify financial flows for the ocean while creating a lean, global hub dedicated to wider ocean action. The mechanism will build off the lessons learned from the GFCR, as well as efforts from other sectors like global health financing. By leveraging on the knowledge of a variety of experts, the OOF concept will seek to identify the most effective way forward for the conservation and sustainable use of the ocean as one of the most essential ecosystems in the world.

In the multi-tiered design approach of One Ocean Finance, Catalytic and IUCN will play a critical political and technical role through three workstreams: strategic engagement, convening, and legal consultation to mobilise and capitalise on the requisite momentum ahead of the United Nations Ocean Conference in June 2025, outreach needs to be conducted in several avenues including industry, states, financial institutions, and non-governmental organisations. IUCN and Catalytic's intimate knowledge of the financial ecosystems and the stakeholders will be an asset to the strategic engagement plan.

3. Flexible Technical Assistance

Outcome 1: Flexible Technical Assistance unlocks the potential of the GFCR Equity Fund

This section provides details of the Equity Fund investees and their TA needs. This is followed by a description of the process Catalytic will follow for additional Technical Assistance needs for existing or new investee of the Equity Fund.

3.1 Output 1.1: Technical Assistance for Agrion

- **Business:** Agrion Agrisolutions S.A. ("Agrion")
- **Sector & Subsector:** Circular Economy and Pollution Management - Pollution Mitigation

Geography and Coral Reefs

Agrion is a company based in Brazil, and specialised in the production of slow-release organo-mineral fertilisers using by-products of the sugar cane industry as raw material, with a pilot plant in Tupaciguara, in the west part of the Minas Gerais state and ambitious to expand into new production sites. In particular, sites that can provide this new product to farms along the watershed impacting the marine protected area of Costa dos Corais. Agriculture negatively impacts coral reef health in particular intensive practices that drive erosion and

sedimentation, and excess of nutrients due to extensive use of mineral fertilizers, with direct impact on the coral reef, and indirect impact through eutrophication and proliferation of algae.

Coral reefs in Brazil are distributed along 3,000km of the Brazilian Northeastern coast, and represent the only coral reef ecosystem in the South Atlantic. These reef systems are the target of the project that aims at developing facilities and distributing their products both in coastal areas and inland, reducing the agricultural pollution impacting coral reefs directly and via pollution brought to the oceans by the water ways.

Business Overview

Agrion Agrosolutions S.A. ("Agrion") was founded in 2020 and has created a process that uses waste generated via sugar cane processing to create organomineral fertilisers reducing negative impact of fertilisation in agriculture and promoting a circular model by reintegrating agriculture by-products into the system.

The current model is based on close association with sugar cane industrial players, using by-products from the sugar production (solid residue "filter cake" and liquid by-products "vinasse") as organic inputs. These organic inputs are stabilised and combined with traditional mineral fertiliser (N,P,K) to produce organomineral fertiliser. These organomineral fertilisers are designed to slowly release the nutrients to the plants, reducing wastage and nutrient runoffs, while improving soil quality. Agrion already has an operational pilot plant in Tupaciguara, in Minas Gerais state, developed in a symbiosis with an industrial player of the sugar cane and sugar production, supplying the organic raw material and using part of the Agrion production for their own sugar cane plantations.

Based on this successful pilot, the company is entering into a growth phase and is now looking at expanding in Brazil by replicating this co-development of new plants with industrial partners to provide a solution to value processing by-products into lower impact fertilisers much needed to reduce the impact Brazil agribusiness sector on ecosystems and oceans.

The Company's newly built first plant has a capacity to produce 60,000 mt/year of organomineral fertilizer, and is expected to reach ~USD10M in revenue in 2024, and ~USD20M in revenue and ~USD6M in EBITDA within 3 years. Agrion currently employs 38 people between HQ and the pilot processing plant.

Business selection

Agrion was selected by the GFCR Equity Fund Investment Team as an attractive opportunity for several reasons:

- Compelling impact opportunity with circular economy benefits in sustainable agriculture, related to improving the disposal of sugar cane waste and reducing the excess use of synthetic fertilisers, addressing threats from the intensive agriculture to the coral reef, while having a positive climate impact.
- Brazilian coral reefs are a unique ecosystem in the South Atlantic and have been considered as refuges in relation to climate induced stressors, as they have escaped multiple thermal stress events that affected reefs worldwide.

- Fast growing segment in the agricultural inputs, with economic and regulatory tailwinds, in Brazil, one of the largest agribusiness power globally.
- Experienced founder and team, with commercial traction and established customer base and clear growth plans.

The investment rationale for Agrion is strong, supporting a business in rapid expansion, that address the agricultural run-off threats to the unique Brazilian coral reef, in one of the most important agribusiness countries globally. However, the additional support from the TA will enhance further the positive impact of Agrion, supporting linkages between agriculture and reef health, addressing ESG risks management and environmental/ climate impact gaps or explore further opportunities to mitigate agriculture impact on environments and increase benefits to farmers.

Through the investment by the GFCR Investment Fund, TA will steer operations towards mitigating the impact of agriculture on the only coral reef ecosystems in the South Atlantic by providing the baselines and strategy for reducing pollution of watersheds that lead into the Costa dos Corais MPA. Agrion's core business model is focusing on improving sustainability of agricultural systems, valuing organic waste and reducing use of inefficient and polluting conventional fertilisers. However, the negative impact of intensive agriculture on coral reef health is well documented and by addressing the current excess of nutrients leaching in waterways and erosion linked with agriculture, Agrion is benefiting Brazil's coral reefs. The work on positive impact on coral reefs is not part of the current expertise of Agrion, and the TA will enable the early development of coral reef and climate-related work that will inform the expansion of Agrion's sustainability strategy beyond strictly agriculture best practices.

The TA will also allow Agrion to develop an Environmental and Social Management System (ESMS), in line with best international practices captured in the GFCR Equity Fund and grants policies, and that will make Agrion follow sustainability standards that go beyond strict compliance with local legislation, to the benefit of the environment and the communities in their area of influence.

Technical Assistance Needs & Business Expected Impact

The investment team commissioned an ESG due diligence led by an external specialised consultancy as part of the investment process, assessing the status of Agrion ESMS and identifying the gaps in this management, and the opportunities for reducing further risks and improving overall positive impact via the TA. The following TA opportunities were identified by the team and the company, with an overall **budget estimated at USD 432,500**.

- **Activity 1.1.1: Landscape assessment of the impacts on the Costa dos Corais Marine Protected Area from agriculture – Estimated budget: USD 91,400:** This activity would support research effort to assess the impact of agriculture on the Costa dos Corais, where one of the largest concentrations of coral reefs in the South Atlantic are present,, by identifying the watersheds connected to this part of the coast and mapping out the agricultural activities across these watersheds. The study would also identify the productions and practices -including the use of conventional fertilisers- likely to have the higher impact on the coral reef, and quantify the benefits on the environment of Agrion's products.

The results of this study would inform the identification of priority regions and types of production where the use of Agrion's products would be the most beneficial to the marine environment. This study will also establish baselines for the impact of agriculture on water quality impacting Costa dos Corais.

Deliverable: A report detailing agriculture impact on the Costa dos Corais, to inform Agrion reef positive strategy.

Estimated completion date: December 2025

- **Activity 1.1.2: Support to the implementation of the Environmental and Social Action Plan (ESAP) – Estimated budget: USD 130,000:** Following the ESG due diligence commissioned, some areas for improvement were identified and included in an ESAP that the company will have to implement as part of their contractual requirement. One key area where systems should be reinforced is the development of robust screening systems for new industrial partners and clients, to incorporate E&S criteria in the selection process and ensure that Agrion is not establishing partnerships with entities for instance exposed to deforestation, labour risks or negative impacts on communities and indigenous people. The TA will fund the recruitment of specialist consultants to support Agrion in the initial phase of the implementation of the ESAP, with a particular focus on the development of screening procedures for Agrion's future industrial partners. The ESAP will be supplemented by the development of a Gender Equality and Social Inclusion (GESI) action plan with the purpose of consciously contributing to the implementation of allocated resources and the development of inclusive actions, with important commitments to achieve equal access of boys and girls, women and men, and vulnerable populations (indigenous people, LGBTIQ+, people with disabilities, etc.).

Deliverables: Ongoing support to implement and address the ESAP items. Development of a GESI action plan.

Estimated completion date: June 2026

- **Activity 1.1.3: Life-Cycle Assessment (LCA) and GHG footprint optimization- Estimated budget: USD 60,000:** a priority area identified in connection with the Agrion's management was the need to undertake a LCA to understand the climate and environmental footprint of Agrion's products and identify the hotspots in the processes and activities that represent the largest contribution to the total climate and environmental impact of Agrion products. Depending on the results of the LCA, the study would highlight priority areas/ potential interventions to reduce this footprint, including logistics optimization, adjustment in the energy mix or improvement in the processes. This activity will develop the framework for conducting LCAs in future sites associated with the Costa dos Corais watershed.

Deliverable: Full LCA report focusing on Agrion's main commercial products.

Estimated completion date: June 2025

- **Activity 1.1.4: Identification of additional regenerative agriculture practices - Estimated budget: USD 65,100:** the TA will be used to identify additional responsible agricultural practices or innovative approaches to reduce further the impact of farming (reduction of erosion, reduction of the use of inputs, optimised planning for farms treatments), in

combination with the use of Agrion's products. Areas of focus could include soil improvement, strategy to reduce erosions, regenerative farming practices etc and will be informed by the results of the TA activity above focusing on mapping and identifying agriculture impacts on Brazil coral reef and marine ecosystems.

Deliverable: Set of recommendations/ technical guidance to farmers on improve agricultural practices in combination with Agrion products, to be disseminated via training and/or the development of a training/ agricultural extension platform.

Estimated completion date: June 2026

- **Activity 1.1.5: Development of an organic products line - Estimated budget: USD 48,000:** the TA will contribute to the development by Agrion of an organic certified product line, supporting the development and certification process.

Deliverable: feasibility study and recommendations for the development of Agrion's organic product line.

Estimated completion date: December 2025

- **Activity 1.1.6: Development of an M&E framework and M&E plan - Estimated budget: USD 30,000.**

Deliverable: M&E plan and framework in line with the GFCR UN Fund and Equity Fund M&E strategies. The plan will also develop sector-specific indicators that are not captured in the global M&E framework, to measure business specific reduction of coral reef drivers of degradation. The M&E framework and plan should also include methodologies, plan for data collection, identification of capacity needs, budget, etc for a successful M&E reporting

Estimated completion date: June 2025

All proposed TA activities will be discussed with the prospective GFCR Convening Agent in Brazil, to optimise them based on their local knowledge and their expertise and to ensure efficient coordination and explore synergies when relevant.

Sustainability and Impact

Each investment opportunity for the GFCR Equity Fund is selected based on its impact rationale and its contribution to the fund's objective to address threats to the coral reef ecosystems and more generally to the marine environments in the long-term and beyond TA activities and exit. Beyond this, the fund team will be engaging with the investees to improve their management of their ESG risks, to develop impact reporting frameworks, aligning with the GFCR Equity Fund and GFCR UN Fund M&E framework, and implement a range of TA activities with the support of Catalytic throughout the entire holding period of the investment. M&E and impact reporting is also part of the investment agreement that the GFCR Equity Fund and investees sign. In the case of the TA activities, the GFCR Equity Fund ESG & Impact team will be supporting the investees in the implementation of the agreed activity and ensure their long-term benefit beyond the end of the TA activity through continuous monitoring, reporting, and taking corrective actions as part of the M&E framework. Through TA the an M&E framework aligned with the GFCR will be developed, as well as project specific indicators to measure unique impacts of the project not captured by

the global GFCR framework. This framework will be reviewed by UNEP. The outline of the relevant indicators from the GFCR framework can be found in Annex 7.

In addition, the GFCR Equity Fund is committed to promoting responsible and sustainable investing practices including responsible exits to promote the long-term sustainability of the investee companies, the value for their stakeholders, and the continuation of positive social and environmental outcomes, including the benefits from the TA facility interventions. Exit is a critical part of the investment process rather than an afterthought. In evaluating exit strategies, the fund carefully assesses potential acquirers for their commitment to sustaining ESG impacts, including compliance with "Do No Harm" principles and ongoing impact assessments. During the exit process, the fund engages key stakeholders—such as company management, employees, communities, and other investors—to address financial and impact-related risks and ensure inclusive dialogue. To support a sustainable transition, the fund promotes knowledge transfer and capacity building to equip the acquirer and stakeholders with essential skills. Additionally, the fund may include contractual provisions to bind acquirers to impact commitments where possible, although it emphasises understanding acquirers' intentions through their strategies and actions. A monitoring and reporting mechanism will track the responsible exit approach's effectiveness, and the fund is committed to continuous improvement, regularly updating practices to reflect best practices, industry standards, and stakeholder expectations.

Key Risks and Challenges

Environmental and Social risks identified at the time of the ESG due diligence on Agrion were to be expected in a company created relatively recently. Agrion doesn't have a fully structured ESMS in place (but complies with Brazilian law which does not require a full ESMS). The internal documentation/ policy and systems are currently limited, but appropriate procedures are in place in the pilot plant. Agrion also benefits from the E&S procedures of their industrial partner at their pilot site.

The company needs to develop and structure a corporate-level ESMS, including E&S commitments and development of the associated tools. The gaps identified are expected to be addressed via the implementation of an ESAP associated with the investment contract with Agrion, led by Agrion internal team, with the support of the GFCR Equity Fund ESG and Impact team and external consultants. The implementation of the ESAP will be accelerated and enhanced by the TA.

Key gaps identified and included in the ESAP include:

- **E&S Internal capacity:** The company has a robust internal team to conduct its operations and expansion but lacks an E&S professional in charge of developing and implementing the company ESMS. The recruitment of a qualified E&S professional to lead this work is a priority.
- **Lack of structured ESMS:** Needs for the development and/or reinforcement of corporate level and plant level policies and procedures to cover HR, Occupational Health and Safety or stakeholder engagement, involving installation and operations phases. The development of this ESMS will include the development/ upgrade of E&S policies, allocation of responsibilities, the elaboration of a revised E&S risks

assessment to inform mitigation measures (procedures, new equipment, training etc.), and the development of a monitoring system.

- **HR policy to be reinforced:** HR policies exist but are not yet in line with the IFC PS, and therefore require an upgrade to include IFC PS2 requirements and cover direct employees and contractors. The policy will be supported by the development of associated procedures: code of conducts and ethics, clear salary and benefits, disciplinary measures, internal grievance mechanisms, gender and diversity programs etc.
- **Need for a formal Partner Screening Procedure:** complementary to the existing qualification process, which supports the selection of the area where the plant is going to be installed, including criteria to avoid/minimize impacts on neighboring communities, vulnerable groups, biodiversity, indigenous people, cultural heritage and existing improvements (need of physical/economic displacement). An exclusion list shall be considered for high-risk situations.
- **Need to improve Stakeholder Analysis and Engagement:** the company had only limited stakeholder-related internal procedures and processes. The company will have to develop a Stakeholder Engagement Plan as part of their ESAP, including site-specific external grievance mechanisms, starting from the construction phase.
- **Lack of Resource Efficiency strategy:** Agrion needs to develop a Resource Efficiency and Monitoring Plan targeting water, electricity/energy, and GHG emissions. This plan should include: i) information on current consumption baseline; ii) GHG emissions inventory for scope 1, 2 and 3; iii) specific, measurable actions to decrease consumption; iv) clear target consumption levels within a defined timeframe; and v) a system for regularly monitoring consumption and tracking progress.
- **Limited gender and inclusion-related procedures and policies:** to address this, the company will develop a Gender Equality and Social Inclusion (GESI) action plan at corporate level, to be adapted to the specificities of each project, and in line with the investment fund and grants fund's policies and requirements.

Progress towards the ESAP is monitored by the ESG team on a quarterly basis with the Agrion team, with regular engagement and support.

Beyond E&S risks, the investment team identified risks to the business included:

- **Sugar cane market volatility,** requiring expansion of Agrion's products line into other crops beyond sugar cane..
- **Competition risks:** requiring a focus on product differentiations and development of the Agrion's branding.
- **Client/partners risks:** with the close partnership's development with industrial players. Requiring robust contracts and potential for equity investment of partners to secure partnerships.
- **Inputs price volatility:** requiring hedging strategies.

- **Adoption by farmers:** Challenge for farmers to shift to new products/ new farming practices, requiring extension services and training to farmers.

3.2 Output 1.2: Technical Assistance for Parley

- **Business:** Parley Ocean Defense
- **Sector & Subsector:** Circular Economy and Pollution Management - Pollution Mitigation

Geography and Coral Reefs

Coastal habitats are a major sink of marine plastic. The overall habitat complexity, such as the pneumatophore roots of mangroves, architectural complexity of seaweeds, seagrass, and coral reefs, facilitates plastic accumulation. Target reefs include resilient reefs and focus on those where impact can be significant such as in Maldives, Comoros, Dominican Republic, Sri Lanka, Philippines, Indonesia, and other eligible GFCR countries. Currently, Parley's most advanced partnership is Maldives that collects plastics from 21 atolls, 59 resorts/ islands, and 125 schools. With the GFCR investment, Parley can further enhance its community-based models in the target geographies that are disproportionately impacted by climate change, plastic pollution and industrial overfishing, creating sustainable livelihoods, increasing access to ocean education and addressing pollution at its source.

In the last years, Parley has expanded its focus to developing, funding and scaling new materials that replace harmful, fossil fuel-based products with natural, biofabricated alternatives, envisioning a future where human life is in harmony with the ocean. Since its inception in 2012, Parley has built a diverse network of partners spanning science, art, fashion, design, technology, finance, entertainment, sport, space and ocean exploration.

Business Overview

Pegasus Capital Advisors has been in contact with Cyrill Gutsch, founder & CEO of Parley for the Oceans. The Company has a track record of working with large luxury brands such as Adidas and Dior, which have enabled the Company to sell plastics at prices un-linked to commodity cycles. The Company is looking to expand its operations to increase collaboration efforts with corporate partners. GFCR aims to fund collection efforts in underlying NOL countries, freeing up the Company to invest in growth. Parley's experienced founder and team gathered commercial traction and established a customer base and clear growth plans. The assessment and due diligence resulted in the Investment Committee's decision to pursue an investment into Parley.

Besides the track record, there is also a compelling impact opportunity with circular economy benefits in plastics recycling and opportunity to replicate and scale across all GFCR geographies. Through Parley's AIR strategy, the number of tons of ocean plastics can be reduced and the reefs can be protected. Parley's AIR strategy bridges education and community building on the ground with premium brands' sustainability strategy. creating a demand for ocean plastics (de-linked from commodity cycles) while demonstrating investment in the oceans has a direct impact on brand value. Investment contributes to GFCR impact targets and impact will be measured by the number of tons of intercepted ocean plastics (in addition to other KPIs from the GFCR M&E framework).

The TA activities are crucial because it directly addresses gaps that limit Parley's potential to achieve sustainable impact at scale in a timely manner to protect resilient coral reefs most impacted by plastic pollution. The TA will provide resources and expertise outside of the GFCR Equity Fund capabilities, enabling Parley to maximize impact more efficiently/quickly and effectively (focus on the areas with the greatest impact). If it wasn't for the TA, the achievement of the impact objectives would be delayed and the necessary capacities wouldn't be provided in time to address the urgent issues. In addition, the TA will help create connectivity with ongoing efforts/ initiatives of the Convening Agent's programme.

Technical Assistance Needs & Business Expected Impact

The following TA opportunities were identified by the team and the company, with an **overall budget estimated at USD 613,000.**

Activity 1.2.1: Support expansion plans to areas where plastics impact resilient coral reefs the most (USD 60,000 – 1 year) and assess financial viability:

- A global assessment of resilient coral reefs impacted by plastic, supported by consultations with GFCR Convening Agents
- Supply chain improvement assessment regarding improved financial viability of plastic collection and processing for identified geographies
- Plastic credits/ carbon credits feasibility/ assessment to enhance financial viability, particularly in SIDS
- **Deliverables:** 1-3 Study/ studies covering the topics above (study can combine multiple topics depending on the consultant's capabilities)
- **Estimated completion date:** December 2025

Activity 1.2.2: Implementation of the Environmental and Social Action Plan (ESAP) (USD 64,000 – 1 year):

- Stakeholder/ Community engagement with particular focus on benefits (incl. economic benefits) for local communities and Parley's educational campaigns
- Development and roll out of corporate ESMS to ensure that environmental and social standards are implemented at local NGO partner level. This will require support on local level to roll out ESG policies and procedures.
- Development of a GESI action plan
- M&E support
- **Deliverables:**
 - Reports from educational campaigns and stakeholder/ community engagement
 - ESMS document
 - GESI action plan document
 - M&E report
- **Estimated completion date:** December 2025

Activity 1.2.3: Support the Parley AIR Atoll Project in the Maldives within Gaaf Alif Atoll (USD 326,000 – 2 years):

- **Training and capacity building efforts in waste separation, compactors for the recyclable waste and community engagement:** The focus of this initiative is to engage the target islands within Gaaf Alif Atoll to create an island level waste management

system for all waste at the community level, engaging local stakeholders and community members. The project will include training in waste separation, compactors for the recyclable waste and community engagement. All waste will be targeted, not only rigid plastics. The recyclable waste will be sent back to Malé where Parley Maldives will bale the plastic bottles for recycling and onward upcycling.

- **Launch additional AIR Challenge school activities:** Parley's engagement of schools through the AIR Challenge program for plastics interception and avoidance will be boosted on the 6 inhabited local islands and bring in a greater engagement of councils and community in cleanups on the inhabited and uninhabited islands. Awareness on protecting the reefs will be promoted through immersive activities for children as well as parents.
- **Training and capacity building efforts for organic waste with focus on women:** The project will also incorporate a sustainable economic activity for women through productive management of organic waste through composting, and empowering women farmers. Composting will be promoted through establishing designated areas for composting at the target island waste management centers, and providing specialized training in areas such as compost making, selection of waste to use, basic microenterprise concepts. Women farmers will be given the necessary skills to actively participate in modern, organic agricultural practices. Key actions include forming an all-women Producer Organization, with support from local councils to address gender-based barriers, and leadership training to help women farmers take on governance and managerial roles.
- **Estimated completion date:** June 2026

Under this activity, there will be regular engagement with the GFCR Convening Agent for the Maldives, UNDP, to promote synergies and avoid duplication.

Activity 1.2.3: Support the Parley Sri Lanka AIR Beruwala (USD 163,000 – 2 years): The proposed project aims to minimise plastic pollution in the city of Beruwala and protect the surrounding ocean and regional coral reefs. This will be achieved by improving community awareness and intercepting plastic waste from the environment through a fully integrated closed-loop plastic collection and recycling mechanism. The project encompasses several activities with CAPEX and OPEX modules. These efforts are designed to ensure a comprehensive approach to tackling plastic pollution and fostering sustainable practices within the community. The city of Beruwala, situated on the southwestern coast of Sri Lanka, faces severe pollution challenges, making it one of the most polluted areas in the country. The primary factors contributing to this environmental crisis include inadequate waste management infrastructure, active fishery operations, and the influx of waste-carrying water sources into the ocean. According to the [Marine Environment Protection Authority \(MEPA\)](#), 90% of corals in Sri Lanka are dead, which indicates that the existing corals in Beruwala survived and are resilient to stressors mentioned. MEPA also highlights the need to fight plastic pollution. Parley has done cleanups in Beruwala and has recently installed a river barrier nearby as initial activities for the area. The project activities will be a much needed expansion for real change. Parley has established relationships in the area and been laying the groundwork for the project activities. There are 7 main project activities for the AIR Beruwala Project that the TA would support:

- **Scouting mapping:** The project will identify polluted hotspots in Beruwala, focusing on areas such as fisheries, beaches, river mouths, and dumpsites, to target cleanup efforts.
- **Education and Awareness programs:** Comprehensive campaigns will engage students, fishery communities, and households through various educational tools to promote sustainable practices and solutions to pollution.
- **River interception:** The project will add four new river barriers to intercept plastic waste, building on the two already installed by Parley Sri Lanka.
- **E-bike collections:** Electric bicycles will be used to collect plastic waste from public and private collection points, reducing transportation costs and enhancing collection efficiency.
- **Drop-off recycling:** Easily accessible bins and bags will be placed in public areas and educational institutions to encourage community participation in recycling efforts.
- **Cleanups:** The project plans to carry out 48 annual cleanups across beaches, rivers, and underwater locations, involving local students to help reduce plastic pollution.
- **Material Recovery Facility (MRF):** A facility with a capacity of 30 metric tons per month will process collected plastic, ensuring effective recycling or upcycling of materials like PET, PP, HDPE, and fishing nets.
- **Estimated completion date:** June 2026

Sustainability and Impact

See sustainability and impact sub-section for Agrion above. Through TA the an M&E framework aligned with the GFCR will be developed, as well as project specific indicators to measure unique impacts of the project not captured by the global GFCR framework. This framework will be reviewed by UNEP. Refer to **Annex 7** for an outline of the relevant indicators from the GFCR framework.

Key Risks and Challenges

Main ESG risks and mitigation measures include

- **Contractor/ Supply Chain:** Parley works through third-parties such as NGOs for collection and sorting in Maldives, and a processing company in Taiwan and Germany. These organisations may not have the same ESG standards as required by the GFCR. To mitigate the risks, Parley has developed policies/ procedures that need to be adopted by its partners. The ESAP and ESMS will be strengthened to enhance supplier/ contractor/ partner assessment and monitoring program to ensure third-party partners comply with Parley's and GFCR standards.
- **OHS and Community Health:** Exposure to and improper handling of collected plastics can pose health risks to local workers/ communities/ waste pickers. To mitigate the risks, Parley provides personal protective equipment (PPE) and health and safety training to all workers involved in plastic collection and sorting. Parley also has protocols for safe handling and disposal of plastics, and conducts regular health screenings for workers.
- **Livelihood Impact:** Dependence on plastic collection as a source of income can be risky if the market for recycled plastics is unstable and informal, or if there are fluctuations in the demand for recycled materials. To mitigate the risk, Parley works with local

organisations that have a deep understanding of the context and key stakeholders to engage with the formal and informal waste economy. In addition, stakeholder engagement and regular consultation help to engage workers with the objective to improve their livelihoods.

- **Community Engagement:** Lack of community engagement in the plastic collection process can lead to resistance, non-compliance, or abandonment of collection efforts. To mitigate the risk, Parley works with local partners and communities. The TA will focus on further strengthening community/ stakeholder engagement.
- **Regulatory Compliance:** Failure to comply with environmental regulations and standards related to plastic collection, handling, and disposal can result in legal and financial consequences. Parley has all necessary permits in place and its staff makes sure that regulations are met.
- **Supply Chain Risks:** Challenges in managing the entire plastic collection supply chain, from collection to recycling, can result in inefficiencies, fraud, or unethical practices. To mitigate the risk, Parley requires all its suppliers to adopt rigorous environmental and social standards. In addition, one of the TA activities will focus on improving the supply chain and overcoming any deficiency.
- **Infrastructure:** Inadequate infrastructure for proper waste management and recycling can hinder effective plastic collection efforts. By working with local partners, Parley adopts a bottom-up approach, thereby getting a deep understanding of the local waste infrastructure needs, and works towards addressing them through education and community infrastructure.
- **Contribution to Carbon Footprint:** The energy-intensive nature of some plastic recycling processes may contribute to a community's carbon footprint, affecting its overall environmental sustainability. In addition, there are also emissions associated with shipping. The TA will support improving supply chains and associated emissions.

3.3 Upcoming Technical Assistance Pipeline

The overall process for assessing the TA needs of selected businesses follows a systematic approach, focusing on both the readiness of the project and specific gaps that require addressing for successful implementation. Catalytic uses a blend of in-house expertise and external consultants to conduct this assessment, ensuring a thorough understanding of each business's context and challenges.

1. Initial Gap Assessment:

The process begins with a project readiness and gap assessment, where Catalytic evaluates the business's ability to meet both financial and impact objectives. The assessment covers various aspects such as legal and regulatory frameworks, environmental and social governance (ESG) compliance, and the business capacity to execute the project. Key criteria include stakeholder inclusivity, environmental and social management, and the project's potential for scalability.

For moderate-risk projects (Category B), an ESIA is conducted by external consultants. This includes an analysis of environmental baselines, potential social impacts, and stakeholder consultations. The ESIA also identifies key risks related to marine biodiversity, ecosystem

services, and social safeguards, ensuring that the projects do not harm coral reefs or associated habitats (see question 4.2 for further details)

2. Tailored Technical Assistance Plans:

After identifying gaps, Catalytic works with each business to develop a tailored TA plan, which may include studies on technical feasibility, ESG improvements, and market assessments. These plans are designed to strengthen the business's investment readiness while aligning with GFCR's goals of conserving coral reefs, promoting sustainable livelihoods, and enhancing ecosystem resilience.

3. Engagement with GFCR partners:

In parallel to the two steps above, Catalytic will engage with GFCR partners to promote synergies and avoid duplication as it relates to GFCR country and regional programmes. The GFCR Global Team will facilitate engagements and modes of collaboration as Catalytic and the Convening Agents seize on complementary expertise and objectives.

4. Upcoming Capital Acceleration Pipeline

Catalytic's approach to identifying capital acceleration needs for potential reef-positive funds is multifaceted, leveraging both targeted financial instruments and open competitive processes. The capital acceleration component includes **recoverable grants and quasi-equity investments**. This ensures that capital is flexible enough to meet the diverse needs of funds at different stages of growth, helping them scale their reef-positive initiatives. The purpose of those investments is to be as catalytic as possible and the risk-return ratio will be lower than the market risk.

Catalytic will identify capital acceleration needs through a comprehensive assessment of funds through proactive engagement with regional stakeholders, including NGOs, private sector partners, and development agencies. The needs assessment involves evaluating the funds model's readiness to absorb different forms of capital, understanding the financial gaps, and assessing their capacity to generate impact in line with GFCR's objectives. In practice, this process involves consultation with the businesses, financial analysis, and identifying gaps in resources that could hinder their scaling potential.

To identify eligible funds for capital acceleration, Catalytic will employ open calls or Requests for Proposals (RFPs). In this first phase, Catalytic will issue a call for one priority region of the GFCR: (1) Pacific; potentially followed in a second phase by (2) Red Sea and Western Indian Ocean. These calls will target funds that align with GFCR's key thematic areas, focusing on positive reef impact sectors such as sustainable ocean production, circular economy, and pollution management. Open calls will be announced and publicised through Catalytic's networks, including local stakeholders, partner organisations, and through established development finance platforms, ensuring wide outreach. These calls will involve clearly defined timelines, eligibility criteria, and guidance on the application process.

The assessment criteria for these open calls will include:

- **Alignment with Positive Impact for Coral Reefs:** the portfolio of businesses proposed by the financial intermediary must demonstrate a clear positive impact on coral reefs, such as pollution mitigation, reduced nutrient runoff, or support for sustainable coastal livelihoods.
- **Financial Sustainability:** Applicants must present a sound financial plan, showcasing their capacity for revenue generation and the sustainability of their operations.
- **Scalability:** The ability to structure a portfolio across multiple geographies or replicated to achieve larger reef-positive outcomes will be a key consideration.
- **Governance:** Good governance practices, including transparency, accountability, and alignment with ESG standards.
- **Alignment with GFCR Objectives and Investment Principles:** Portfolio must be aligned with the GFCR's TOC and Investment Principles, demonstrating that their investments contribute to reef conservation and sustainable development, while providing measurable environmental and social benefits.

The integration of these criteria into the selection process will involve a multi-step approach:

- **Pre-screening:** Applications will undergo an initial pre-screening to check basic eligibility, including alignment with GFCR impact sectors.
- **Detailed Evaluation:** Eligible applicants will then be assessed against the full set of criteria, with a focus on their reef-positive impacts, scalability, and financial sustainability.
- **Investment Committee I:** A review will be conducted by a dedicated Investment Committee comprising experts from Catalytic, GFCR UN Fund, and external consultant if needed, ensuring rigorous scrutiny of impact and financial viability.
- **Negotiation of Term sheet:** Negotiations around the nature of the investment for the selected application are performed resulting in a Term sheet approved by the applicant
- **Due Diligence:** Shortlisted applicants will undergo a deep due diligence, focusing on their governance, financial health, and impact potential.
- **Submission to the GFCR Technical Working Group:**

Catalytic will submit its assessment and recommendations to the GFCR Technical Working Group.

Once an investment is done, Catalytic will monitor the investment. In the case of reimbursable grants the process is similar to a Technical Assistance monitoring. In the case of Quasi-Equity Catalytic would request a representation on the Board of the investee. For both type of transaction Catalytic will ensure that Monitoring and Reporting are done in compliance with the GFCR standards.

Catalytic will utilise financial vehicles such as impact funds, concessional finance platforms, and dedicated blended finance initiatives to channel funds to eligible reef-positive businesses. These vehicles will employ a mix of financial instruments including:

- **Recoverable Grants:** To support portfolios of early-stage businesses that need capital to reach key milestones but do not yet have the revenue streams to service traditional debt.

- **Quasi-Equity Investments:** These instruments, which sit between debt and equity, offer flexibility in repayment terms, making them suitable for high impact but riskier ventures in sectors like reef restoration and ocean pollution reduction.

These vehicles ensure that capital is both accessible and supportive of innovation, helping to de-risk investments while promoting positive reef outcomes. Through its involvement in the deployment of innovative financial vehicles such as the SCF, Catalytic has overseen the deployment of more than 50 financial supports in the last 3 years to support over 25 businesses.

Catalytic will deliver on this workstream through the following steps:

- Develop the criteria for a regional fund/financial vehicle in collaboration with the GFCR (01-2025 / 03-2025)
- Conduct an Open Call to identify a regional fund for the Pacific and select an entity (03-2025 / 06-2025)
- Validate selection with GFCR. Once validated, the GFCR will transfer funding from the Capital Acceleration envelope to proceed with the full due diligence process.
- Investment deployment

As Catalytic is structured as a non-profit, funds that flow back into the financial vehicle post-investment will be managed through a structured reinvestment process to continue supporting reef-positive projects. Any funds recovered through repayments, returns, or exits will be redeployed in line with the GFCR mandate. Specifically:

- **Ring-Fenced for Reef Projects:** Recovered funds will be ring-fenced to ensure they are only used for projects that align with the GFCR's reef-positive objectives.
- **Revolving Fund Structure:** A revolving fund structure will be used, where the funds are continuously redeployed into new projects, ensuring a sustained impact over time.
- **Impact Monitoring and Reporting:** To ensure transparency and accountability, Catalytic will maintain a robust monitoring and evaluation system, regularly reporting on the deployment and impact of recovered funds, including adherence to GFCR objectives.

5. ESG Safeguards & Risk Assessment of Technical Assistance and Capital Acceleration Projects

Risk Evaluation Criteria: Catalytic programs operate under the framework of an Environmental Social Management System (ESMS), which implements relevant standards and program requirements. Project ES risk is primarily assessed under the IFC Performance Standards, which is noted to be in general accordance with the GFCR Social and Environmental Compliance requirements (Annex 2 and 3). The ESMS for this program will implement the checklists provided in Annex 2 and 3. Stakeholder engagement and consultation is a critical component of all Catalytic led TA projects. For a program such as GFCR, the IUCN guidance on stakeholder consultation would form the basis requirements, as well as any program specific frameworks in place.

Assessment Process: Our team reviews available project information and identifies the ES risk category (A, B or C), and whether any relevant data gaps exist. High risk projects (A) are excluded under program policy. Moderate risk projects require an Environmental Social Impact Assessment (ESIA), by external consultant, which includes stakeholder consultation and incorporates IFC requirements. The ESIA process includes the determination of environmental and social baselines, including gender. Low risk projects (C) undergo internal Environmental Social Due Diligence (ESDD). Prior to project equity investment, an ESDD Disclosure Report is developed for each project.

Mitigation Strategies: For each project ESIA completed (risk Cat B projects), a subsequent management plan is developed (ESMP) to mitigate risks, including requirement of ongoing Grievance Mechanisms (at project and fund level). For each ESDD completed (all projects), an ES Action Plan (ESAP) is developed to ensure ongoing sustainability, with requirements such as development of a project ESMS and policies for supply chains, operations and waste. All project ESMP documents require a monitoring, reporting and auditing component to ensure that ES requirements are implemented on an ongoing basis, and revised/adapted as necessary.

ESG Assessment: Tracking of ESG KPIs is completed for all projects in accordance with a range of ESG reporting frameworks, including biodiversity (e.g. SFDR PAI 7) and gender metrics (e.g. 2X Criteria). It is understood that GFCR has an established framework for ESG Assessment in accordance with GFCR goals, which would be implemented into the procedures.

Tools and Frameworks: Catalytic programs operate under an ESMS framework which implements guidance from organisations such as IFC (Performance Standards) and IUCN (Stakeholder Engagement), as well as program specific requirements. The ESMS for GFCR would implement the program Risk Management Methodology provided in Annex 2 and 3, for instance.

Contribution to GFCR Mission: ES risk assessment (ESDD/ESIA) identifies risks that need mitigation measures during the project (ESAP/ESMP), to prevent adverse impacts to marine environments. SDG impact assessments assess how the project will benefit reef ecosystems, and how such benefits will be measured, reported, verified (MRV) and optimised. The blue economy will be promoted by creating jobs in the area, enhancing local economies through products and services, preventing ecological degradation, and facilitating benefits to the environment and associated beneficiaries (e.g. local ocean users and fishermen, tourists, etc.).

Alignment with GFCR Objectives: ES risk criteria are based on IFC Performance Standards which are aligned with GFCR requirements to avoid negative environmental and social impacts. Positive impact objectives of Catalytic programs align with GFCR, including restoration and protection of natural habitats, community engagement and livelihoods, economic benefits, return on invested capital and gender equality.

Gender Equality and Social Inclusion (GESI) action plan: as part of the work to ensure alignment with the GFCR policies and commitments and part of the Environmental and Social Action Plan (ESAP) implementation, all investees will have to develop and implement a Gender Equality and Social Inclusion (GESI) strategy/ action plan. The GESI strategy/ action plan will have to ensure that investments create an inclusive environment where everyone, regardless of gender or social background, have equal opportunities and rights. Key components will include the promotion of gender equality and non-discrimination in hiring, training, leadership roles or access to projects - including for indigenous people or marginalised groups-, ensuring safe and inclusive working conditions; providing access to resources and support for marginalised groups; and addressing gender-based violence and discrimination.

6. Transformational global shift in sustainable ocean finance and policy

In its half decade of operation, the GFCR has served as a demonstration of innovative ways to blend finance, support enabling environments, advance monitoring and evaluation, and create positive impact for coral reefs and the communities who rely on them. The GFCR pathways showcase how the fund can increase its present impact, but also contribute to a greater goal of supporting and mobilizing a global finance and policy shift within the ocean space. Along with lessons learned and a coalition of willing, comparatively advantaged partners the GFCR can contribute to this shift through taking its demonstration to scale—leading the way for ways to meet the needs of the ocean.

The **One Ocean Finance Facility (OOFF)** is an innovative financial mechanism in co-development by GFCR UN organizations/agencies and key international organizations to further the sustainable blue economy and ocean conservation agenda including Coral Reef Ecosystems. It presents a way to increase and diversify financial flows for GFCR and ocean larger priorities while creating a lean, global hub dedicated to wider ocean action which could sustain GFCR demonstration. The mechanism will build off the lessons learned from the GFCR, as well as efforts from other sectors like global health financing. By leveraging on the knowledge of a variety of experts, the OOF will seek to identify the most effective way forward to mobilise new types of financial resources (Payment for Ecosystem Services) for the conservation and sustainable use of the ocean as one of the most essential ecosystems in the world. See full description of the proposed mechanism in Annex 10 ([One Ocean Finance Deck](#)).

In the multi-tiered design approach of One Ocean Finance, Catalytic and IUCN will play an important role through three workstreams: strategic engagement, convening, and legal

consultation. To mobilize on the requisite momentum ahead of the United Nations Ocean Conference in June, outreach needs to be conducted in several avenues including industry, states, financial institutions, and non-governmental organizations. IUCN intimate knowledge of willing coalitions/negotiators and Catalytic Finance understanding of the financial ecosystems—specifically in blended finance—will be an asset to the strategic engagement plan. This knowledge in both the public and private sector is required to assure efficiency of approach, consultation, and, most importantly, identify and engage receptive and aligned focal points to transform them into game changers.

The work plan implemented collectively with the Global Team¹ for One Ocean Finance (OOF) is a development phase involving coordinated efforts across strategic, political, and technical areas. Key elements of this phase include coalition building, stakeholder dialogues, and legal structuring to ensure a successful foundation.

Strategic Engagement and Coalition Building:

- From mid-January 2025, extensive consultations with stakeholders in industry, finance, and government will manage relationships and address stakeholder needs. Catalytic Finance Consultants will engage with submarine cable focal points and activate existing networks within the shipping industry in partnership with UN Global Compact and the World Economic Forum.
- A coalition task team, including leaders from IUCN, UNCDF, UNDP, and UNEP, will support the strategic direction, with the support of the IUCN Director of Marine Programme and CF CEO.

Convenings and Leadership Engagement:

- March 2025 Workshop (Paris): A 5-day workshop will gather industry leaders, state representatives, and other stakeholders to discuss OOF concepts and align on the framework's priorities.
 - 1 Day with coalition leaders (WRI, ORRAA, WEF, UN Global Compact, etc.).
 - 2 Days with willing states and 40 identified negotiator champions.
 - 2 Days with financial institutions and industry representatives in shipping and submarine cables.
 - Showcase of key results achieved at Monaco MBI in anticipation of the BEFF.

Catalytic will provide logistical support for the organisations of those events (travel, catering and other logistic concerns under close collaboration with the GFCR Global Team and IUCN).

- April 2025 High-Level Stakeholder Retreat (Busan): Coinciding with the Our Ocean Conference, this retreat will validate the Declaration of Intent, preparing for the upcoming UNOC3 and establishing accountability with an outcomes document. (CF, IUCN)

¹ See Global Team Prodoc addendum.

- Leadership efforts will aim to secure co-organizers (France, Costa Rica, Palau, and Monaco) and mobilize support from ministers and industry CEOs, expected to endorse the Declaration of Intent. (IUCN)

Legal Consultation and Structuring:

- Catalytic will recruit a legal counsel to determine best governance structure, financial channels, and legal status of OOF to ensure it is flexible and capable of independent operations compatible with current GFCR UN framework. This includes outlining critical legal pathways, registration process, charter, governance.
- Establish mechanisms for financial management and contracting, ensuring readiness for contributions from grants, ODA, philanthropy, and private sectors.

Technical Research and Communication Products:

- IUCN will issue 1 relevant research paper addressing financial pathways and de-risking tools prepared with the support of CF and the GFCR Global Team, covering topics related to investment strategies and principles, while participating alongside UNDP and UNEP in defining policy alignment (SDGs, 30x30), and science-conservation needs.

Expected outputs and activities under this outcome that will have substantial inputs and support from CF and IUCN are outlined below.

Outcome 3: The Global Fund for Coral Reefs' long-term contribution to a transformational global shift in sustainable ocean finance and policy is initiated.

Output 3.1: The political and strategic groundwork needed to secure buy-in of public-private stakeholders is established. (Catalytic USD 585,000; IUCN USD 117,205)

- **Activity 3.1.1:** Conduct one initial mapping and prioritisation of key stakeholders to understand their interests, priorities, and influence levels; **[Jan 2024]** (Support from Catalytic USD 15,000; USD IUCN 12,000)
- **Activity 3.1.2:** Develop one stakeholder engagement strategy to guide early coalition building and secure champions who can advocate on behalf of the project in key political forums; **[Jan 2024]** (Support from Catalytic USD 30,000; IUCN USD 68,135)
- **Activity 3.1.3:** Organise a 5-day series of high-level dialogues in Paris, in collaboration with France, Palau, and Monaco, with prioritised stakeholder groups, including industries, states, financial institutions, international organisations and the UN; **[March 2025]** (Support from Catalytic USD 345,000; IUCN USD 16,840)
- **Activity 3.1.4:** Convene willing stakeholders, for closed-door Special Events in Busan and BEFF. Inclusive of a subset of willing stakeholders, including Ambassador Peter Thomson and Pascal Lamy, for 1 closed-door workshop to finalise negotiations and validate the declaration of intent ahead of the BEFF and UNOC3; **[April 2025]** (Support from Catalytic USD 120,000; IUCN USD 9,000)
- **Activity 3.1.5:** Participate in several events, workshops, and dialogues to facilitate meaningful and productive engagement with prioritized decision-

makers and stakeholders (e.g. WEF Davos, Economist Ocean Summit in Japan, etc.). **[Jan 2025 onwards]** (Support from Catalytic USD 75,000; IUCN USD 11,229)

For events and convenings, costs will be reviewed by the GFCR and UN agencies to gauge appropriateness of costs. All unused funds will be returned to the GFCR (e.g., Activity 3.1.3).

Output 3.2: The foundational technical documentation required to steer the development of the ocean finance platform is developed. (Catalytic USD 225,000; IUCN USD 57,324)

- **Activity 3.2.1:** Develop two targeted industry engagement strategies aimed at identifying strategic entry points and alignment with industry interests, approaches, and models; **[Draft 1 Feb 2025 – Draft 2 April 2025]** (Support from Catalytic USD 150,000, including 75,000 for UN Global Compact)
- **Activity 3.2.2:** Develop one financial pathway document, outlining the proposed mechanism to take the model to scale and the de-risking tools required to deliver impact across the financial ecosystem; **[Draft 1 Feb 2025 – Draft 2 April 2025]** (Contributed to by IUCN) (Support from IUCN USD 57,324)
- **Activity 3.2.3:** Prepare a comprehensive legal review paper that analyses the proposed model, outlining its structure, regulatory requirements, and the necessary hosting arrangements; **[Draft 1 Feb 2025 – Draft 2 April 2025]** (Support from Catalytic USD 75,000)

Output 3.3: A high-level political recommendation to the UN Ocean Conference (UNOC3) through the Blue Economy and Finance Forum (BEFF) is issued.

- **Activity 3.3.1:** Develop one communications guide and corresponding strategic and political communications products to align engagement and advocacy efforts with national and international priorities, ensuring that messaging resonates with key stakeholders and supports broader policy agendas; **[Feb 2025]** (Support from Catalytic USD 75,000)

Catalytic Finance Summary Budget: USD \$885,000.00

IUCN Summary Budget: USD \$211,984

7. Organisational Capacity, Operational Set-up and Governance

7.1 Organisational Capacity

Catalytic Finance

Project Management & Staffing model:

Catalytic's responsibilities include developing the project pipeline, performing screenings, and coordinating stakeholders to ensure a pipeline of bankable sustainable projects is identified, developed and supported.

Catalytic employs a systematic approach to **project planning** designed to validate a gap assessment at an early stage with the investment teams to ensure the usefulness of the potential TA activities. In the case of the GFCR TA, the process would consist of:

- **Identification of Projects:** Potential projects are identified through Pegasus Capital Advisor.
- **Prioritization and Preparation:** Once identified, the projects closer to bankability are prioritized according to criteria predefined with the GFCR team and prepared for investment by conducting feasibility studies and ensuring their bankability. Catalytic has in-house expertise to assess project readiness and identify gaps.

Next, Catalytic will perform a **risk assessment** covering environmental, financial, regulatory, and operational risks. Our **risk management process** has been designed to ensure our consistent capacity to deliver our programs. Our process consists of: 1) Annual Risk Analysis where staff participate in a risk identification exercise similar to a SWOT analysis, 2) Risk Assessment: Risks are categorized by their likelihood and impact (high, medium, or low). Mitigation measures are then developed, and a comprehensive review is conducted; 3) Risk Mitigation: Actions are taken to neutralize risks, such as contingency planning, training, policy reviews, and regular monitoring of activities.

Regarding **resource allocation**, Catalytic assigns resources strategically to ensure projects stay on schedule and within scope. This includes:

- Extensive use of local authorities, private companies, and NGOs, ensuring compliance with procurement rules and ethical guidelines.
- Collaborating with program's partners, in that case the GFCR convening agents
- Adaptive staffing model (described below)

Our **staffing model** is structured to include a mix of in-house staff, consultants, and external contractors. Staff time allocation is determined by project size and complexity, with a combination of full-time and part-time roles (assignments are made based on the specific requirements of each project. For instance, we already have an in-house ocean expert, Tyler Creese, who will be dedicated to the GFCR). For the GFCR TA projects, we would expect the following roles and responsibilities:

- CEO and COO (10%) : Oversee project activities, financial management, and approval of expenditures.
- Accountant (25%): Manages financial processes, including bi-weekly reviews with the CEO and COO.

- **Technical Assistance Team:** sources and prepares the projects. Includes a project pipeline manager (30%), a grant manager (50%) and an Environmental and Social Impact expert (50%).
- **Capital Acceleration Team:** the capital acceleration team will consist of one investment manager (100%), that person will use the resources of other teams when needed.
- **External consultants:** conduct the studies commissioned by the TA team
- **Support staff:** reporting

Some staff may need to be hired on a contractual basis depending on project needs.

IUCN Global Marine and Polar Programme

IUCN (International Union for Conservation of Nature) works globally to promote a healthy ocean that support both nature and people. Through strengthening ocean governance frameworks and fostering sustainable investments, IUCN aims to protect marine and coastal biodiversity. The Ocean Programme focuses on the scientific-policy interphase by generating knowledge to address threats like overfishing, pollution, and climate change multi-stressors, while supporting the restoration of marine ecosystems.

IUCN's Ocean goal is to halt marine species loss, restore ecosystem integrity, and ensure that marine resources provide sustainable benefits for both biodiversity and coastal communities. Through its expertise and networks, IUCN works to scale up financially viable marine conservation projects with lasting, climate-resilient impacts through a portfolio of public-private partnerships, blue carbon accelerator fund and blue natural capital funding facilities.

IUCN is an intergovernmental science-based organisation and a global standard setter. IUCN facilitates cross-sectoral dialogues, convenes key stakeholders to strengthen policies at local, regional, and global levels, as well as capacity building efforts for policy influence.

IUCN is a GEF and GCF accredited implementing and executing agency, EU pillar assessed institution and holds 501c3 status in the US.

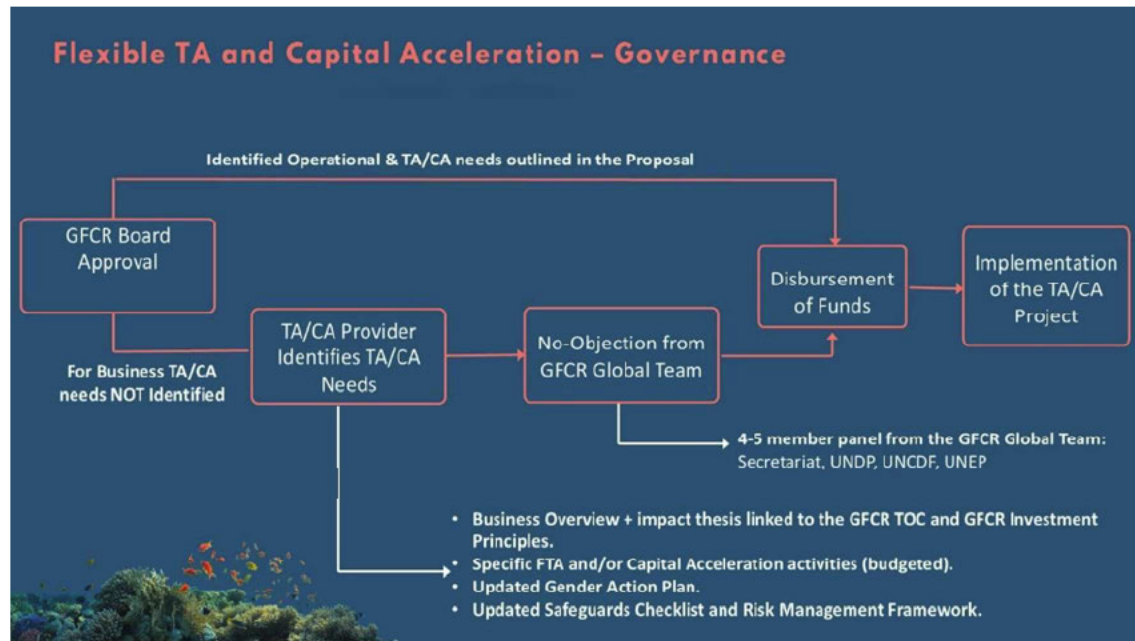
Collaboration with GFCR Convening Agents:

Catalytic will collaborate with existing grant fund programs managed by Convening Agents, such as MAR Fund (Mesoamerican Reef), Fondo Acción (Colombia), Wildlife Conservation Society (Kenya, Tanzania), Blue Alliance (Philippines and Tanzania), UNDP (Fiji, Papua New Guinea), The Nature Conservancy (Bahamas), YKAN (Indonesia) and Conservation International (Indonesia).

We will systematically consult and inform GFCR convening agents with support from the GFCR Global Team when sourcing projects. We will work with them in order to improve the bankability of their pipeline.

7.2 Governance structure

We propose the following governance structure to oversee the TA and CA project. It is composed of several key decision-making bodies that ensure effective oversight, accountability, and alignment with strategic objectives.



1. Non-objection from Technical working Group inclusive of GFCR Executive Board Member representatives

- Composition: GFCR composed of UNDP, UNCDF, UNEP and Executive Board member representatives.
- Advising on the use of TA and Capital Acceleration funds. Recommendations within this group are made collaboratively. The committee is guided by the technical assessments made by Catalytic team and a presentation of TA implementation plans, and profiles and portfolios of financial vehicles.

2. Project Management Unit (PMU)

- Composition: The PMU is coordinated and managed by Catalytic and includes a full-time Project Manager, administrative support, and a project accountant.
- Responsibilities: The PMU coordinates all project activities funded by the TA project. It consolidates annual work plans, tracks and monitors fund flows, manages procurement, and ensures the coordinated delivery of agreed project components, outputs, and activities.

3. Programme Steering Committee (PSC)

- Composition: The PSC includes representatives from Catalytic, GFCR and Pegasus Capital.
- Responsibilities: The PSC provides strategic-level guidance to the Project Management Unit (PMU). It ensures both the grant project and fund work effectively and are coordinated. The PSC reviews and advises on annual work plans, budgets, and project execution, and results. The PSC also monitors progress through annual project reports and is involved in the planning and review of evaluations.

4. GFCR Oversight Role

- Composition: GFCR Secretariat

- Responsibilities: GFCR reviews project progress reported by the PMU to maximise performance, conducts desk analyses against work plans, procurement, and disbursement plans.

5. Pipeline working group

- Composition: Catalytic and Pegasus teams
- Responsibilities: The working group meets regularly and discuss pipeline opportunities and prioritisation depending on the needs of the Asset Manager. Technical Assistance needs are discussed to ensure their effectiveness and usefulness to Pegasus.

6. Investment Committee

A dedicated internal Investment Committee will review the proposals submitted for investment. The committee will assess the potential risks and opportunities associated with each business, providing feedback and recommendations for capital structuring (e.g., recoverable grants, equity) to the GFCR Board.

The inclusion of multiple stakeholders and technical experts ensures diverse inputs and robust project assessments. The GFCR Global team's unanimous decision-making approach prevents unilateral decision-making, enhancing accountability.

The PSC meets annually and as needed, providing a structured platform for strategic decision-making and coordination. This committee also ensures transparency by reviewing budgets, progress reports, and evaluation outputs.

The governance structure ensures alignment with strategic objectives by incorporating technical expertise from sectoral experts, engaging regional networks, and consulting national designated authorities (NDAs). These entities are consulted to ensure project alignment with national climate strategies and development priorities.

Regarding costs for venues and events such as the 5-day seminar in Paris (Activity 3.1.3) and Special Event in Busan (Activity 3.1.4), costs will be reviewed by the UN Fund and UN partners to validate appropriateness of costs. Unspent funding will be returned to the GFCR.

Expertise Procurement and Coordination:

Catalytic has developed a robust procurement strategy that balances transparency, efficiency, and fairness to secure the necessary resources and expertise for our TA projects (our procurement Policy is available in Annex 9 and in section C of our initial application to the GFCR RFA for Technical Assistance and Capital Acceleration providers). Central to that strategy lies our extensive network of partners, stakeholders, and in-house resources. We work closely with:

- Local authorities, private companies, and NGOs
- Intergovernmental organisations, regional networks (such as C40, Global Covenant of Mayors, and ICLEI), and other strategic entities to identify and source projects. These partnerships help maximise the outreach and effectiveness of project identification and development campaigns

Catalytic’s process for sourcing expertise includes a blend of in-house staff, consulting firms, and external contractors. Catalytic maintains a core team of experts including the CEO, COO, accountant, project managers, and technical staff who oversee project activities, financial management, and procurement processes. This team handles day-to-day operations, project coordination, financial reviews, and strategic decision-making, ensuring consistency and alignment with Catalytic’s mission and policies.

Regarding external expertise, their sourcing follows a rigorous process:

- Identification and Selection:
 - We issue calls for tenders and engage in direct outreach to suitable experts, consulting firms, or contractors (see examples under “Call for Proposal” on the [SCF Website](#)). Selection is based on the complexity of the project and the need for specialised skills.
 - The selected experts are reviewed against specific criteria including technical qualifications, experience, and alignment with our values and mission
- Engagement and Monitoring:
 - We establish clear contracts detailing roles, responsibilities, and expected outcomes. Continuous monitoring ensures that all parties adhere to the agreed terms and that the project remains aligned with its goals.
 - The foundation utilises an open grievance mechanism to address any disputes or ethical concerns raised by partners or stakeholders
- Criteria for Engaging External Experts:
 - Technical Competence: we prioritise professionals with proven experience in sustainable development, climate finance, infrastructure development, and MRV (Monitoring, Reporting, and Verification).
 - Reputation and Track Record: Experts and firms are evaluated based on their previous work, reliability, and adherence to ethical standards. They must demonstrate a history of successful project delivery in relevant fields.
 - Alignment with our Mission: External experts must share Catalytic’s commitment to sustainability, transparency, and ethical behaviour.
 - Geographical Relevance and Local Knowledge: Preference is given to experts with local experience and knowledge to navigate country-specific regulatory environments, cultural contexts, and project conditions.

Our ability to procure resources and coordinate TA effectively is underpinned by a structured procurement policy, strategic use of in-house and external expertise, and a commitment to transparency, fairness, and ethical behaviour. This approach enables the foundation to source the best talent and resources needed to deliver impactful and sustainable TA projects.

7.3 Partnership Management

Partner Organization’s Name and Website	Partner Role
Pegasus Capital Advisors	Fund Manager
Pegasus is in charge of mobilizing impact investments, de-risking international public instruments, and investing directly or through trusted partners in local projects. Pegasus can invest commercially, seeking a level of return that reflects the risk being taken. The investment manager is expected to have the capabilities to collect co-financing from public international investors like GCF to lower the overall risk and levels of return. Pegasus will be	

supported by the GFCR Global Team and implementing partners through the design of specific metrics to identify, measure, and report on the sustainability and impact of projects. Pegasus should be part of the TAPS Committee, Programme Steering Committee and project pipeline working group.

Pegasus and Catalytic have worked together on a daily basis to deliver the Subnational Climate Fund and have established solid processes to optimize their collaboration.

GFCR	Oversight
------	-----------

GFCR is responsible for:

- Supporting Fund design.
- Executing and coordinating all administrative and management functions including the receipt of grant contributions and piloting of the programming cycle.
- Overseeing the design, development, and maintenance of an integrated platform for program design, management, and reporting.
- Providing advice and recommendations on implementation performance and cash management.
- Ensuring monitoring and control of operational risks (regularly update the risk monitoring matrix).
- Developing the resource mobilisation strategy, if required.
- Securing contributions from donors.
- Administering funds in accordance with GFCR regulations, rules, policies, and procedures.
- Transferring funds according to directives from the Chair of the Steering Committee.
- Providing donors with financial consolidated reports

Convening Agents	Sourcing, consulting
------------------	----------------------

Convening agents are non-profit organisations that have expertise and access to partners critical for achieving the GFCR vision. Catalytic will tap into the knowledge of those NGOs that have the capacity to develop blue economies.

The convening agent will help establish an initial pipeline of investment-ready projects. A landscape analysis found that outside sustainable fisheries, there is a lack of blue economy projects being designed and implemented. To develop a pipeline of projects that will serve as proof of concept or qualify for scaling-up, the GFCR will look to NGOs already active in developing market-based solutions for coral reef conservation in reef-dependent communities.

8. Monitoring & Evaluation

8.1 Monitoring & Evaluation

Organisational Capacity:

Catalytic employs a dedicated team of experts and utilises specialised tools and methodologies, including the GFCR results framework, to monitor and evaluate the effectiveness of its TA projects.

The core team includes Jiao Tang, our COO, Ekaterina Kudryavtseva, our operations manager and technical staff skilled in monitoring, reporting, and verification (MRV). This team ensures

project activities align with planned objectives and outcomes. Together with the accountant, they support strategic decision-making, financial oversight, and compliance, ensuring transparency and accountability in evaluating TA projects.

When needed, Catalytic engages external evaluators with specialised skills in sustainable development, climate finance, and impact assessment to provide an objective review.

When it comes to tools and methodologies, we utilise frameworks that focus on specific, measurable outcomes, assessing impact against predefined goals. We leverage digital platforms and tools for data gathering, analysis, and visualisation to track progress in real-time and are currently in the process of deploying a new Salesforce-based project management system. We implement ongoing monitoring processes to ensure adherence to project goals and allows for timely adjustments. This combination ensures rigorous evaluation and continuous improvement of TA outcomes.

External Expertise:

We will follow the same process as for procuring any other expertise. You may refer to section 5.1 (Expertise Procurement and Coordination) above or our procurement policy.

Evaluation Techniques:

To evaluate the impact and effectiveness of TA, the organisation employs a combination of qualitative and quantitative methods:

Quantitative Approaches:

- *Performance Metrics:* The organisation uses KPIs and metrics, such as greenhouse gas (GHG) emissions reductions, number of projects reaching bankability, amount of private capital leveraged, and progress towards the SDGs.
- *Surveys:* Regular surveys are conducted with stakeholders, including project developers, subnational authorities, and regional financial actors, to measure satisfaction, knowledge gained, and perceived effectiveness of the TA activities.
- *Data Analysis:* Financial data, project timelines, and results from the implementation of projects are analysed to track progress against predefined targets and objectives.

Qualitative Approaches:

- *Interviews:* Structured interviews with key stakeholders provide in-depth insights into the strengths, challenges, and areas for improvement of TA activities.
- *Feedback Mechanisms:* Ongoing feedback from participants in workshops and training sessions helps refine the content and delivery of TA activities.
- By combining these methods, the organisation ensures a comprehensive evaluation of TA's effectiveness, informing continuous improvement and strategic alignment with its objectives.

Tools and Frameworks:

We base our evaluation process on a theory of Change (ToC). The TOC provides a comprehensive framework outlining the pathway from activities to expected outcomes and impacts. It helps identify the assumptions and causal links between inputs, outputs, and desired changes, ensuring alignment with strategic objectives.

Based on the TOC and the GFCR results framework, we create a Logical Framework (LogFrame). The LogFrame Offers a structured approach to project planning and evaluation, detailing specific objectives, indicators, means of verification, and risks, allowing for systematic tracking of progress.

Data Collection:

We have an M&E reporting template to be filled in quarterly by the various organisations involved in the deployment of the TA. Catalytic's operation manager and COO ensure timely collection and consolidation of inputs. This template can be adapted to the specific need of a Donor.

Reporting and Utilisation:

Collected data is analysed using statistical methods and qualitative analysis techniques to assess performance against predefined indicators. This includes comparing actual results to targets set in the TOC and LogFrame.

Insights and findings are compiled into reports, which are shared with project teams, stakeholders, and funding entities to ensure transparency and accountability.

Results are used to refine strategies, adjust activities, and improve the design of ongoing and future TA projects, fostering a culture of continuous learning and adaptation.

8.2 Learning and Improvement

Applying M&E Insights:

Catalytic will utilise M&E results to refine and enhance future TA initiatives by systematically integrating lessons learned into the design and implementation processes. M&E findings will be analysed to identify strengths, weaknesses, and opportunities for improvement in project execution.

The foundation will conduct regular reviews of project outcomes against strategic objectives, ensuring alignment with climate mitigation, adaptation, and sustainability goals. This continuous feedback loop will be used to update methodologies, tools, and engagement strategies, enhancing the effectiveness and impact of future TA projects. By committing to transparency, accountability, and adaptive management, the foundation fosters a culture of continuous learning and improvement, driving innovation and optimising resources for maximum climate and social impact.