



GLOBAL FUND FOR CORAL REEFS

PROGRAMME DOCUMENT

COVER PAGE

<p>Programme Title: MAR+Invest. The Business Development and Finance Facility of the MAR</p>	<p>Recipient Organisation(s): Mesoamerican Reef Fund UNCDF Blue Bridge</p>
<p>Convening Agent: MAR Fund María José González. Executive Director MAR Fund mjgonzalez@marfund.org 57 316-877-2488</p> <p>Programme Focal Point Contact: María José González. Executive Director MAR Fund mjgonzalez@marfund.org 57 316-877-2488</p>	<p>Programme Location The Mesoamerican Reef (Belize, Guatemala, Honduras, and Mexico)</p>
<p>Programme Description: MAR+Invest is a blended finance mechanism with strong monitoring and evaluation of impacts, business acceleration and a capacity building program that aims to enable conditions for a sustainable ocean-based economy in the MAR. It will invest in market-based initiatives that make a positive contribution to the health and resilience of the coral reef ecosystems and communities of the Mesoamerican Reef. It:</p> <ul style="list-style-type: none"> • Aims to deliver long term conservation of the value of the natural capital of the MAR through active generation, development and growth of market-based opportunities that contribute to the reduction of the threats affecting the coral reef ecosystem in the MAR. • Will focus on businesses and projects working to solve long term challenges faced by the MAR and that demand diverse types of capital to be developed. 	<p>GFCR Estimated Programme Cost (USD) for Initial; Phase (18-months): 1,700,957</p> <p>MAR Fund: 1,314,046 UNCDF Blue Bridge: 386,911</p> <p>Proposed Start Date¹: March 2022 Proposed End Date: July 2030</p>

¹ Programme start date is subject to change based on the time of fund transfer by the GFCR Trustee



GLOBAL FUND FOR CORAL REEFS

- Will focus on the generation of sustainable financing solutions for coastal and marine protected areas (CMPA) of the MAR.
- Will fundraise and develop financial mechanisms with investors, including the GFCR Equity Fund, and donors to manage risk, close early-stage capital gaps, provide technical assistance and finance for coral positive solutions.

Fund-level expected results:

Species richness and overall biomass found in coral reefs and associated ecosystems:

*"Good" classification with biomass higher than 2740g/100m² for herbivorous fish

*"Good" classification with biomass higher than 1210g/100m² in fisheries target areas after at least five years of intervention.

Percentage of live coral cover in priority coral reef sites:

>22%, classifying as "good" in target areas

"Good" status described as having over 20% coral cover, lower than 5% fleshy macroalgae cover, more than 2,740g/100m² of herbivorous fish and at least 1,210 g/100m² of commercial fish.

The development of those grading criteria, one of the first efforts globally, is based on experience and data from regional scientific experts and facilitates the relay of relevant information on the condition of the ecosystem. The four selected indicators to describe reef health are: coral cover, fleshy macroalgae cover, herbivorous fish (parrotfish and surgeonfish) and commercial fish (groupers and snappers). The mean value of each indicator is compared to those established thresholds and given a grade from critical to very good.

Percentage or area of priority coral reef sites under more effective protection and management:

To be established in inception phase

Ratio of grants vs. investment for coral reef conservation activities:

1:3.

Signature of Convening Agent:

Print: Mesoamerican Reef Fund - MAR Fund
 Organisation _____
 Name María José González
 Title Executive director

Signature

DocuSigned by:

REDACTED

Date 11-mar.-2022

Date _____

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Signature of Co-recipient Organisation:

Preeti Sinha
 Executive Secretary, UN Capital Development Fund

Signature

DocuSigned by:

REDACTED

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Date 21-Mar-2022

Xavier Michon,
 Deputy Executive Secretary and OIC






GLOBAL FUND FOR
CORAL REEFS

Signature of GFCR Executive Board UN Partner:

Andrew Hudson
Head, Water & Ocean Governance Programme at UNDP

Signature  _____ Date 10-Mar-2022

DocuSigned by:
Andrew Hudson
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BUDGET BY UNDG CATEGORIES

18-month Programme Costs Budget Breakdown	Convening Agent	UNCDF Blue Bridge	Total
1. Staff and other personnel	\$191,810	\$0	\$191,810
2. Supplies, Commodities, Materials	\$0	\$0	\$0
3. Equipment, Vehicles, and Furniture (including Depreciation)	\$0	\$0	\$0
4. Contractual services	\$92,500	\$0	\$92,500
5. Travel	\$0	\$0	\$0
6. Transfers and Grants to Counterparts	\$941,270	\$361,599	\$1,302,869
7. General Operating and other Direct Costs	\$2,500	\$0	\$2,500
Total Direct Costs	\$1,228,080	\$361,599	\$1,589,679
8. Indirect Support Costs (Max. 7%)	\$85,966	\$25,312	\$111,278
TOTAL Budget	\$1,314,046	\$386,911	\$1,700,957



GLOBAL FUND FOR CORAL REEFS

GOVERNMENT SIGNATURE PAGE

A letter of endorsement or signature from a relevant central or state government entity is needed at the time of final proposal submission. The endorsement letter may be provided at the Concept Note stage but should make clear that the full programme proposal is also endorsed.

National Coordinating Authority

Name of institution

Name of representative

Date

Signature and seal

Official support letter(s) attached

- Letters submitted on June 8th, 2021



GLOBAL FUND FOR CORAL REEFS

CONTENTS

SECTION A	PROGRAMME SUMMARY
SECTION B	PRIORITARY CORAL REEF SITE(S)
SECTION C	PROGRAMME STRATEGY
SECTION D	GOVERNANCE & OPERATIONAL STRUCTURE
SECTION E	PROGRAMME PIPELINE
SECTION F	FINANCING OVERVIEW
ANNEXES	

NOTE TO CONVENING AGENTS ON THE USE OF THE PROGRAMME PROPOSAL TEMPLATE

- Convening Agents should provide summary information in the proposal with cross-reference to annexes such as feasibility studies, business models and financials, gender action plan, etc.
- Convening Agents should ensure that annexes provided are consistent with the details provided in the core proposal. Updates to the funding proposal and/or annexes must be reflected in all relevant documents.
- The recommended font is Calibri (Body), size 11.
- All word counts are maximum limits, points will not be deducted for sections that are under the word count.
- Blue text can be deleted.



GLOBAL FUND FOR CORAL REEFS

SECTION A – PROGRAMME SUMMARY

A. PROGRAMME SUMMARY	
A.1. Country/Region	The Mesoamerican Reef, shared by Belize, Guatemala, Honduras and Mexico, has 1.230 Km ² of coral reefs associated with the coastlines of the four countries.
A.2. Priority Coral Reef Sites for Implementation	<p>MAR+Invest has identified 18 priority areas but will also consider interventions in other Coastal and Marine Protected Areas -CMPA- of the MAR. The map in section B.3 shows the location of the 18 priority CMPA.</p> <p>The areas identified are also listed as priorities in three different priority setting exercises advanced in the region by MAR Fund and TNC in 2007 and 2016 (Corresponding information is in supporting materials Annex XVI). These exercises had participation from all critical stakeholders by country and reflect the different analyses and importance of the CMPA per country.</p> <p>During the inception phase a financial evaluation of the priority areas will be completed in order to identify current financial gaps. An ecological evaluation of the priority areas will also be completed to further assess resilience and need for threat mitigation. Both evaluations will contribute to identify opportunities and to establish targets for the CMPAs, which are the main focus of Outcome 1, dedicated to identify and develop market-based solutions to improve financial and ecological sustainability of the CMPA in the MAR.</p> <p>MAR+Invest will carry out calls for proposals to identify potential market initiatives with a reef positive end result in the region. The first call for proposals will focus on identifying revenue generating interventions in these 18 areas. The following criteria will be used to further assess the proposals submitted by the CMPA:</p> <ul style="list-style-type: none"> • Resilience • Biodiversity • Value of ecosystem services • Opportunities for market-based solutions • Political will for support of the initiative <p>The 18 areas selected as priorities for MAR+Invest represent 77,084 ha of coral, or 63% of total coral area in the MAR. Criteria used for prioritization in Annex VI.</p>

Total Area and coral reef area of the 18 priority CMPA for MAR+Invest:				
Name of Site		Total Area (ha)	Coral Reef Area (ha)	
Mexico				
Cozumel Island		49.800	2.543,27	
Puerto Morelos Reef National Park		9.066	1.595,96	
Yum Balam Flora and Fauna Protection Area		154.052	NA	
Sian Ka'an Biosphere Reserve (UNESCO WHS)		528.148	13.160,85	
Banco Chinchorro Biosphere Reserve		144.360	16.102,59	
Belize				
Sapodilla Cayes Marine Reserve (WHS)		17.100	1.476,30	
South Water Caye Marine Reserve (Belize)		47.703	6.340,32	
Laughing Bird Caye National Park (WHS)		4.100	623,04	
Caye Caulker Marine Reserve		3.900	523,49	
Turneffe Atoll Marine Reserve		119.200	7.075,48	
Gladden Spit & Silk Cayes Marine Reserve		10.523	2.811,70	
Guatemala				
Cayman Crown Replenishment Zone (Guatemala)		20.200	9.200	
Punta de Manabique Wildlife Refuge		132.900	981,67	
Sarstún River Multiple-Use Area		35.202	NA	
Honduras				
Arquipelago of Cayos Cochinos Marine National Monument		122,000	1.480,91	
Barras de Cuero & Salado Wildlife Refuge		13,255	NA	
Tela Bay Marine Wildlife Refugee		86,259	1.269,36	
Bay Islands National Park (Honduras)		647,102	11.898,71	
A.3. Period of Implementation and phases	Total Programme	Inception	Consolidation	Growth



	8 years. (96 months)	2 years. (18 to 24 months)	3 years. (36 months)	3 years (36 months)
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<p>A.4. Local drivers of coral reef degradation addressed by programme implementation</p>	<p>The boxes checked correspond to drivers of degradation addressed by the inception portfolio.</p> <ul style="list-style-type: none"> <input type="checkbox"/> Coastal development <input checked="" type="checkbox"/> Overfishing <input checked="" type="checkbox"/> Destructive fishing practices (blast, cyanide, trawling, etc.) <input type="checkbox"/> Irresponsible marine and freshwater aquaculture <input type="checkbox"/> Poor agriculture and livestock practices (leading to harmful runoff and poor water quality) <input checked="" type="checkbox"/> Unsustainable tourism (overcrowding, cruise ships, etc.) <input checked="" type="checkbox"/> Poor wastewater treatment <input type="checkbox"/> Land-based pollution <input type="checkbox"/> Marine-based pollution <input checked="" type="checkbox"/> Invasive Species and/or Coral Reef disease <input type="checkbox"/> Energy production and mining <input type="checkbox"/> Marine traffic and shipping <input checked="" type="checkbox"/> Poor aquaculture and ocean farming
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GLOBAL FUND FOR CORAL REEFS

<p>A.5. Archetypes of Business Models and Finance Instruments included in the programme</p>	<p>The boxes checked correspond to reef-positive businesses and financial tools identified for the inception portfolio.</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <input checked="" type="checkbox"/> Revenue streams for MPA management (e.g., User Fees) </td> <td style="width: 50%; vertical-align: top;"> <input checked="" type="checkbox"/> Incubator/technical assistance facility for reef-positive businesses </td> </tr> <tr> <td style="vertical-align: top;"> <input checked="" type="checkbox"/> Coral reef restoration </td> <td style="vertical-align: top;"> <input checked="" type="checkbox"/> Ecotourism </td> </tr> <tr> <td style="vertical-align: top;"> <input type="checkbox"/> Invasive species management </td> <td style="vertical-align: top;"> <input type="checkbox"/> Sewage & wastewater treatment </td> </tr> <tr> <td style="vertical-align: top;"> <input checked="" type="checkbox"/> Sustainable fisheries </td> <td style="vertical-align: top;"> <input checked="" type="checkbox"/> Blue Carbon </td> </tr> <tr> <td style="vertical-align: top;"> <input checked="" type="checkbox"/> Sustainable mariculture/aquaculture </td> <td style="vertical-align: top;"> <input type="checkbox"/> Biodiversity offsets </td> </tr> <tr> <td style="vertical-align: top;"> <input type="checkbox"/> Waste management facilities </td> <td style="vertical-align: top;"> <input type="checkbox"/> Blue Bonds </td> </tr> <tr> <td style="vertical-align: top;"> <input type="checkbox"/> Coastal infrastructure </td> <td style="vertical-align: top;"> <input type="checkbox"/> Insurance products </td> </tr> <tr> <td colspan="2" style="vertical-align: top;"> <input checked="" type="checkbox"/> Other, specify below: </td> </tr> </table> <p>Wastewater treatment plants: To develop these opportunities requires the participation of development banks and local governments. In Honduras, a successful model requires the design of a financial sustainability mechanism to operate the water boards due to the fact that the local government does not provide maintenance service for the plants, or service to users. In Belize, a new regulation must be in place to secure returns of investments.</p> <p>During project preparation, partners reached out to the Interamerican Development Bank offices in Honduras and Belize, and also to IDB's Natural Capital Facility. CORAL² developed a financial analysis of the costs of launching and operating water boards in Honduras, and options for the generation of financial mechanisms to develop a network of wastewater treatment plants were analyzed.</p> <p>For the leadership of MAR+Invest, wastewater treatment is a priority, although at the moment it will not be part of the inception phase unless a specific opportunity arises. However, during the inception phase MAR+Invest will conduct efforts to identify business models and financing solutions.</p>	<input checked="" type="checkbox"/> Revenue streams for MPA management (e.g., User Fees)	<input checked="" type="checkbox"/> Incubator/technical assistance facility for reef-positive businesses	<input checked="" type="checkbox"/> Coral reef restoration	<input checked="" type="checkbox"/> Ecotourism	<input type="checkbox"/> Invasive species management	<input type="checkbox"/> Sewage & wastewater treatment	<input checked="" type="checkbox"/> Sustainable fisheries	<input checked="" type="checkbox"/> Blue Carbon	<input checked="" type="checkbox"/> Sustainable mariculture/aquaculture	<input type="checkbox"/> Biodiversity offsets	<input type="checkbox"/> Waste management facilities	<input type="checkbox"/> Blue Bonds	<input type="checkbox"/> Coastal infrastructure	<input type="checkbox"/> Insurance products	<input checked="" type="checkbox"/> Other, specify below:	
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² www.coral.org/en/ CORAL is the main stakeholder in the Bay Islands of Honduras promoting expansion of water boards.

<p>A.6. Expected Coral Reef and Associated Ecosystem Impact</p>	<p>Top coral reef indicators of coral reef health and expected targets:</p> <ol style="list-style-type: none"> 1. Percentage reduction in fleshy macroalgae (FMA) in priority areas: Target for the end of the program: 12% FMA cover, reaching fair grade. Levels of fleshy macroalgae vary in the different subregions of the MAR. As a baseline, the levels in the HRI³ report card of 2020⁴ will be applied. The regional MAR average in 2020 was 20% (2020 Report card)⁵ 2. Percentage increase in biomass of key herbivorous in priority areas (parrot fish, surgent fish) Target for the end of the program: “Good” classification, with biomass higher than 2740g/100m² 3. Percentage increase in commercial reef fish species in priority areas (grouper, snapper) Target for the end of the program: “Good” classification with biomass higher than 1210g/100m² in fisheries target areas with at least 5 years since implementation. 4. Percentage increase of private financing in priority areas Targets to be established once financial gap analysis is completed in inception phase <p>The HRI monitoring database of 2020 will be used as baseline for indicators 1-3. The 2022 report card will be available during the first semester of 2022.</p>
<p>A.7. Expected Socio-economic Impact</p>	<p>Top socio-economic impact indicators and expected targets:</p> <ol style="list-style-type: none"> 1. Number of reef-positive businesses incubated Target for the end of the program: Between 16 and 24 (40% of up to 60 identified with calls for proposals). 40% is established as the rate of businesses that will be able to grow and secure financing. Target for Inception Phase: 6 to 10 reef-positive interventions identified and integrated in the MAR+Invest intervention pipeline. By the end of the program 6 calls for proposals will be implemented. 2. Number of community members with greater income: <ol style="list-style-type: none"> a) Number of women earning additional income from coral positive related activities:

³ <https://www.healthyreefs.org/cms/healthy-reef-indicators/fleshy-macroalgal-index/>

⁴ https://www.healthyreefs.org/cms/wp-content/uploads/2020/02/SmithReefs_RC19_Pages_BIL_f_E_LO.pdf Page 5.

⁵ This is the latest data (2020) that will be updated once the 2022 report card is published. (Expected publication in first semester 2022)



Target for inception phase:

64 assuming: one new seaweed farm (10), one shrimp farm growing operations (50), direct beneficiaries from small businesses in Guanaja (5, assuming 20% are women-owned businesses).

Targets for end of program:

Shrimp farming modernization: The Shrimp Growers Association estimates that 1,000 jobs can be recovered, but assessment of labor needs with the new technology are not yet completed. At least 50% of the jobs are expected to be for women.

Seaweed farming: 160 jobs, assuming financial viability and favorable policy and regulation for seaweed farming in the MAR ecoregion (16 new farms). Since its inception, seaweed farming has been a women-led activity.

Blue Carbon: A first blue carbon project will be designed during the inception phase. The assumption is that up to 200 people will receive direct economic benefits linked to the activities of this project and at least 50% will be women. The aspiration is to grow the number of blue carbon projects during the 8-year duration of the project and thus the number of women directly involved.

Development and financing for small businesses in Guanaja: 20. 5% are expected to be women led businesses (5 in total).

Total potential jobs expected to be generated from the operation of the inception portfolio: 1,380. This does not include King Crab mariculture.

Other targets linked to the solutions that will be identified via the calls for proposals will be established throughout the duration of the program.

- b) Number of members of indigenous communities earning additional income from coral positive related activities.

Targets for end of program:

Will be established in inception phase for those projects in the inception portfolio and those identified in the first call for proposals.

A.8. Full Programme Grant Estimate Cost Overview (USD)	<table border="1"> <thead> <tr> <th>Source</th> <th>Traditional Grant</th> <th>Concessional loan/Recoverable Grant</th> <th>Guarantee</th> <th>TOTAL</th> </tr> </thead> <tbody> <tr> <td>GFCR</td> <td>8,400,000</td> <td>4,000,000</td> <td>NA</td> <td>12,400,000</td> </tr> <tr> <td>GFCR results-based grant</td> <td>2,600,000</td> <td></td> <td></td> <td>2,600,000</td> </tr> <tr> <td>Co-financing Secured</td> <td>1,042,400</td> <td></td> <td></td> <td>1,042,400</td> </tr> <tr> <td>Under request. MAR Fund GCF</td> <td>5,000,000</td> <td></td> <td></td> <td>5,000,000</td> </tr> <tr> <td>TOTAL</td> <td></td> <td></td> <td></td> <td>22,084,800</td> </tr> </tbody> </table>	Source	Traditional Grant	Concessional loan/Recoverable Grant	Guarantee	TOTAL	GFCR	8,400,000	4,000,000	NA	12,400,000	GFCR results-based grant	2,600,000			2,600,000	Co-financing Secured	1,042,400			1,042,400	Under request. MAR Fund GCF	5,000,000			5,000,000	TOTAL				22,084,800																							
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A.10. Leverage of GFCR Grant to investment capital (USD)	<p>The below estimate of US\$ 45M by unlocking private sector investment is expected for blue carbon and shrimp. Wastewater treatment plants could represent an additional US\$ 10M to US\$ 20M but this opportunity is very uncertain at the moment. MAR+Invest aims to attract more private capital aligned to the opportunities that will be identified via the calls for proposals but no targets can be established until those processes take place.</p> <table border="1"> <thead> <tr> <th></th> <th>Private Sector Investment</th> <th>Public Sector Investment</th> <th>TOTAL</th> </tr> </thead> <tbody> <tr> <td>Secured</td> <td>0</td> <td>0</td> <td></td> </tr> <tr> <td>Ambition</td> <td>>45.000.000</td> <td>0</td> <td>>45.000.000</td> </tr> <tr> <td>TOTAL</td> <td>>45.000.000</td> <td>0</td> <td>>45.000.000</td> </tr> </tbody> </table>		Private Sector Investment	Public Sector Investment	TOTAL	Secured	0	0		Ambition	>45.000.000	0	>45.000.000	TOTAL	>45.000.000	0	>45.000.000																																					
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	GFCR Grant Leverage	1:3
A.11. Co-recipients	<p>MAR Fund: Convening agent, communications and technical assistance, co-design and co-implementation of calls for proposals.</p> <p>New Ventures Group: Investment banking, co-design and co-implementation of calls for proposals, pipeline incubation, design and management of financial products. New Ventures will operate the finance facility as a mechanism to engage investors, manage capital, and design and manage financial products and incentives for MAR+Invest portfolio.</p> <p>GFCR Blue Bridge (UNCDF): GFCR Blue Bridge is requested for the initial phase, and they may support the programme in following phases when larger concessional capital sums are needed to incubate reef-positive initiatives. New Ventures and their partners is anticipated to have the capacity to provide the same services as GFCR Blue Bridge, but current expenditure levels limit the ability for the GFCR to provide larger tranches of financing for pipeline development. Thus, while the capacity of New Ventures to absorb GFCR financing grows during the inception phase, MAR+Invest will also aim to identify other entities that can provide services similar to GFCR Blue Bridge.</p>	
A.12. Co-implementers and Roles	<p>Healthy Reefs for Healthy People: Impact monitoring and evaluation. King Crab restorative mariculture developer.</p> <p>Mexican Fund for Conservation of Nature: Developer of Build & Connect (capacity building to generate enabling conditions).</p> <p>Other co-implementers (project developers in inception phase):</p> <p>The Nature Conservancy Belize: TNC completed the pilot phase to launch a seaweed farming industry in Belize. Environmental studies and social feasibilities are completed. Required policy work with the national government and industry regulation is expected for 2022. The ambition of MAR+Invest is to expand seaweed farming in Belize and support its replication in Mexico, Honduras and Guatemala, while working to reduce local drivers of degradation affecting coral reef ecosystems.</p> <p>Resiliencia Azul – Developer of blue carbon projects: MAR Fund has supported the work of Resiliencia Azul for three years. This organization will register the first voluntary blue carbon credits in Mexico in 2022 and under MAR+Invest will develop a blue carbon project with the ambition to generate revenues for CMPAs that harbor high-value coral reef ecosystems in the MAR and revenue/benefit sharing in the Emergency Fund managed by MAR Fund.</p> <p>GOAL: GOAL will replicate a project that provides small-scale fishing organizations and tourism businesses with better access to markets and prepares them to be subjects of credit to grow their operations following</p>	



	better environmental practices to improve the health of coral reef ecosystems in Guanaja (Islas de la Bahía – Honduras).
A.13. Executive summary	
<p>The Mesoamerican Reef (MAR) extends over 1000km across the coastlines of Mexico, Belize Guatemala and Honduras. Rich in biodiversity, it includes the longest barrier reef in the Western Hemisphere and a complex array of reef types. It is home to about 65 coral species, over 500 fish species and 300 mollusk species, including 53 species listed under the IUCN Red List of threatened species such as sea turtles, whale sharks and staghorn and pillar corals. Seventy-two percent of MAR’s reefs are within Coastal and Marine Protected Areas (CMPAs). The MAR is critical for connectivity in the Wider Caribbean, as its reefs are “upstream” and ecologically connected to Florida, Cuba, and the Bahamas. The MAR has the highest coral cover in the Western Caribbean and most of the MAR is in the second lowest heat-stress region of the Caribbean.</p> <p>The main sources of degradation are uncontrolled runoff of nutrients and sediments (from land, mangrove and seagrass clearing and dredging), lack of sanitation infrastructure, tourism-related coastal development, overfishing and climate change. Stony Coral Tissue Disease Loss is also affecting the MAR since 2018, when it was first detected in Mexico. The high proliferation of macroalgae threatens coral reef resilience as they overgrow corals, prevent larval settlement and compete for space. Algal overgrowth is linked to low herbivore populations and nutrient pollution due to poor sewage management and unsustainable agricultural activities. The sustained population growth of the region is largely due to new settlements (often laborers for the tourism sector) which overburdens local infrastructure which is old and outdated. The lack of investment, enforcement and policy improvement have slowed down conservation action’s impacts.</p> <p>The annual value of the MAR is close to US\$ 4.5 Billion, integrated by reef-related tourism (US\$ 3.9 B), reef-related fisheries (US\$ 183 M), and shoreline protection (between US\$ 320 and US\$438 M). However, much of this value is at risk. If the MAR continues to decline, by 2030 the per annum value of the system could fall by US\$3.1 billion a year (in tourism, fisheries and coastal development). Conversely, a shift towards healthy reefs by 2030 could unlock an additional US\$2.5. billion annually across the three sectors.</p> <p>MAR+Invest is a blended finance mechanism with strong monitoring and evaluation of impacts, business acceleration and a capacity building program that aims to enable conditions for a sustainable ocean-based economy in the MAR. It will invest in market-based initiatives that make a positive contribution to the health and resilience of the Mesoamerican Reef. It:</p> <ul style="list-style-type: none"> • Aims to deliver long term conservation of the value of the natural capital of the MAR through active generation, development and growth of market-based opportunities that contribute to the reduction of the threats affecting the MAR. • Will focus on businesses and projects working to solve long term challenges faced by the MAR and that demand diverse types of capital to be developed. • Will focus on the generation of sustainable financing solutions for CMPAs of the MAR. • Will develop financial mechanisms with investors and donors to manage risk, close early-stage capital gaps, provide technical assistance and finance for coral positive solutions. <p>The inception phase for MAR+Invest will establish the technical assistance facility (MARTAF), managed by MAR Fund, and the Financing Facility, managed by New Ventures. These two structures are the</p>	



foundation of MAR+Invest to attract catalytic and commercial capital to the ecoregion to build the resilience of MAR coral reefs via blended finance. Initial ambition targets are US\$ 45 million in commercial capital and US\$ 5 million in catalytic capital via the GCF (in concept stage) in addition to GFCR. These efforts will be led by New Ventures and MAR Fund respectively.

MAR+Invest impact will be monitored and evaluated by Healthy Reefs Initiative, the partner organization fully dedicated to measure and report on the health of the MAR. HRI will support with scientific intelligence applied to impact on coral reef ecosystems across the portfolio and will also support the selection of the MAR+Invest portfolio, leading coral first due diligence of potential interventions. The evaluation role will be carried out from due diligence to exit.

In addition, a capacity building program (Build & Connect) to generate enabling conditions for coral investment in the MAR with local governments, investors, incubators and CMPAs will be developed by the Mexican Fund for the Conservation of Nature and its MAR-Leadership program. This program will be established because advancing coral positive growth in the ecoregion requires the development of new conditions via the generation of new capacities and cross-sectorial collaboration among public, private, philanthropic and conservation actors. MAR Fund is working on resource mobilization in order to have a first cohort of Build and Connect during this phase.

The inception portfolio seeks to identify growth paths and blended financing solutions –linked to the generation of revenues for the CMPAs of the MAR and livelihoods for local communities– for blue carbon, seaweed farming and King Crab mariculture. These projects can generate ecological gains via the reduction of fleshy macroalgae, the increase of fish biomass, and the conservation and restoration of mangrove ecosystems critical for the health of the reef ecosystems.

During the inception phase these projects will undergo modeling, design and/or planning, MAR+Invest will generate blended solutions to finance scaling and expansion, and will raise commercial and catalytic capital to ensure these solutions can grow and contribute to improving the health of the MAR.

In addition, during this phase, MAR+Invest will test in Guanaja –one of the three main islands of The Bay Islands Marine National Park of Honduras– a blue economy development approach to strengthen local businesses in ecotourism and fishing cooperatives, to gain better access to markets while improving environmental practices. The Finance Facility of MAR+Invest will work with GOAL to generate blended credit solutions for these businesses. The ultimate objective is to replicate this approach in other areas of Honduras where fisheries management is poor and fish biomass is dangerously being reduced. The first project in Guanaja assumes that US\$ 800,000 can be channeled to 20 small businesses. (US\$ 600,000 in commercial capital and US\$ 200,000 in concessional capital)

Equity and debt solutions will be explored with Pegasus Capital Advisors (PCA) to modernize the shrimp industry in Belize and achieve zero effluents from shrimp production into the MAR. The shrimp farming sector has been identified as a major threat to reef ecosystems for the past 20 years. Coral reefs areas in the proximity of the shrimp farms present high levels of fleshy macroalgae cover (27%). The investment associated with the transformation of this industry is in the US\$ 13 Million range. Other opportunities to seize on the GFCR Equity Fund potential to scale or complement the MAR+Invest programme will be explored collaboratively with PCA during the inception phase,

MAR+Invest will identify -via calls for proposals-, develop, and finance solutions that offer a scale of impact capable of reducing local threats to the reef, generating alternative livelihoods, increasing



financial sustainability for CMPAs in the MAR, grow an Emergency Fund managed by MAR Fund, and ultimately attract capital to develop a coral positive investment portfolio. The first call for proposals is planned for 2023 where 6 to 10 solutions are expected to be identified. The identified solutions will be integrated into MAR+Invest's portfolio of reef-positive pipeline for the subsequent phase of the programme.

The inception phase will generate financial and ecological baselines for 18 priority CMPA identified and improvement targets will be established.

Three out of five solutions in the inception portfolio are expected to attract capital to the ecoregion in the first 18 to 24 months of MAR+Invest operation (blue carbon, modernization of the shrimp industry and blue economy in Guanaja – Honduras)

The inception portfolio has a conservative target of 1,380 new sustainable jobs for the duration of the program. Coral positive ecological targets and financing solutions will be established for the different solutions during the first 18 months of operation.

The Inception phase will be followed by a Consolidation and Growth phases during which 5 calls for proposals will be launched with the ambition to identify between 36 and 60 new solutions that should contribute to reef positive initiatives that improve financial sustainability and management of CMPA in the MAR (40% retention rate is forecasted). The identified solutions will receive incubation and acceleration from New Ventures, and technical assistance from MAR Fund. Blended financial solutions will be designed to address specific growth needs via combination of capital.

During these (second and third) stages, two additional cohorts of Build and Connect will be implemented.



GLOBAL FUND FOR CORAL REEFS

SECTION B – PRIORITY CORAL REEFS

These four different areas were selected from the list of 18 CMPA, as examples from each country. (In order to deliver on the new format requests)

B. PRIORITY CORAL REEF SITE(S)	
B.1. Country/Region Overview	
B.1.1. Ecological characteristics of the country/region's coral reefs. (100 words)	<p>The MAR coastline extends over 1,000 km. There are 1,230 km² of coral reefs in the ecoregion and 72% is within Marine Protected Areas</p> <p><u>Coral species: 65</u> <u>Fish species: 500</u> <u>Mollusk species: 350</u></p> <p>The MAR is critical for connectivity in the Caribbean, as its reefs are “upstream” and ecologically connected to Florida, Cuba, and Bahamas. <u>The MAR has the highest coral cover in the Western Caribbean and most of the MAR is in the second lowest heat stress region of the Caribbean.</u></p> <p><u>Positive trends:</u> Live coral cover has increased from 13% in 2006 to 19% in 2018, over the entire MAR. Herbivorous fish biomass increased from 1196 g/100m² in 2009 to 2389 g/100m² in 2018.</p> <p><u>Negative trends:</u> Fleshy macroalgae has doubled from 10% in 2006 to 20% in 2018, fueled by nutrient inputs from untreated wastewater and inland runoff. Commercial fish biomass (grouper, snapper) had been increasing from 2006 to 2018 but suffered declines in 2018 - mainly in Honduras due to lack of enforcement.</p>
B.1.2. Socio-economic value of country/region's coral reefs (100 words)	<p>IDB supported the economic valuation of reefs in the MAR in 2021⁶. The total annual value of reef services for the region is 4,521 B benefiting 1,978,539⁷ people across the four MAR countries and over 20 million tourists visiting the region each year.</p> <p>The following table shows the results per sector for the region and per country (in millions of US\$):</p>

⁶ IDB – WRI: <https://publications.iadb.org/publications/english/document/Economic-Valuation-of-the-Ecosystem-Services-of-the-Mesoamerican-Reef-and-the-Allocation-and-Distribution-of-these-Values.pdf>

⁷ www.insuresilience-solutions-fund.org



Sector / Country	Mexico	Belize	Guatemala	Honduras	Total
Reef-related tourism	3,494.21	218.75	6.37	182.45	3.9 B
Reef-related fisheries	21.9	19.57	42.17	99.49	183 M
Shoreline protection	301 to 411	9 to 12.25	1.94 to 3.99	7.9 to 10.76	320 to 438 M

<p>B.1.3. Relevant national policy overview (100 words)</p>	<p><u>Positive policies for MAR conservation:</u></p> <ul style="list-style-type: none"> • Co-management of CMPA: Belize, Guatemala and Honduras have co-management mechanisms in place for protected areas, although funding for enforcement is lacking. • Reef-associated herbivorous fish (parrot fish) are protected in Guatemala, Belize, Mexico and the Bay Islands of Honduras. Parrot fish catch is prohibited in the listed areas. • Belize has a moratorium on all offshore oil exploration and drilling in entire EEZ. Mexico has a ban on offshore oil exploration. <p><u>Policy areas for improvement:</u></p> <ul style="list-style-type: none"> • Development of regulatory frameworks oriented to reduction of runoff generated by unsustainable natural resource use in terrestrial, freshwater and marine environments. • Lack of sustainable public financing for CMPA.
<p>B.1.4 Regional Approach and Site prioritization (500 words)</p>	<p>The selection of the 18 priority areas followed the selection made by regional stakeholders in three different past exercises, the most recent in 2016. 14 of the areas selected by MAR+Invest are part of the regional prioritization. (See table in Annex VI)</p> <p>Other criteria were also applied for the selection of these sites by the partners, including:</p> <ul style="list-style-type: none"> -Potential for revenue generation -Potential to effectively mitigate threats -Alignment with GFCR model <p>The analysis is preliminary and intended to respond to the need for priority areas for GFCR. A deeper ecological and financial analysis will be developed during the inception phase. It is unclear if more areas will be added.</p>



GLOBAL FUND FOR
CORAL REEFS

	For now, the decision is to focus the first call for proposals on the 18 prioritized areas.
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B.2. Example of a Priority Site for Implementation. Cozumel Island. Mexico	
Coral reef area: 2.543,27 ha.	
B.2.1. Name of Site and location, and if relevant, International Recognition Status	The largest island of the Mexican Caribbean with an area of 647km ² , is situated 19km off the coast of “mainland” Playa del Carmen and is home to around 80,000 inhabitants. Nourished by the swift Yucatan Current, its world-famous reefs and adjacent ecosystems are protected under several denominations: UNESCO’s Man and the Biosphere Reserve, National Park, Wildlife Protection Area and RAMSAR Site.
B.2.2. Ecological characteristics of the priority site’s coral reefs	Based on data in the HRI 2020 Report Card, Cozumel had the highest Reef Health Index of the whole Mesoamerican Reef, with a score of 3.8/5, the only subregion to qualify as “good” reef health. Cozumel’s reefs have consistently shown good reef health over the years, ranking good for more than 10 years, despite being impacted by several hurricanes over the years. The earliest Reef Health Index (RHI) score in 2006 was 2.7, after hurricane and bleaching impacts, but this resilient reef had rebounded to good condition by 2014. Recently, Cozumel reefs have been impacted by Stony Coral Tissue Loss Disease, yet they continue to represent some of the healthiest reefs of Mexico and the MAR with “good” coral cover and the highest commercial fish biomass values for the entire region.
B.2.3. Local drivers of degradation	As in the “mainland”, local drivers of degradation are mainly linked to mass tourism pressure on natural resources and deficient waste disposal (both solid waste disposal and wastewater treatment). Fleshy macroalgae cover is increasing due to nutrient input from untreated wastewater and is highly competing with corals. Stony Coral Tissue Loss Disease (SCTLD) has also highly affected Cozumel’s coral cover. The principal island activities come from cruise ships and diving operations putting a constant pressure for construction of infrastructure and bad practices directly impacting the reefs in highly visited sites.
B.2.4. Socio-economic value of	The island of Cozumel receives 1.8 million people annually who are considered direct users of the reef. The 2020 economic valuation ⁸ study has found that 12% of these people would stop visiting the island if its reefs were

⁸ IDB – WRI. Economic Valuation of the Mesoamerican Reef. <https://publications.iadb.org/publications/english/document/Economic-Valuation-of-the-Ecosystem-Services-of-the-Mesoamerican-Reef-and-the-Allocation-and-Distribution-of-these-Values.pdf>



country/region's coral reefs	degraded, such loss would represent a decrease in the local economy of more than 83 million dollars per year. The repercussions at the state level are not difficult to extrapolate and would be catastrophic for this region, which concentrates 47.9% of Mexico's total tourism activity.
B.2.5. Stewards of the marine area	<p>SEMARNAT is the federal authority for natural resources. CONANP is the authority regarding the protected marine areas. CONAPESCA is the authority for fisheries and life underwater in general, including some coral species. SEMAR is the naval army. VISITAX: Established in April 2021, the state of Quintana Roo charges a US\$ 38 tax to all foreigners regardless of the purpose of the visit. The tax is not charged to children under 4. HRI, CORAL, Corales Vivos Cozumel, Coral Hero and others are involved in coral restoration, reef monitoring, and citizen science.</p>
<p>B.2. Example of a Priority Site for Implementation # 2. Southwater Caye Marine Reserve, Belize Coral reef area: 6.340,32 ha.</p>	
B.2.1. Name of Site and location, and if relevant, International Recognition Status	<p>Situated in the southern edge of the central barrier reef subregion in Belize. South Water Caye Marine Reserve, established in 1996, is one of the seven protected areas that form the Belize Barrier Reef Reserve System World Heritage Site designated by UNESCO. It contains the Smithsonian Institution's CCRE Research Station, with the longest continual research program in the Caribbean, founded in 1972.</p>
B.2.2. Ecological characteristics of the priority site's coral reefs.	<p>SWCMR covers over 47,700 ha of mangroves, seagrass beds and coral reefs. The sheltered waters and mangrove systems of the Pelican Cayes in the southern area have been identified as one of the most biodiverse marine systems within the western hemisphere, supporting a number of endemic species and newly described species, growing primarily along the prop roots of this unique clear water mangrove system of islands and lagoons. The Reef Health Index of the Central Barrier reef subregion has varied dramatically, with a critically low score from 2016, linked mainly to dramatic reductions in fish biomass linked to the recent introductions of fish traps. By 2018 these fish populations returned to 'fair' levels, as was the overall Reef Health Index (scoring 3 out of 5) - one of the few subregions of the MAR to show such rapid improvement / resiliency, likely linked to its well-connected geographic setting in the heart of the Mesoamerican Reef. The subregion's fleshy macroalgae cover (17%) is higher than when monitoring began in 2006, but it has decreased in recent years as parrotfish have increased.</p>
B.2.3. Local drivers of degradation	<p>Overfishing is a primary concern in this area, due to the number of fishing communities and general low level of fisheries management and</p>



GLOBAL FUND FOR
CORAL REEFS

	<p>enforcement. The introduction of Jamaican-style fish traps circa 2013 likely escalated this threat. Clearing of critical littoral vegetation on the cayes, including dredge and fill operations removing mangroves, were rampant around 2008, along with the sale and lease of public lands for private developments, all contributing to UNESCO's declaration of the Belize World Heritage Site in Danger in 2009. Belize made policy adjustments to address these issues and the danger listing was removed in 2018. Several agriculture-dominated watersheds feed into this area, which along with aquaculture contribute to the problem of nutrient enrichment. On the small touristic cayes (mainly South Water Caye and Tobacco Caye) nutrients and pathogens are threats stemming from lacking sewage treatment.</p>
B.2.4. Socio-economic value of country/region's coral reefs	<p>This area has particularly well-developed reefs, unique deep-water mangroves and extensive seagrass meadows, which provide valuable habitats for commercial species – including queen conch (<i>Strombus gigas</i>) and lobster (<i>Panulirus argus</i>), critical to the livelihoods, including Garifuna and Creole traditional fishing communities. The South Water Caye Marine Reserve has struggled to secure adequate financing and management over the years, partly due to the lack of any local NGO co-management agency.</p>
B.2.5. Stewards of the marine area	<p>The SWCMR is managed by the Belize Fisheries Department. There is a Management Advisory Committee including scientific, fisher, and business stakeholders. The Smithsonian Institution and Wildlife Conservation Society have active ongoing research activities. Southern Environmental Alliance manages 2 MPAs nearby and has provided enforcement support in the past.</p>

**B.2. Example of a Priority Site for Implementation #3. Cayman Crown, Guatemala and Belize
Coral reef area: 9.200 ha.**

B.2.1. Name of Site and location, and if relevant, International Recognition Status	<p>Cayman Crown, a recently discovered fully submerged reef located in the Gulf of Honduras traversing the border between Guatemala and Southern Belize.</p> <p>Guatemala declared a fully-protected replenishment zone of 202km² in 2020 by ministerial agreement. Also in 2020, Belize extended the area of the Sapodilla Cayes Marine Reserve, to include the Belizean portion of this reef system.</p>
B.2.2. Ecological characteristics of the priority site's coral reefs	<p>The reef system is large (at least 90km²) and highly complex. HRI discovered this reef and conducted early explorations and bathymetric mapping. The reef has a high complexity and geomorphology, with spur and grove reefs with steep walls that drop vertically from the shelf edge from 30m to waters that are over 300m deep.</p>



	<p>Recent monitoring recorded an average live coral cover of 36% in four sites monitored during 2018 and 2019 with 77% live coral cover at one of the sites. The average fleshy macroalgae cover on the reef was 15%, herbivorous fish biomass measured an average of 1855.5 g/100m², showing an increase after their protection in Guatemala in 2015. However, the commercial fish biomass was extremely low with 354g/100m². The reef has a combined RHI of 2.8 (4 sites monitored).</p>
<p>B.2.3. Local drivers of degradation (150 words)</p>	<p>The local drivers of degradation for the Cayman Crown reef area are believed to derive mostly from the high fishing pressure and inadequate fishing regulations or management presence. This has resulted in a very low biomass of commercial fish on the reef. Since the area's full protection in 2020 (Guatemalan side) HRI expects to measure recovery of commercial fish populations and improved reef health. Additionally, sediment and nutrient runoff from the highly cultivated lands in Honduras and Guatemala, including banana, citrus, palm-oil, and coffee plantations, is a potential threat to this reef - although the high coral cover and average fleshy macroalgal cover do not indicate they are having a significant impact in this particular location. This reef lies along a major shipping route into the busy port of Puerto Barrios, leaving the reef vulnerable to shipping accidents or oil spills.</p>
<p>B.2.4. Socio-economic value of country/region's coral reefs.</p>	<p>The Caribbean coast of Guatemala is relatively limited (1,560 km² of territorial sea) compared to that of the neighboring countries (Belize 18,659 km²; Honduras 19,564 km²). Guatemala's main fishing villages along the Caribbean coast are Livingston with 1,325 fishers, Puerto Barrios with 950 fishers, San Francisco del Mar with 139 fishers, and El Quetzalito with 46 fishers (FAO, 2001). There are approximately 2,460 artisanal fishermen in the Caribbean coast of Guatemala. More critical to the economy of Guatemala, are the 2 main ports: Puerto Barrios and Santo Tomás de Castilla, which are the primary cargo ports, bringing in over 5 million tons of products every year. It has terminals for liquid bulk, general cargo, containers, and cruise ships. As of the 2018 census the population of Puerto Barrios was 100,593.</p>
<p>B.2.5. Stewards of the marine area</p>	<p>The Guatemalan fisheries department (DIPESCA) and Belize Fisheries Department, are the main stewards due to their responsibility for fisheries and maritime surveillance and enforcement of the NTZ areas.</p> <p>In addition, the Navy in Guatemala and Coast Guard in Belize assist surveillance. In Belize, the Toledo Institute for Development and the Environment (TIDE) is being designated as the areas co-management authority, for the newly expanded Sapodilla Cayes Marine Reserve that includes the Belize portion of Cayman Crown.</p>



In Guatemala, CONAP is the entity in charge of managing the natural resources and MPAs and a local NGO, FUNDAECO, is supporting the initial management process.

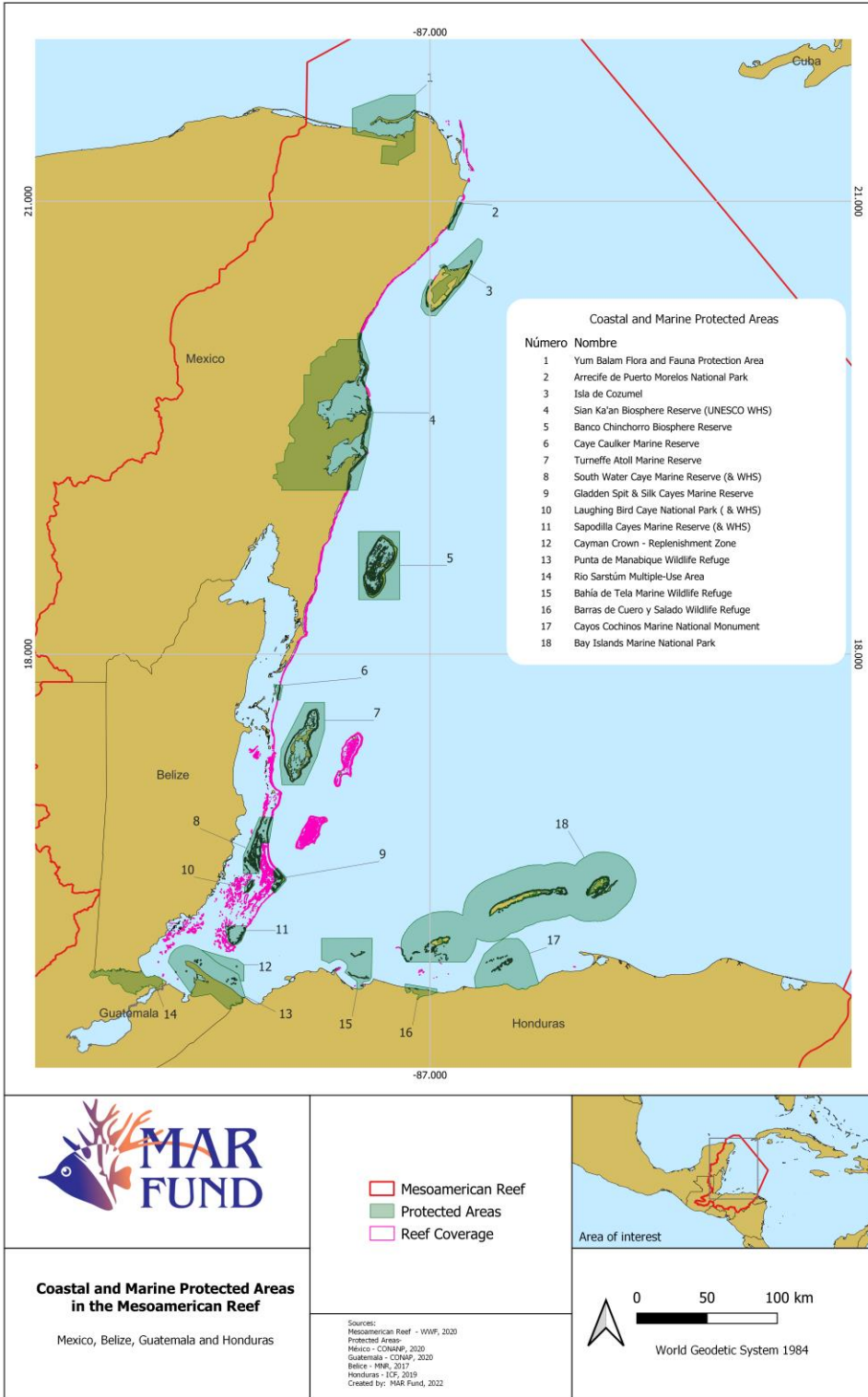
B.2. Example of a Priority Site for Implementation #4 The Bay Islands Marine Park, Honduras
Coral reef area: 11.898,71 ha.

<p>B.2.1. Name of Site and location, and if relevant, International Recognition Status (e.g., World Heritage Site)</p>	<p>The Bay Islands Marine Park (Parque Nacional Marino de las Islas de la Bahia or "PNMIB") is located in the Caribbean of Honduras and is made up of the islands of Roatan, Utila, and Guanaja.</p> <p>This park was created in June 1997 and subsequently, with the objective of strengthening the functioning and protection of natural resources in the area, was declared a protected area in June 2010.</p>
<p>B.2.2. Ecological characteristics of the priority site's coral reefs</p>	<p>PNMIB includes Roatán, Utila and Guanaja, and its core protected area ranges from 10m inland and to the 60m depth contour, while a Buffer Zone (ZA) was declared from the 60m depth line to 12 nautical miles around the three islands.</p> <p>It has an area of 647,152ha and it hosts extensive, well-developed fringing coral reefs. The 4 main ecosystems are: coral reefs, seagrass beds, mangroves and coastal lagoons. This is one of the most well monitored areas in the MAR since 2006. Although the recent overall Reef Health Index for the islands has decreased, due to declines in fish biomass, the coral cover of the Bay Islands is the highest of the whole region, ranging from 18% (Utila) to 30% (Roatan) in 2018.</p> <p>The coral cover has actually improved since 2006 when most sites were scored "fair" or "poor", demonstrating their resiliency to previous hurricane and bleaching damages</p>
<p>B.2.3. Local drivers of degradation</p>	<p>Local drivers of degradation are mainly linked to tourism pressure on natural resources - including deficient (or inexistent) waste disposal (both solid and water). Fleshy macroalgae cover is increasing due to nutrient input from untreated wastewater and agricultural runoff, both from the islands and from mainland Honduras.</p> <p>In 2021 SCTLTD has highly affected 2 of the 3 Bays Islands' reefs, reducing coral cover to half in some sites. The main impacts are uncontrolled development (land, mangrove and seagrass clearing), lack of sanitation infrastructure, mass tourism (2 cruise ship ports on Roatan). Overfishing is also a major threat given the lack of resources for enforcement, poorly developed regulatory framework, and low percentage of replenishment (no-take) zones. Water sports and diving operations also exert constant pressure through bad practices directly impacting coral reefs and associated ecosystems.</p>



<p>B.2.4. Socio-economic value of country/region's coral reefs</p>	<p>The InterAmerican Development Bank (IDB) valued the natural resources of the Bay Islands at \$3.773 million in 2010. Based on Constanza, et. al. (2014), one hectare of coral reefs is worth \$352,257/year in ecosystem services, and when this amount is multiplied by the 19,116.75ha within the PNMIB, it reaches a value of \$6,734,000 per year.</p>
<p>B.2.5. Stewards of the marine area (50 words)</p>	<p><u>NGOs</u> Roatan Marine Park NGO (RMP) Bay Islands Conservation Association (BICA), with chapters on each island (BICA) Coral Reef Alliance (CORAL) and Healthy Reefs Initiative providing marine conservation, science and monitoring assistance. Government entities involved are Instituto de Conservación y Desarrollo Forestal, Áreas Protegidas y Vida Silvestre (ICF), Dirección General de Biodiversidad (DiBIO), Secretaría de Recursos Naturales y Ambiente (MiAmbiente) and Zona Libre de Turismo (ZOLITUR)</p>

MAP : PRIORITY SITES MAR+INVEST.





GLOBAL FUND FOR CORAL REEFS

SECTION C – THEORY OF CHANGE AND PROGRAMME STRATEGY

C. PROGRAMME STRATEGY	
C.1. Overview	
C.1.1. Problem Statement (50 words)	The absence of a relationship between entrepreneurship ecosystems, conservation and commercial capital, is a barrier to the development of commercially viable ventures with a positive impact on coral reefs. Without these relations, the gap in capital required for coral conservation and restoration of coral and related ecosystems ⁹ will not be closed.
C.1.2 Pathway to change (100 words)	<p>To attract commercial capital and tackle the main threats to the MAR, its coral reefs and the communities that depend on them, MAR+Invest will:</p> <ul style="list-style-type: none"> • Find, incubate, accelerate and finance sustainable solutions that demand diverse types of capital and technical assistance. (Includes new revenues for coastal and marine protected areas) • Develop financial mechanisms with investors, donors and governments to manage risk, close early-stage capital gaps and secure financing for all stages of enterprise development. • Monitor and evaluate coral positive impact of the innovations. • Generate enabling conditions in the region to attract investment and foster MAR positive innovation.
C.2. Programme Outcomes and Outputs	
C.2.1. Outcomes (100 words)	<p>Outcome 1: Generation of coral positive market-based solutions for coastal and marine protected areas to support better management and reduce financial gaps, replicable in other CMPAs.</p> <p>Outcome 2: Livelihoods of coral reef-dependent communities are coral positive with increased resilience to climate change.</p> <p>Outcome 3: The MAR Emergency Fund effectively responds to major shocks. To grow the existing Emergency Fund in size and scope, MAR+Invest seeks benefit-sharing mechanisms with one or more solutions in the portfolio. Currently, blue carbon is the one with better alignment for a benefit sharing mechanism.</p>
C.2.2. Outputs	

⁹ Blue Carbon includes restoration of mangrove habitats. Blue Carbon is part of the portfolio of projects in the inception portfolio.



<p>(200 words)</p>	<p>Outcome 1: Generation of coral positive market-based solutions for coastal and marine protected areas.</p> <ul style="list-style-type: none"> • Output 1.1: Improvement of coral health. • Output 1.2: Contribution to financial sustainability in CMPA of the MAR. • Output 1.3: Protected area stakeholders and resident communities are stewards of the territory. • Output 1.4: Incentives and blue financial products are available for protected area-dependent activities. <p>Outcome 2: Livelihoods of coral reef-dependent communities are coral positive with increased resilience to climate change.</p> <ul style="list-style-type: none"> • Output 2.1: Strengthened adaptive capacity through reef positive income generation activities. • Output 2.2: Enabling markets for coral positive enterprise development and attraction of capital • Output 2.3: Reduction in scale of local drivers of coral reef degradation • Output 2.4: Increased women participation in reef positive activities and decision making <p>Outcome 3: The MAR Emergency Fund effectively responds to major shocks.</p> <ul style="list-style-type: none"> • Output 3.1: MAR Emergency Fund grows in size and scope. • Output 3.2: MAR Emergency Fund is partly financed by profit-sharing mechanisms with some of MAR+Invest portfolio of solutions 																		
<p>C.2.3. Priority sectors and financial instruments to address identified drivers of coral reef degradation (150 words)</p>	<table border="1" data-bbox="495 1134 1393 1612"> <thead> <tr> <th>Sectors in inception portfolio</th> <th>Driver of degradation addressed</th> </tr> </thead> <tbody> <tr> <td>Revenue generating MPAs</td> <td>Lack of enforcement, proper management and monitoring in MAR CMPAs.</td> </tr> <tr> <td>Sustainable fisheries</td> <td>Overfishing, destructive fishing practices</td> </tr> <tr> <td>Sustainable aquaculture</td> <td>Aquaculture with poor practices</td> </tr> <tr> <td>Regenerative mariculture (King Crab) and seaweed farming</td> <td>Overfishing, destructive fishing, climate change</td> </tr> <tr> <td>Ecotourism</td> <td>Unsustainable tourism</td> </tr> <tr> <td>Waste water treatment plants</td> <td>Untreated water</td> </tr> <tr> <td>Blue Carbon</td> <td>mangrove deforestation</td> </tr> <tr> <td>Sustainable agriculture</td> <td>Poor agricultural practices</td> </tr> </tbody> </table> <p>Six calls for proposals will be implemented with the objective of identifying 24-50 coral positive innovations and/or solutions that contribute to financial sustainability of CMPA and local communities of the MAR. The themes or focus of each call will be agreed among partners once MAR+Invest is operational. The first call for proposals, however, will target the 18 areas prioritized by MAR+Invest, to begin searching for coral positive market-based solutions for these sites (Outcome 1).</p>	Sectors in inception portfolio	Driver of degradation addressed	Revenue generating MPAs	Lack of enforcement, proper management and monitoring in MAR CMPAs.	Sustainable fisheries	Overfishing, destructive fishing practices	Sustainable aquaculture	Aquaculture with poor practices	Regenerative mariculture (King Crab) and seaweed farming	Overfishing, destructive fishing, climate change	Ecotourism	Unsustainable tourism	Waste water treatment plants	Untreated water	Blue Carbon	mangrove deforestation	Sustainable agriculture	Poor agricultural practices
Sectors in inception portfolio	Driver of degradation addressed																		
Revenue generating MPAs	Lack of enforcement, proper management and monitoring in MAR CMPAs.																		
Sustainable fisheries	Overfishing, destructive fishing practices																		
Sustainable aquaculture	Aquaculture with poor practices																		
Regenerative mariculture (King Crab) and seaweed farming	Overfishing, destructive fishing, climate change																		
Ecotourism	Unsustainable tourism																		
Waste water treatment plants	Untreated water																		
Blue Carbon	mangrove deforestation																		
Sustainable agriculture	Poor agricultural practices																		



	<p>The number of solutions that will be fully developed is expected to be from 10-20 (40% of the total identified) by the end of the programme. These solutions may also be in additional sectors and address different drivers of coral reef degradation.</p> <p>Financial instruments: <u>Technical Assistance, incubation and acceleration of reef positive businesses:</u> By MAR Fund (MARTAF) and New Ventures (NV) will accelerate development of the reef-positive sectors above via expert advice, coaching, support with market development and business development grants and various forms of concessional capital. Sector-specific expertise will be provided when needed. HRI will provide ecological evaluation of opportunities from due diligence to exit to inform decision making in every step of the selection and development process.</p> <p><u>Blue Carbon:</u> When feasible, profit-sharing mechanisms will be generated with blue carbon projects to grow MAR Fund's Emergency Fund.</p>
C.2.4. Policy work (200 words)	<p>Generation of enabling conditions for advancement of nature-based solutions (NbS) for coral reef conservation and coral positive livelihoods will be carried out via Build and Connect, through a cohort of 15 fellows, planned for 2024. Fellows will be government officials with influence and –ideally– decision-making power over policy aspects that can increase the health of the MAR. The work of the fellows will focus in solutions for the country they represent.</p> <p>Objectives:</p> <ul style="list-style-type: none"> • To support inclusion of NbS in policies and regulations that can attract innovators, developers and capital for conservation in each one of the countries of the MAR ecoregion. • To train policy-makers in NbS and mechanisms to address threats affecting the ecological integrity of the MAR with a focus in each one of the countries of the ecoregion. • To generate policy innovations and prototypes (incentives and regulations) to reduce threats to coral reefs and generate coral positive livelihoods and economic revenues to protect and restore the MAR. <p>Outputs:</p> <ul style="list-style-type: none"> • Government officials increase their knowledge on public policies for coral reef conservation, restoration, alternative livelihoods; and their connection with the advancement of NbS. • List of potential policy prototypes and innovations in public policy (regulations and incentives) that incorporate nature-based solutions for coral reef conservation, restoration, and development of coral positive livelihoods for each one of the countries of the ecoregion. • Proposed action plans per country to advance the inclusion of NbS for coral conservation in government policies (regulations and incentives).



C.3. Application of Blended Finance (200 words)

The full programme vision of MAR+Invest is to allocate \$9,050,000 for the generation of blended propositions to enable the capitalization of the portfolio. This amount will be distributed as follows in USD:

- \$4,000,000 will be allocated as concessional capital;
- \$2,500,000 will be allocated for impact awards or payments for project measures that have a positive impact, and
- \$2,550,000 will be directed to grants for business development. From this amount, \$ 700,000 is foreseen for the inception portfolio.

Impact awards or payments for impacts are interest discounts that will be applied after new reef positive practices are implemented and verified. These environmental incentives have been applied by New Ventures / Viwala previously in different projects in Mexico.

An additional \$1,000,000 will be allocated to monitor and evaluate the impact of the portfolio and \$700,000 will be directed to cover costs associated with auditing (\$400,000) and with the generation of environmental assessment tools (\$300,000), which means that direct costs for co-investors will be partially covered.

This comes to \$10,750,000. The other \$4,250,000 requested will cover operation of the programme. Expenses for operations cover program management and communications (MAR Fund), impact evaluation and monitoring (HRI), pipeline and portfolio development, investment banking, analysis, design and management of financial products (New Ventures), Build and Connect (FMCN) and auditing for each year of the programme duration.

Given the present uncertainty regarding the blending needs, as additional scoping and identification of reef-positive investment opportunities will be identified during the Inception phase via calls for proposals, a more detailed breakdown is not available at this time. However, during the inception phase MAR+Invest partner New Ventures will have a better assessment of the needs of shrimp farmers, the other projects in the inception portfolio and the new opportunities identified, including those identified jointly with the GFCR Equity Fund.

C.4 Implementation Phases

C.4.1 Inception Phase (500 words)

The inception phase will be used to establish and build the capacity among the partner organizations to advance MAR+Invest and to strategize on the different fronts required for the program.

MAR Fund will hire a program manager and communications coordinator, New Ventures will hire staff for the acceleration, investment and investment banking components and HRI will also add new capacity to complete baselines and ecological studies.

This stage will be critical to understand the mechanisms that can be used for current projects in the portfolio and for future projects- to generate revenues for CMPA in all 4 countries. A specific legal study for blue carbon will be



GLOBAL FUND FOR
CORAL REEFS

	<p>commissioned in order to gain understanding of how to use this financing trend in the MAR.</p> <p>There are important milestones for each of the projects in the inception portfolio that include feasibility studies, business models and business plans in order to develop the necessary strategy for future growth and coral positive impact.</p> <p>Specific objectives of the inception phase are:</p> <ul style="list-style-type: none"> • to identify revenue generation mechanisms for CMPAs linked to the project in blue carbon, King Crab mariculture and seaweed farming. • To complete a legal feasibility to identify a path for growth and hopefully of revenue generation for CMPA in the MAR based on blue carbon • To elaborate ecological and social baselines for the inception portfolio • To identify sources of commercial capital willing to invest in the MAR ecoregion • To complete/develop ongoing processes of fundraising for catalytic capital required to further develop the portfolio • To identify a mechanism where some MAR+Invest portfolio ventures can share profits/benefits with the Emergency Fund managed by MAR Fund (e.g blue carbon) <p>Equally important will be the establishment of financing gaps and ecological evaluations of the 18 CMPA that have been prioritized.</p> <p>This stage will also have the first call for proposals that will be used to test communications and reach in order to improve the processes for the future calls.</p> <p>Work with country governments will be advanced in order to identify mechanisms to attract investment for critical wastewater treatment infrastructure which can't advance without the commitment of the countries.</p>	
Phase	Years	Description
C.4.2. Phase I. Inception. (200 words)	(Year 1 and 2) 2022-2023	<ul style="list-style-type: none"> • Operationalization of MAR+Invest (staffing, set-up operations, systems and processes). MAR Fund, New Ventures and Healthy Reefs Initiative will add new staff for MAR+Invest related activities. • Securing representatives, rules and operations for governance and decision-making bodies (steering committee, project selection and investment committee) • Development of general operating plan for MAR+Invest (2023-2029). • Further development inception portfolio: <ul style="list-style-type: none"> ○ business model and plan for King Crab,



		<ul style="list-style-type: none"> ○ business plan review for seaweed farming, blue carbon baselines and project design, ○ feasibility (business development) fisheries and ecotourism in Guanaja, Honduras. ● 3 legal analysis of blue carbon implementation (Belize, Guatemala and Honduras) including mechanisms to generate revenues for CMPA of the MAR and for the Emergency Fund. (FMCN will complete the analysis for Mexico) ● Registration of first blue carbon credits under MAR+Invest (amount to be determined in first semester of operations) ● Generation of financial gap analysis for the 18 priority CMPA of MAR+Invest. This includes the adaptation of a financial evaluation tool and the application of the tool with managers and co-managers of CMPA. ● Ecological evaluation of 18 priority areas of MAR+Invest ● Design and implementation of the 1st call for proposals for market-based, coral positive innovations/solutions with revenue generation components for the CMPA and local communities of the MAR. (6 to 10 solutions are expected to be identified with each call for proposals) ● If some selected initiatives are ready for incubation, the process contemplates: 16 hours of Key Performance Indicators mentorship per participant; 4 hours of financial advisor sessions per participant; up to 5 hours of mentorship sessions with The Sustainable Minds Network of New Ventures and unlimited coaching from the New Ventures Accelerator team. Additional to this, between 2 and 3 networking sessions will be arranged. ● Baselines for environmental and social impact assessment of projects in inception portfolio and selected projects from first call for proposals. (Baseline to be generated for 5 projects in the inception portfolio and for those identified in the first call for proposals that are expected to be between 6 and 10) ● Design and implementation of capitalization plans for investment-ready portfolio. Blue carbon, modernization of shrimp farming and enterprise development for fisheries and tourism businesses in Guanaja are likely to be ready for capitalization in the first 18 months. Replication of seaweed farming is uncertain until business plan is revised. ● Fundraising strategy developed for MARTAF and Financing Facility ● The first cohort (2024) will focus on Nature based Solutions and its integration in public policy. MAR Fund is currently working on resource mobilization to carry out the first cohort of Build and Connect during the first 18 months of the program. It has \$50,000 from The Summit Foundation for the MAR-L Program and will grant \$50,000 from GFCR. It will work to raise additional funds for Build and Connect. MAR Fund will have more information by the
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		end of May 2022 and will notify the results to the GFCR and adapt budget and activities accordingly.
C.4.3. Phase II. Consolidation. (75 words)	(Year 3 to 6) 2024-2027	<ul style="list-style-type: none"> - Development of work plan for 2024-2027. - Transition of portfolio to next development stage based on results of previous stage. - Fundraise and secure financing for investment-ready portfolio. - Scale and replicate ready solutions to other priority areas. - 3 calls for proposals for market-based, coral positive innovations/solutions in CMPAs. (From 6 to 10 solutions are expected to be identified with each call for proposals.) - Search for new sources of long-term financing for sustained support for the development of coral positive market-based initiative for at least 3 projects in the portfolio - Design and implement 2 additional Build & Connect cohorts of 15 fellows each. The cohorts will take place in years 4 and 5 of MAR+Invest. - The second cohort (2025) will focus on building financial and business planning capacity for CMPA of the MAR. The beneficiaries will be managers and co-managers of CMPA from the four countries. - The third cohort (2026) will work with managers of regional investment funds and business accelerators. The focus will be the generation of investment and acceleration portfolios with climate and coral positive solutions.
C.4.4. Phase III. Growth.	(Year 6 to 8) 2028 - 2029	<ul style="list-style-type: none"> • Development of work plan for 2028-2029. • Fundraise and secure financing for investment-ready portfolio. • 2 calls for proposals for market-based, coral positive innovations/solutions for CMPAs. (6 to 10 solutions are expected to be identified with each call for proposals.) • Scale and replicate at least 3 ready solutions. • Secure new sources of long-term financing for sustained support for the development of at least 3 coral positive market-based initiatives.
C.4.5. Exit Strategy		<p>MAR+Invest is aligned with the missions, programs, activities and operational structures of the partners. MAR+Invest will operate using the current structures of the partner organizations. MAR Fund will launch MARTAF, The Technical Assistance Facility for the MAR that will manage the coordination for MAR+Invest, including communications. No new structures will be generated.</p> <p>New Ventures will launch the Finance Facility to secure financing solutions for the portfolio. No new structure will be generated.</p>



	<p>MAR+Invest is envisioned by the partners as a permanent program with the capacity to sustain the generation of reef positive solutions for the long term. Part of the sustainability strategy will be to secure additional sources of diverse types of capital in order to continue with the identification and development of coral positive solutions.</p> <p>Exit for the solutions in MAR+Invest portfolio: New Ventures will develop an exit strategy for each of the solutions in the portfolio.</p>
C.5. Local stakeholder engagement	
C.5.1. Target beneficiaries and cross-cutting issues	<ul style="list-style-type: none"> • MAR+Invest targets communities in CMPA and individuals, NGOs and market-based initiatives generating coral positive impact. Gender equality, access to finance and climate adaptation are among the cross-cutting issues to be addressed with the opportunities identified for the inception portfolio, as follows: <ul style="list-style-type: none"> ○ Seaweed farming focuses on women’s associations and aims to provide them with access to finance. The activity has climate mitigation and adaptation components. ○ The modernization of shrimp farming targets the recovery of over 1,000 jobs in the industry. At least 50% of those jobs are expected to be for women. ○ The intervention for small scale fishing and tourism businesses focuses on providing access to finance to communities that are not traditional subjects of credit. • Gender equality: The representation of women in decision-making and the generation of opportunities for women is an essential part of MAR+Invest. Gender balance in capacity building will be a mandate for Build and Connect. Both MAR+Invest Committees will have at least 50% of women members.
C.5.2. Government (300 words)	<p>MAR+Invest has informed government officials in the four countries about the initiative. In Belize, meetings were held with the Ministry of Agriculture, Food Security and Enterprise and with the Ministry of the Blue Economy and Civil Aviation. Both ministries provided valuable information and offered collaboration with MAR+Invest opportunities identified in the country. The Ministry of Agriculture provided MAR+Invest with valuable information regarding the level of debt of farmers in the sugar cane sector. The Ministry of The Blue Economy acknowledged the need to introduce new regulations to allow return of investment for potential interventions in wastewater treatment plants in Belize. The Ministry confirmed progress in the development of the regulations for seaweed farming in Belize with the aim to enable commercial investment.</p>



	<p>The focal point for MAR+Invest in the Mexican government has been Mr. Andrew Rhodes, Mexico's representative in the High-Level Panel for a Sustainable Ocean Economy. Mr. Rhodes facilitated communication on MAR+Invest with other officials, including the National Commission on Natural Protected Areas and invited MAR+Invest to participate in a national roundtable for sustainable ocean investment in the month of October 2021.</p> <p>The Presidential Commissioner for the Green Economy in Honduras and the Regional Director for the National Council of Protected Areas in Guatemala were also informed on the initiative. All government officials offered collaboration and welcomed the prospect of MAR+Invest as a catalyzer of a private investment approach to coral conservation and restoration. Given the key role of government agencies in the reduction of barriers to market-based initiatives with positive reef impact, the MAR+Invest leadership will sustain efforts to keep the governments up to date of MAR+Invest progress and will explore further and continued opportunities for collaboration.</p>
<p>C.5.3. Local communities (300 words)</p>	<p>During the design process consultations took place with potential stakeholders and key actors, including community organizations, conservation leaders, NGOs, entrepreneurs, associations of producers, financial institutions, investment funds, incubators and government enterprises. Consultations were mostly oriented to identify opportunities, barriers that need to be addressed and coral positive solutions with potential to be developed via MAR+Invest.</p> <p>Community leaders included co-managers of MPA in Belize, Polos Water Board in Honduras, Alianza Kanan Kay in Mexico, and NGOs working with fishing cooperatives in the region (e.g. Oceana, The Future of Fish, Blue Ventures).</p> <p>Local organizations provided information to map opportunities and potential coral impact, including the Shrimp Growers Association of Belize, WWF Central America, TNC Belize and CORAL.</p> <p>A number of entrepreneurs were interviewed to learn about the environment for raising capital and also to evaluate their inclusion in the MAR+Invest pipeline. Examples include Ecofriendly Solutions LTD in Belize, Alkimar (extraction and product development of Sargassum-based products), EarthLink (Eco-solutions for urban farming, toilets and composting), and Ikooma (seaweed cosmetics).</p> <p>In Guanaja, GOAL held meetings with local NGOs, entrepreneurs in tourism and small-scale fishing organizations. The results of this inception visit supported the design of the program presented by GOAL.</p> <p><u>Shrimp Growers Association of Belize:</u> The association was a constant advisor and connector with the different actors in the shrimp farming sector in Belize. WWF has worked with this association over the last 15 years to improve the industry and initiative eco-certification guidelines.</p>



	<p><u>Partners and owners of shrimp farms:</u> Four farm owners completed a survey designed by New Ventures to assess individual farms. The New Ventures team met with three of the shrimp farms (Royal Mayan Shrimp, Bel Euro Aquaculture, and Aqua Mar Belize Limited) where they had the opportunity to learn about the work done to introduce the technological changes, as well as the individual finances, cost structures, cash flows and market recovery plans for the three businesses.</p> <p><u>Shrimp and sugar cane farmers:</u> Surveys were distributed among shrimp and sugar cane farmers with inquiries about the business and the socio-economic characteristics of the group and the farming activity. 15 surveys were distributed and properly completed by sugar cane farmers and 4 from shrimp farms. The sugar cane project is not feasible at the moment.</p> <p>Targeted groups and communities will be engaged via the communications channels used by MAR+Invest and its partners. The messages will be tailored for different engagement needs (e.g calls for proposals, calls for applications for Build & Connect). In addition, on-going projects will receive tailored communications and follow up to their projects, for their needs and MAR+Invest needs.</p>
<p>C.5.4. Awareness building and communications (150 words)</p>	<p>A communications plan has been outlined for the GFCR program proposal (Annex VIII). The following are the communications objectives for MAR+Invest:</p> <ul style="list-style-type: none"> • To communicate results linked with the need to conserve the MAR and its connected ecosystems. • To communicate about coral positive innovation and solutions happening in the MAR. • To generate a new level of awareness about the degradation of the MAR and its causes. • To reach innovators developing solutions and in need of networks for development and knowledge. • To generate awareness of the opportunities in the MAR among local donors, accelerators and investment funds. • To give visibility to communities doing responsible resource management and contributing to conserve the MAR (Blue carbon, seaweed, king crab, shrimp farmers). <p>The partners communications channels (website, social media, others) will coordinate to disseminate information regarding the calls for proposals. Messages will be designed to reach managers and co-managers of CMPA in the MAR.</p>
<p>C.6. Complementary Initiatives</p>	



GLOBAL FUND FOR
CORAL REEFS

Inter-American Development Bank (IADB): Promotes the generation of bonds as a mechanism to develop the blue economy in LAC¹⁰ and the Caribbean. IDB LAB is supporting a range of solutions in LAC that are aligned with MAR+Invest and could be sources of grant funding for MAR+Invest and its beneficiaries. IADB could be a key player partnering with MAR +Invest to generate blue bonds for coral positive infrastructure and support the development of MAR Carbon via the Natural Capital Facility.

MAR+Invest will sustain the efforts to engage with IADB regarding investments in wastewater treatment plants. Although at the time they have not manifested interest in pursuing these initiatives, it will be important to keep them apprised of new information and potential advances. MAR+Invest and CORAL will work together to identify a mechanism to finance the investments in infrastructure and water boards in Honduras. During the design phase, CORAL developed a financial analysis of the cost of launching and sustaining the water boards. The analysis can be an integral part of the financial projections to fully develop a multi-stakeholder plan to complete these infrastructure investments that are critical for the health of the MAR.

USAID: Its approach in Honduras and Guatemala aligns with MAR+Invest, focusing on fostering entrepreneurship, business development and investment and prioritizes connecting Indigenous peoples, women, and youth to opportunities that will enable them to sustain dignified livelihoods in their communities.

Project CCAD Integrated Ridge to Reef Management of the Mesoamerican Reef Ecoregion (MAR2R): Is aligned with the promotion of a sustainable blue economy for the MAR. Supports generation of enabling conditions with national governments. Currently supporting MAR Fund to address Stony Coral Tissue Loss Disease with a grant of U\$66,550.

Organization of the Fisheries and Aquaculture Sector of the Central American Isthmus (OSPESCA). Recently launched a regional Blue Economy Strategy that is aligned with MAR+Invest objectives. OSPESCA is one of TNC partners to replicate the seaweed farming model.

Fondo Mexicano para la Conservación de la Naturaleza A.C. (FMCN). Is currently designing a finance mechanism for blue carbon and discussions have started with MAR Fund to identify synergies, collaboration and impact opportunities in Quintana Roo.

C.7. Large anchor investments and the GFCR Equity Fund

MAR+ Invest had an introductory call with Pegasus Capital Advisors -PCA- and SYSTEMIQ in the month of December 2021 and a follow-up call in January 2022. MAR+Invest shared information about the two opportunities in the MAR with a potential role for PCA at the moment, which are the modernization of the shrimp industry and the construction of new wastewater treatment plants in Belize. Following the calls, narrative material was shared by MAR Fund and follow-up calls have been scheduled with the participation of MAR Fund, New Ventures, SYSTEMIQ and PCA.

The shrimp opportunity relates to transitioning shrimp farms in Belize to a new sustainable technology that provides a clean growth environment for the shrimp, reducing shrimp mortality and obviating the need for intensive use of polluting chemicals. The water treatment opportunity is to support a new capital project with the main Belize water utility. Agreed next steps are for MAR+Invest to further detail

¹⁰ <https://idbinvest.org/en/news-media/idb-invest-issues-first-blue-bond-latin-america-and-caribbean>
<https://idbinvest.org/en/publications/accelerating-blue-bonds-issuances-latin-america-and-caribbean>



the projects, the potential business models, and the financing needs in order to determine whether they align with Pegasus' investment criteria. Additionally, MAR+Invest will further investigate and articulate the potential impact of each opportunity on the MAR.

The follow up calls have been scheduled as recurring on a fortnightly basis for the coming months. These calls will serve as a platform to drive origination and development of potential investment opportunities for the Equity Fund in MAR countries (excluding Honduras, which has not submitted an NOL).

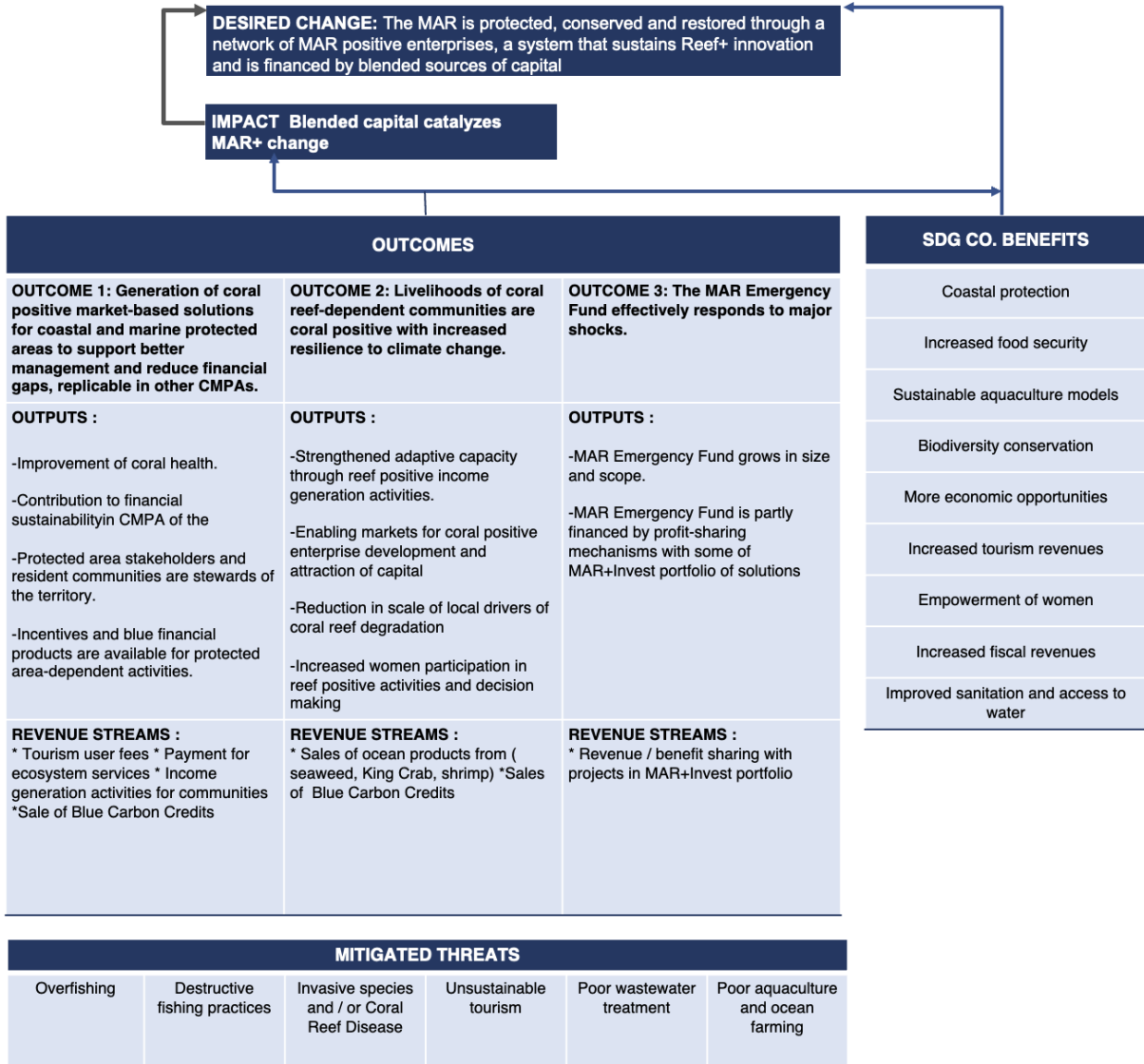
For origination, collaboration between the EF and MAR+Invest will focus on two main avenues. First, the calls will allow discussion and exploration of potential EF investment opportunities that MAR+Invest is aware of through their local networks. Second, once MAR+ Invest is in operation, collaboration will also include identifying interventions being supported by the programme that could ultimately become investable by the EF. In this case, targeted discussions will be launched to develop strategies to bring the opportunity to maturity – including leveraging additional GF support (including through the Blue Bridge) where/if required.

For potential deals that have already been identified, the EF and MAR+Invest will work together to further detail and strengthen the investment opportunity. This is likely to entail involvement of the local entrepreneur, with the MAR Fund / New Ventures leading the introduction and coordination of the relationship. Joint discussions between all these parties will focus on articulating and strengthening the impact case of the investment, the commerciality of the opportunity, and devising the deal structure. Where an EF opportunity unlocks synergies, the parties will also collaborate to develop those opportunities, under the existing Grant Fund programme where possible (e.g. if an EF ecotourism investment could create a market for local sustainable seafood businesses, the partners can work together to support the development of community enterprises in this sector).



FIGURES (THEORY OF CHANGE)

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GLOBAL FUND FOR CORAL REEFS

SECTION D – GOVERNANCE AND OPERATIONAL STRUCTURE

D. GOVERNANCE AND OPERATIONAL STRUCTURE AND GOVERNANCE		
D.1. Governance		
D.1.1. Decision-making bodies and composition	<p>MAR+Invest will have two committees to guide, advise and provide oversight for different aspects of the operation and impact of MAR+Invest.</p> <p><u>Steering Committee:</u> Provides strategic guidance, management oversight and support for MAR+Invest. Ensures that the investments of MAR+Invest comply with the investment policy and are strategically advancing the targeted outcomes. The committee also ensures alignment with other related projects that may provide co-financing for the MAR+Invest portfolio. It is comprised of MAR+Invest partners and a GFCR representative. The steering committee will hold a meeting at the end of each quarter and/or when required by specific circumstances.</p> <p><u>Project Selection and Investment Committee:</u> Evaluates and selects projects submitted for the calls for proposals, based on criteria to be developed for each call and the general MAR+Invest criteria in adherence with the GFCR Policy Architecture (which includes Investment Principles and safeguards). This ensures that the investments of MAR+Invest comply with the investment policy¹¹ and are strategically advancing the outcomes targeted by MAR+Invest, including the projects selected in each call. The committee also secures alignment with other related projects that may add co-financing for the MAR+Invest portfolio. The committee has participation of all partners and five additional members that will be selected by all partners to ensure regional and sectoral representation. This Committee will meet twice a year and/or when specific circumstances so require.</p>	
D.2. Partners and Responsibilities		
D.2.1. Co-recipients	Co-recipients	Role and Responsibilities
	MAR Fund	<p>Is the convening agent of MAR+Invest. It will design, launch and operate MARTAF (Technical Assistance Facility) and manage communications. It will co-design the calls for proposals with NV.</p> <p>It offers capacity to fundraise and organize catalytic capital to complement GFCR funding. Also, leadership and</p>

¹¹ Investment Policy in Annex XVII (To be delivered in Draft 2)

		intelligence in the intersection of conservation and conservation finance.
	New Ventures Group	Will act as the investment banker for MAR+Invest. It will co-design six calls for proposals to identify coral positive market innovations/solutions that respond to Components 1 and 2 of the programme, will provide business acceleration for such solutions, and design the blended finance mechanisms to secure growth capital for the MAR+Invest portfolio.
D.2.2. Co-implementers	Co-implementer	Role and Responsibilities
	Healthy Reefs Initiative -HRI- Partner and developer King Crab restorative mariculture	The scientific and technical partner, HRI will develop the M&E strategy for the program; perform impact monitoring and evaluation for projects, from due diligence to exit and elaborate reporting tools (performance indices). During the Inception Phase, HRI will work with the GFCR partner UNEP to ensure that GFCR core indicators are captured and reported.
	FMCN – MAR Leadership Program. Partner	Mexican Fund for the Conservation of Nature (FMCN) and its MAR-L program will design and operate Build & Connect, the capacity building component that will address the informational barriers (lack of awareness, knowledge, capacity, and effective communication) to generate the conditions for the new ecosystem of investment to protect the MAR. The program will implement three cohorts.
	The Nature Conservancy Belize: Developer seaweed farming project.	TNC will receive a non-reimbursable grant of \$30,000 to develop a revised version of the business plan for seaweed farming that includes emphasis on positive impact for coral reefs. TNC has been developing this project for five years and has monitored its environmental benefits. TNC also brings local knowledge of communities with social feasibility for replication and potential collaboration with OSPESCA ¹² for replication in other MAR countries.
	Resiliencia Azul: Developer of blue carbon projects.	A grant of \$ 325,000 will be allocated to Resiliencia Azul for the design and baseline generation of a blue carbon project in CMPA of the MAR (to be identified). The project

¹² <https://www.sica.int/ospesca/inicio>



GLOBAL FUND FOR
CORAL REEFS

		<p>is expected to generate 4 million Certified Emission Reduction (CER) credits by 2023 – 2024.</p> <p>In 2022 Resiliencia Azul will register the first blue carbon credits in Mexico (in Yum Balam and Cozumel).</p>
	<p>GOAL: Developer fisheries governance and ecotourism:</p>	<p>GOAL¹³ is a development organization with presence in Central America and with a successful blue economy project in the southern Caribbean coast of Honduras. During the inception phase it will receive a \$100,000 grant to conduct a feasibility study for business development and access to markets for small scale fishing operations and ecotourism businesses in Guanaja (Honduras).</p>

D.3. Operational Structure

MAR+Invest will not generate a new legal entity, instead it will be supported by the legal and operational structures that are available within the partners. New programs and/or business units will be created to provide MAR+Invest with operational and legal functionality. Three of the partners will incorporate new staff to secure development and managerial capacity for MAR+Invest. The operational structure of MAR+Invest will consist of:

- a. A technical assistance facility (MARTAF) within the MAR Fund that will manage business development funds in the forms of grants. MARTAF will engage a director whose functions will also extend to the coordination of MAR+Invest. The director will be hired upon the activation of MAR+Invest. For now, it is difficult to establish a range of business sizes and technical assistance grants because the full picture of potential business initiatives has yet to be developed. In the coming weeks, MAR Fund will receive expert advice through The International Exchange¹⁴ for the structuring MARTAF.
- b. New Ventures will establish the Financing Facility. New Ventures is a hybrid organization integrated by one NGO¹⁵ (Centro de Negocios Sustentables) and two profit generating entities, Viwala (fintech) and Consulting (accelerator). Viwala will be the investment banker for MAR+Invest, will manage the concessional capital and will design the blended structures and financial products (if required) by the portfolio.¹⁶ For the operation of MAR+Invest, New ventures may establish a trust as part of the finance facility once the solutions are identified and a portfolio strategy is in place, this option will be evaluated.
- c. Healthy Reefs Initiative will conduct monitoring and evaluation of the portfolio, from pre-screening to exit of the projects in the portfolio.
- d. MAR-Leadership, of the Mexican Fund for the Conservation of Nature (FMCN), will operate the Build & Connect program to facilitate the generation of enabling conditions for MAR+Invest. It is foreseen that by providing capacity building and leadership skills to government officials, needed policies to enable innovation for coral positive market-based initiatives may be developed in the

¹³ <http://goalglobal.org/>

¹⁴ www.theinternationalexchange.co.uk

¹⁵ Asociación Civil -A.C- is the legal distinction in Mexico for NGOs.

¹⁶ Most likely to be loans.



countries in the region. This program will operate under the MAR – Leadership program of the FMCN. No new structures will be generated.

D.4. Coordination Strategy

In MAR+Invest all partners will be part of the two committees: Steering and Project Selection/Investment. This allows for coordination in strategy and for maximizing complementarities.

MAR Fund will hold coordination responsibilities for the partnership, including:

- Hosting the management unit responsible for operation and programmatic coordination of MAR+Invest.
- Facilitating collaboration between recipient organizations, governments and local partners for implementation of MAR+Invest.
- Coordinate partner activities in fundraising and operation of MAR+Invest.
- Coordinate communications between MAR+Invest partners and with stakeholders.
- Coordinate communications, reporting, operations and manage the overall relationship with GFCR.
- Coordinate MAR+Invest external audits.

For replication and growth of the initiatives, New Ventures, HRI and MAR Fund will have a key role as the providers of technical assistance, acceleration, impact monitoring and evaluation. New Ventures and HRI will co-develop evaluation tools to align business and ecological objectives.

Coordination between New Ventures and MAR Fund in identifying growth and replication opportunities and in attracting catalytic and investment capital will be critical to advance the outcomes of MAR+Invest.

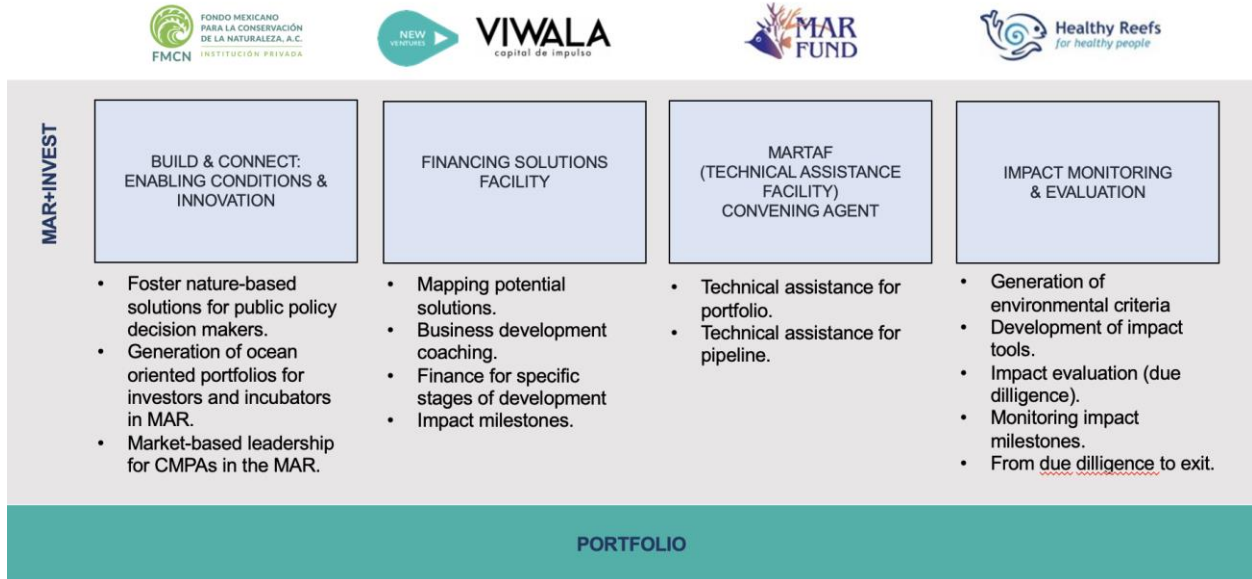
The design process of MAR+Invest, with its challenges, has demonstrated that the partnership can adapt, coordinate and provide unified responses towards MAR+Invest goals.

Detail on responsibilities is provided in Section V of MAR+Invest MoU.



FIGURES

MAR+INVEST - OPERATIONAL STRUCTURE.





GLOBAL FUND FOR CORAL REEFS

SECTION E – PROGRAMME PIPELINE

E. PROGRAMME PIPELINE					
E.1. Pipeline overview					
Number and name of intervention	Sector	Location Implemented	Coral Reef Driver of Degradation Addressed	GFCR Grant Cost (USD)	Readiness stage
1. King Crab Restorative Mariculture	Mariculture	Currently piloting in Turneffe Atoll and Cozumel Island. Inception stage will inform about potential replication sites.	Reduces fleshy macroalgae that competes with coral and that can be stimulated by different drivers (e.g land-based pollution, aquaculture, agriculture).	TOTAL: \$75,000 Traditional grant: 100% Concessional instrument: Not needed during the inception phase	2022
2. Seaweed Farming	Mariculture	Currently farmed in Turneffe Atoll and Placencia. Inception stage will inform about potential replication according to revised cost structure	Overfishing, destructive fishing, climate change.	TOTAL: \$30,000 Traditional Grant: 100% Concessional instrument: Not needed during the inception phase	2022
3. Blue Carbon	Mangrove restoration and conservation	Currently piloting in Yum Balam and Cozumel Island. Inception stage will inform about replication sites in the MAR.	Different causes of mangrove deforestation (e.g coastal development, hurricanes)	TOTAL: \$325,000 Traditional Grant: 100% Concessional instrument: Not needed during the inception phase	2022
4. Enterprise development for fisheries and ecotourism in Guanaja	Fisheries / Tourism	Guanaja (Honduras). Inception stage will inform about replication sites	Overfishing, destructive fishing.	TOTAL: \$100,000 Traditional Grant: 100% This project has requested \$200,000 in concessional capital and \$600,000 in commercial capital to be deployed as loans for	2022



				<p>the fishing and ecotourism enterprises.</p> <p>The test phase, funded with the traditional grant, will inform the strategy with concessional and commercial capital.</p>	
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Intervention # 1 - King Crab Restorative Mariculture	
Short Summary	<p>Caribbean King Crab, <i>Maguimithrax spinosissimus</i>, is one of the most efficient herbivores on reefs, capable of eliminating more problematic fleshy macroalgae than even parrotfish. King Crab mariculture is a coral positive solution with the potential to generate income for CMPA and for reef-dependent communities. This solution has been researched and is being piloted by MAR+Invest partner Healthy Reefs. During the inception stage, MAR+Invest plans to generate a business model that can serve CMPA and communities.</p>
Coral Reef ecosystem impact	<p>Macroalgae proliferation, one of the foremost ecological problems in the MAR, affecting coral growth, recruitment, and health, as they can harbor pathogens and serve as vectors of disease. The only reef health indicator that consistently ranks 'poor' in the HRI¹⁷ Reef health Index (RHI) across 12 years of monitoring in all 4 countries. Reefs with higher numbers of herbivorous fish or invertebrates, tend to have less fleshy macroalgae and a higher RHI.</p> <p>Herbivory rates of King Crab are slightly higher than that of parrotfish – and they have no negative effects (from bits or scaping of the corals as do parrotfish or <i>Diadema</i>). They are selective feeders that particularly target <i>Dictyota spp.</i> – the most prolific brown fleshy macroalgae in the MAR.</p> <p><u>Indicators:</u></p> <ul style="list-style-type: none"> ▪ Percentage reduction in fleshy macroalgae on number of hectares of coral reefs. ▪ Percent increase in coral recruitment and crustose coralline algae (that facilitates recruitment) <p><u>Targets:</u></p> <ul style="list-style-type: none"> ▪ To be established in inception phase.

¹⁷ Healthy Reefs Initiative report cards. https://www.healthyreefs.org/cms/wp-content/uploads/2020/02/2020_Report_Card_MAR.pdf



Revenue Model	It will depend on the size of each cohort of crabs raised and ultimately sold in the marketplace. Price is approximately US\$10/lb. Fishers can oversee crab grow-out phases in general use zones of MPA or other areas with managed access.
Scalability and Replicability	<p>To be defined by the business model. However, it is expected that King Crab mariculture has the potential to be replicated in various CMPA that have native King Crab population, a CMPA with capacity to engage in raising the crabs, and communities with strong women's participation. The business model and plan will inform the number of sites that could be develop.</p> <p>The ecological conditions for crab mariculture are present in all of the MPAs with coral reefs. Interest and feasibility of working with the MPA managers will need to be assessed during the business model development. One staff person would need to be dedicated to this effort (probably 2/3 time) with support from other field staff when needed. Private sector partners will also be explored – but the contribution of crabs to reef restoration would need to be required as part of their permitting process. The Fisheries Department in Belize is supportive to see this work progress. In Mexico the Fisheries and Aquaculture Institute is directly involved in the research, with plans to offer young to fishers for grow out phase on the reefs. Other NGOs including Fragments of Hope and TASA in Belize have also expressed interest in learning to grow the crabs for reef restoration.</p>
Target beneficiaries	<p>Long-term change is reduced macroalgae on reefs, which threatens to create a permanent phase shift to a non-constructural phase and severe losses of ecosystem services (fisheries/coastal protection) within several decades. Direct beneficiaries include fishers, women's groups and other community members with projects at their locations, improvement in economic revenue and improvement in their coral reef's health. Reef restoration organizations will benefit from enhanced survival of their out planted coral fragments/recruits by seeding these restored reefs with juvenile crabs to prevent macroalgae proliferation.</p> <p>During inception phase a business model will be developed. Specific beneficiaries and targets will be established accordingly.</p>
Actors involved	Mexico: Fisheries Authority (INEPESCA) hosts 1st phase's facilities, with technical assistance and financing from HRI; They will provide the juvenile stock to be distributed to other MPA partners in Mexico. Local fishing cooperatives are aware through Alianza Kanan Kay, will be involved in business model and knowledge transfer. Belize: TASA (Turneffe co-manager NGO); Fragments of Hope (Placencia NGO) and fishers in Placencia, Monkey River and Tobacco Caye are interested in growing crabs in smaller-scale <i>in situ</i> systems. A commercial aquarium fish supplier in St Georges Caye, Belize, has also expressed an interest in collaborating with his land-based mariculture facility.
GFCR Equity fund	It is not scalable for the equity fund.



GLOBAL FUND FOR
CORAL REEFS

<p>Purpose of grant funding and deliverables during the Inception Phase:</p>	<p>The grant will be to generate a business model and a business plan for King Crab mariculture. The aim is to have the revenue generation linked, not only to local communities, with a focus on women, but to CMPA of the MAR. The business plan requires the development of the following:</p> <ul style="list-style-type: none"> • Legal feasibility is a necessity for each country. If there is no legal avenue, a policy plan to establish the necessary steps for required regulation will be developed. CMPA have different regulations in each country and engaging in revenue-generating activities will probably require a different strategy for each country. The business plan will present strategies to accommodate the different regulations with the possibility to generate sales revenues for CMPA via ecosystem services and sales of King Crab. • A study of biological conditions will also be necessary to identify CMPA with good conditions to house a nursery without risking ecological integrity. • Value added opportunities, such as processing and producing packed frozen crab cakes will be studied and, if feasible, a financial projection will be generated. <p>Finally, King Crab mariculture has been tested and developed by HRI. However, at the moment, HRI does not have an organizational structure to support a commercial operation and is not clear about developing King Crab mariculture as a self-financing mechanism. In consequence, organizational development work must be done in order to generate a mechanism for HRI to manage the potential business or to find a different avenue to provide the project with leadership and development capacity.</p> <p>Deliverable: Business Plan for a three-year period (2024 – 2026)</p>																													
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<p>Leverage Potential</p>	<p>To be identified during inception phase. It is not possible to provide any indication at this time because of lack of data on costs, replication feasibility, revenue models for different parties, financial projections and others.</p>																													



GLOBAL FUND FOR
CORAL REEFS

	Type of investment	Private Investment	Public Investment	TOTAL	GFCR Grant to Commercial Investment Leverage (1:X)	Rate of Return (%)	Revenue Generation/year
	Debt	<i>Amount - When</i>	<i>Amount - When</i>	<i>Amount</i>			<i>Amount - When</i>
	Equity	<i>Amount - When</i>	<i>Amount - When</i>	<i>Amount</i>			
	TOTAL	<i>Amount - When</i>	<i>Amount - When</i>	<i>Amount</i>			
Current stage and timeline	<p>Stage: Research and Development. HRI has advanced research in breeding, hatching and cultivating King Crab juveniles to the desired carapace length. Crabs obtained from the first batch are now reaching maturity and reproducing within the research area.</p> <p>During the inception phase, a business model and plan will be completed. The model and plan will inform next stages.</p>						
Connectivity	<p>King Crab mariculture offers a “service” that enables the recovery of coral health. In this sense, it can support CMPAs in protecting and restoring ecosystems. A model will be designed in the inception phase to link sources of revenue for communities and for CMPAs (e.g. King Crab sales and/or restoration services).</p>						

Intervention #2 - Seaweed Farming.	
Short Summary	Overfishing, destructive fishing, climate change, are among the causes that reduce fish populations and, therefore, income and food security for coastal communities. Seaweed farming is a restorative solution that can represent an opportunity to decrease the pressure on reef resources while generating a number of ecosystem restorative functions. This project aims to develop a network of 17 new seaweed groups/associations in the MAR to multiply ecosystem and social benefits. Women-led groups will be prioritized. To date, three cooperatives operate farms in Belize.
Coral Reef ecosystem impact	<p>Seaweed farms function also as: nursery sites, artificial replenishment zones, replenishment of wild stocks of reef-associated species. Farm structures are placed over sand and seagrass for maximum ecological benefits for biodiversity. According to TNC, seaweed farms may also reduce seafloor temperatures.</p> <p>The target will be to include the CMPA in the seaweed business with the objective of increasing CMPA revenues and therefore increasing investments in management.</p>



	<p><u>Indicators:</u></p> <ul style="list-style-type: none"> • Increase in biomass herbivorous or commercial reef fish species • Ratio of protected area costs covered by the private sector vs. the public sector or grants • Total # of locals employed in seaweed farms vs. baseline <p><u>Targets:</u></p> <p>To be established during inception phase.</p>
Revenue Model	<p>Sales of seaweed:</p> <p>The farms will produce two main seaweed species; <i>Eucheuma isiforme</i>, which produces the hydrocolloid carrageenan, and <i>Gracilaria</i> spp which produces agar. Both seaweed species will target premium hydrocolloid markets in pharmaceuticals and high-end cosmetics. The product would be positioned based on premium quality, as determined by lack of contaminants, high mineral content and minimal processing required to achieve maximum purity. The global hydrocolloid market, including agar and carrageenan, is currently valued at approximately US\$8 billion dollars and is projected to reach US\$10.37 billion by 2023.</p>
Scalability and Replicability	<p>The replication in Belize is pending the regulation of the industry by the local government. The replication in other countries of the MAR will depend on social, environmental and policy feasibilities. MAR+Invest leadership will work with TNC-Belize to coordinate efforts.</p> <p>Co-financing from UNDP SGP can be directed for replication of seaweed farms in Honduras and Guatemala.</p> <p>During the inception phase, along with a revision of the business plan, MAR+Invest will explore the possibility to have the seaweed mariculture project added to Alliga's portfolio¹⁸. This will accelerate access to markets and will potentially attract grants for farm replication. Conversations with Alliga took place during the design phase with Alliga expressing interest to support the expansion in Belize and the MAR ecoregion.</p>
Target beneficiaries	<p>Women are primary desired beneficiaries of seaweed farming. Current model is based on associations led by women in Belize. Along the value chain, women entrepreneurs also benefit through generation of seaweed-based products.</p>

¹⁸ www.alliga.io



	<p>CMPA can also benefit through providing services to the farms (e.g. transportation) to generate new revenues. The amount of revenues will be determined by a number of factors that can't be anticipated at the moment. Target for 2030 is 17 new farms. Number of women employed is undetermined; will be established with a revised version of the business plan to be financed by a MAR+Invest (GFCR) grant.</p> <p>Transportation services to the farm fields must be solved via the acquisition of boats or outsourcing the service. This must be studied with the targeted CMPA.</p>																									
Actors involved	<ul style="list-style-type: none"> • Belize Women's Seaweed Farmers Association (BWSFA): Replication and product aggregation. • Belize Fisheries Department: Policy and regulation for the sector • TNC Belize: Project leader/science partner. • CMPA co-managers: Coordination and community engagement. • MARTAF: Technical Assistance. Early-stage capital. Partnerships for development (Alliga)¹⁹. 																									
GFCR Equity fund	<p>With the current data, seaweed farming is not scalable for the equity fund.</p> <p>However, after the business plan is revised and TNC completes a plan for replication, this can be revisited.</p>																									
Purpose of grant funding and deliverables during the Inception Phase:	<p>Over the past 18 months the method of cultivation has changed and a new design is now being applied. This change requires the development of new cost analyses, projections and financial planning. A business plan that was developed in 2018 must be updated in order to have a complete assessment of the opportunity. The grant will cover the cost of the review. Revised financial projections will be developed and a report will be completed. The business plan and support from HRI will ensure linkages with coral reef health during the inception phase.</p>																									
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¹⁹ www.alliga.io



Leverage potential	Type of investment	Private Investment	Public Investment	TOTAL	GFCR Grant to Commercial Investment Leverage (1:X)	Rate of Return (%)	Revenue Generation/year
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Current stage and timeline	Current stage: Incubation and revenue generating Milestones: Reviewed version of business plan (2022) Regulation to enable replication (2022) Partnerships for development: (2022 – 2023)						
Connectivity (100 words)	Seaweed mariculture links to outcomes 1 and 2 of MAR+Invest that are aligned to outcomes 1 and 2 of GFCR. The possibility of generating benefit-sharing mechanisms for MAR Fund’s emergency fund will also be analyzed during the inception phase. Regional replication is envisioned. GEF UNDP–SGP has a strong interest in supporting replication in Guatemala and Honduras.						
Business model graphic	The project does not have a business model established at this time. Although individual farms are producing in Belize, only local sales are taking place. There is not enough clarity on how the aggregation will work and how the CMPA can generate revenues. This aspect will be studied in the review of the business plan. (Annex XIX presents the current business plan)						

Intervention # 3 - Blue Carbon



GLOBAL FUND FOR
CORAL REEFS

Short Summary	<p>The percentage of mangrove loss in the MAR is 34%²⁰, 10% higher than the insular Caribbean (24%). The loss of mangroves affects the life cycles of commercial fish and coral species that need the critical interconnection between mangroves and coral reefs.</p> <p>Income from Blue Carbon will contribute to the restoration of mangroves and the permanence and/or recovery of their services and value for the MAR and participating communities and CMPA. Blue Carbon projects will be prioritized in sites where mangrove and coral reef ecosystems have the highest levels of connectivity.</p>
Coral Reef ecosystem impact	<p>The health and extent of coral reefs are largely dependent on coastal mangroves, which stabilize shorelines, remove pollutants, improve water quality, and provide nursery habitat that maintain fisheries. If fisheries are degraded due to mangrove loss, coral reefs will be adversely affected²¹.</p> <p>With new revenue streams for the CMPAs, improved management can be achieved.</p> <p><u>Indicators:</u></p> <ul style="list-style-type: none"> • MtCO₂e/year sequestered through protection and/or restoration of mangrove. • Percentage of coastal and marine protected area costs covered by the sales of carbon credits. <p><u>Targets:</u></p> <p>Targets: Carbon credits for 1,000 ha of mangroves restored, 10,000 ha of mangroves conserved and 65,300 tCO₂e/year during 20 years</p> <p>Using a price of US\$14 per ton, 4 million credits will total US\$56 million in sales revenue. (During the 8-year duration of the program). The project seeks to secure permanence for at least 20 years, a common project period recommended in voluntary markets.</p> <p>The cost of production or generation of the credits is estimated to be between 45% and 47% of sales revenue. Required investment needs to be determined.</p>
Revenue Model	Sales of Blue Carbon Credits

²⁰ Resiliencia Azul, a grantee of MAR Fund has independent and unpublished research that shows that mangrove deforestation rate in the MAR can be as high as 50%.

²¹ <http://mangrove.org/video/Mangrove.pdf>



Scalability and Replicability	<p>Carbon sequestration projects depend on scale, social and regulatory feasibilities. At the moment, MAR+Invest does not have information regarding the specific feasible projects in the MAR with potential to attract private investment.</p> <p>A legal study will be financed with GFCR support during the inception phase. There are \$ 67,000 budgeted for the study (Under Outcome 3).</p> <p>FMCN is advancing a study to identify other viable projects in Mexico. The result of this analysis will inform the targets for Mexico.</p> <p>Both studies will present solutions to generate revenue for CMPA in the MAR.</p>
Target beneficiaries	<p>Recovering and conserving ecosystem values and function is critical not only for corals but for reef-dependent communities. Communities and CMPA involved in blue carbon projects will benefit from income generation and from the recovery of ecosystem functions.</p> <p>Indicators:</p> <ul style="list-style-type: none"> • Number of locals (total # of individuals) employed in businesses with a direct or indirect positive impact on coral reefs and associated ecosystems • Amount of commercial capital secured by Blue Carbon projects. <p>Targets will be established in the design and baseline studies (year 1 of inception phase)</p>
Actors involved	<p>Resiliencia Azul: NGO advancing blue carbon projects in Mexico.</p> <p>Mexican Carbon Program, CINVESTAV, ENES–UNAM (National Autonomous University of Mexico)</p> <p>MAR Fund/MARTAF (via GFCR): grant for project design, blue carbon baseline for new areas, legal study for MAR countries that will also identify mechanisms for revenue generation in CMPA.</p>
GFCR Equity fund	<p>There are currently restrictions on the EF's ability to invest in projects generating carbon credits, so at present this is not an EF opportunity. However, investors into the EF may be interested in purchasing the blue carbon credits</p>
Purpose of grant funding and deliverables during the Inception Phase	<p>The grant for legal feasibility and revenue generation of CMPA will establish the basis to generate a strategy for replication.</p> <p>Deliverable: Report</p> <p>The grant for Resiliencia Azul will aim for the registration of 4 million carbon credits.</p> <p>Deliverable: Project reports and registration of credits.</p> <p>Activities:</p> <ol style="list-style-type: none"> 1. Design activities:



GLOBAL FUND FOR
CORAL REEFS

	<ul style="list-style-type: none"> Social and environmental feasibility analysis linked to CMPA in the MAR Development of outputs needed to obtain MAR Blue Carbon project certification and CER registration (based on Plan Vivo Certification) Verification costs are not included. The verification cost is US\$ 20,000 and issuance of credits is 40 cents per credit. <p>2. Baseline activities:</p> <ul style="list-style-type: none"> Measurements in situ to determine carbon stocks and mangroves conditions 																																
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Current stage and timeline	<p>Stage: Pilot phase. First credits to be issued in 2023. First revenues expected with first credits to be issued.</p> <p>The pilots are taking place in Cozumel and Yum Balam (Mexico). For the past three years, the pilots have been financed by MAR Fund. The Ocean Foundation is financing the last year of the pilots (2022-2023).</p>																																



	<p>During 2022–2023, with support from GFCR, Resiliencia Azul (project developer) will be designing replication and generating new baselines in the MAR (specific CMPA to be determined). A legal study will also be completed during inception phase.</p> <p>Ideally, future blue carbon projects will be designed as recoverable grants and MAR+Invest will generate a mechanism to “recycle” grant funds for future projects once investors are on board with larger projects. The first grant is not considered as a recoverable grant.</p>
<p>Connectivity</p>	<p>Blue Carbon is connected to all MAR+Invest outcomes. The possibility of generating benefit-sharing mechanisms for MAR Fund’s emergency fund will be analyzed during the inception phase.</p> <p>Regional replication is envisioned and will be designed during inception phase. Baselines for restoration will be established once new project development areas are identified.</p>
<p>Business model graphic</p>	<pre> graph LR A[MARTAF Provides financing for carbon sequestration activities and to issue carbon credits] --> B[Resiliencia Azul, communities and CMPA complete activities for blue carbon sequestration] B --> C[Blue Carbon credits are issued and sold] C --> D[Revenues from sales of credits are distributed among communities, CMPA, and MARTAF. In future stages, investmtn capital is returned with profit] </pre>

Intervention # 4 - Enterprise development for fisheries and ecotourism in Guajana (Islas de la Bahía, Honduras)



Short Summary	<p>Blue Economy development in Guanaja, Bay Islands of Honduras, is a project to be developed by GOAL, that focuses on improving livelihoods via better governance, climate smart practices and access to markets for fishing organizations and small tourism businesses.</p> <p>The program will replicate a larger program developed in the south coast of Honduras with proven ecological and economic impacts for the communities who depend on the ocean for their livelihoods.</p>
Coral Reef ecosystem impact	<p>The main impact for coral ecosystems in Guanaja will be strengthening of marine resources management and improvement of livelihoods. Specific targets will be established with a feasibility study to be developed during the inception phase.</p> <p>Indicators:</p> <ul style="list-style-type: none"> • Biomass of herbivorous fish species • Increase in biomass of commercial reef fish species • Number of incentives and blue financial products that are available for protected area-dependent activities • Number of locals (total # of individuals) employed in businesses with a direct or indirect positive impact on coral reefs and associated ecosystems • Fishers' income (US\$/year) from sustainable fisheries or mariculture jobs vs. fishers' income (US\$/year) from non-sustainable fisheries practices. Additionally, ratio of fishers employed in sustainable fisheries vs non-sustainable fisheries. <p><u>Targets:</u> To be established in inception phase</p>
Revenue Model	<p>Revenue from sales of seafood and tourism services.</p> <p>The Financing Facility will work with GOAL to design and manage loans for the fishing cooperatives and small tourism businesses. The revenue will depend on each business that is developed and has access to finance.</p>
Scalability and Replicability	<p>During the first 18 months, it is expected that 20 local organizations will receive support from GOAL to improve resource management while improving market access and overall business performance. Ideally, the business will attract US\$ 600,000 in commercial capital and US\$ 200,000 in concessional capital to make the necessary investments to adopt better environmental and business practices.</p> <p>The project is expected to be replicated in other areas of Honduras. Replication in Guatemala will be studied once the first project is completed.</p>



Target beneficiaries	<p>Fisher associations and small tourism businesses will benefit from the intervention. Specifically:</p> <ul style="list-style-type: none"> • Fisher associations and small tourism businesses will be strengthened through climate-smart and resilient practices • Fisher associations and small tourism businesses will be integrated into national and international markets • Disaster risk preparedness mechanisms will be established, tested, and functional. <p>GOAL, the project developer, expects to benefit 150 fishermen, 10 fishermen associations and 20 micro and small enterprises in the tourism sector.</p> <p>2,000 families are expected to receive indirect benefits.</p>
Actors involved	<p>GOAL²²: Project developer Bay Islands Conservation Association (BICA)²³: Local support and community engagement. MARTAF: Technical Assistance New Ventures: Analysis and management of loans for SMEs HRI: Baseline. Monitoring and evaluation.</p>
GFCR Equity fund	<p>Although there is not currently an NOL secured for Honduras, there may be potential for the Equity Fund if fishery / tourism businesses can be scaled. If there was a project of US\$5m, there would for instance be potential for the EF to invest and support growth through vertical integration / geographic expansion / M&E of the intervention</p>
Purpose and deliverables of grant funding during the Inception Phase	<p>This grant seeks to strengthen the productivity, market integration, and resilience of the economic actors and micro and small businesses associated to the sectors of fisheries and tourism in the municipality of Guanaja, as a way to secure sustainable livelihoods for low-income families. This objective will be pursued by means of five general strategies: (1) strengthening productive and trade units through climate-smart practices, (2) optimizing market systems, (3) enhancing marine resource management, (4) preserving blue carbon sinks and the mangrove ecosystem, and (5) boosting disaster risk preparedness.</p> <p>Types of activities to be supported include:</p> <p>Fisheries Management Fisheries supply chain</p>

²² An international NGO with more than 20 years working in Honduras in such areas as humanitarian emergency response, cash-based interventions, blue economy, green economy, urban resilience, biodiversity management and value chain strengthening (particularly fishery). GOAL's active portfolio amounts to USD 23 million coming from grants provided by a number of donors, including BHA, OFDA, ECHO, IDB Lab, SDC, Irish Aid, and others.

²³ <https://bicainc.org/>



GLOBAL FUND FOR
CORAL REEFS

	<p>Strengthening of market systems Climate-smart and resilient practices Ecotourism Marine resource management systems Strengthening of mangrove management systems Disaster risk preparedness mechanisms</p> <p>During the first 18 months, credit studies will be completed in order to assess the debt needs of the different opportunities, the type of credit that will deliver on these needs and the blending mechanism.</p>						
E.2.5. Grant Financing (USD)							
	Finance instrument	GFCR Grant Fund Cost	Private Grant Co-financing	Public Grant Co-financing	TOTAL		
	Grant	100,000			100,000		
	Concessional Loan/Recoverable Grant	To be determined in inception phase. The project forecasts 200,000 in concessional capital needs and 600,000 in commercial capital.			200,000		
	Guarantee						
	TOTAL				300,000		
E.2.6. Current stage and timeline	To be identified during inception phase.						
	Type of investment	Private Investment	Public Investment	TOTAL	GFCR Grant to Commercial Investment Leverage (1:X)	Rate of Return (%)	Revenue Generation/year
	<i>Debt</i>	<i>600,000</i>	<i>Amount - When</i>	<i>600,000</i>	<i>1:3</i>		<i>Amount - When</i>



**GLOBAL FUND FOR
CORAL REEFS**

	Equity	<i>Amount - When</i>	<i>Amount - When</i>	<i>Amount</i>			
	TOTAL	<i>Amount - When</i>	<i>Amount - When</i>	600,000			
E.2.6. Current stage and timeline	<p>During project preparation, MAR Fund requested a concept note from GOAL,²⁴ an international NGO that is doing Blue Economy Development in several developing countries and has a program in Honduras. The concept note was for replication of the model that is currently operating in La Mosquitia to Guanaja</p> <p>Next step is to complete a test phase, planned for the inception phase with a US\$ 100,000 grant. if the results of the test are positive, this project can absorb US\$ 600,000 in commercial capital and US\$ 200,000 in concessional capital.</p> <p>GOAL has already developed research in Guanaja, carrying out preliminary sampling of carbon sinks in mangrove swamps. As a result of that precedent, GOAL enjoys a solid relationship with Guanaja's municipal authorities.</p>						
E.2.7. Connectivity	<p>The project's improvement of livelihoods for reef-dependent communities is aligned with Outcome 2 of MAR+Invest. The combination of governance, access to markets and business development is a model that is needed in parts of the reef where fishing communities lack access to markets and financial resources to improve practices.</p>						
E.2.8. Business model graphic	<pre> graph LR A((GOAL provides technical assistance with support from MARTAF)) --- B((Fishing associations)) A --- C((Tourism businesses)) B --- D((Financing facility provides credits for growth)) C --- D D --- E((Fishing associations)) D --- F((Tourism businesses)) </pre>						

²⁴ www.goalglobal.org



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Intervention # 5 – Shrimp Farming Modernization	
Short Summary	<p>Globally, shrimp farming has been identified as a threat to coral reefs and marine ecosystems because of runoff and mangrove deforestation. For over two decades, these two threats have been affecting the coral reefs in Belize. Fleshy macroalgae cover in proximity to the shrimp farming cluster was 27% in 2018²⁵, 7% higher than the MAR average.</p> <p>Belize, as most of the world production of farm-raised shrimp, produces <i>Litopenaeus vannamei</i> Shrimp, also known as Pacific White Shrimp. This shrimp is native to the Pacific and has been used in Belize for close to 35 years.</p> <p>This intervention seeks a combination of loans and equity to support farms in the adoption of an intensive farming system that uses recirculating water and that has zero discharge of harmful aquaculture runoff to the marine ecosystems.</p>
Coral Reef ecosystem impact	<p>Macroalgae proliferation near the shrimp farming production cluster is expected to be reduced. Interconnected seagrass ecosystems will also benefit as the farms surrounding the Placencia Lagoon are likely to engage in its protection and support its declaration as a protected area by signing non-conversion of land agreements.</p> <p><u>Indicators:</u></p> <ul style="list-style-type: none"> • Percentage reduction in fleshy macroalgae • Increase in fish biomass • Increased participation of women <p><u>Targets:</u></p> <ul style="list-style-type: none"> • To be established in inception phase

²⁵ https://www.healthyreefs.org/cms/wp-content/uploads/2020/02/SmithReefs_RC19_Pages_BIL_f_E_LO.pdf



Revenue Model	<p>Currently in Belize there are 9 farms that demand intensive farming technology in order to be able to generate a competitive product and return to pre-disease production levels (an industry wide disease destroyed national production in 2016). With super intensive technology, production can be up to 1.8X more than with previous practice (without increasing the amount the land used).</p> <p>In the analysis of unit economics, the producer reaches positive operating earnings after three years of the set-up of the new technology. This time should be reduced by including more ponds and performing economies of scale as planned by Pegasus Capital Advisors. New Ventures forecast that in average, the farms will need 4 years to repay the loan.</p>
Scalability and Replicability	Ideally, the debt component will be tested with one or two farms. Once a model is secured it can scale to other farms. (The cluster groups 13 shrimp farms, with 9 currently operational)
Target beneficiaries	<p>The Association of Shrimp Growers estimates that at least 1,000 jobs will be recovered, those jobs are expected to be mostly for women (MAR+Invest is using a 50% participation of women in job recovery results)</p> <p>The country will recover exports and fiscal revenues.</p> <p>All beneficiaries of ecosystem services around involved shrimp farms will receive direct and indirect benefits from the recovery of ecosystem functions.</p>
Actors involved	<p>Shrimp growers: Adoption new technology and new reef positive practices.</p> <p>NV: Analysis potential clients for loans. Design/management loans. Fundraise for capital to structure loan products.</p> <p>Pegasus Capital Advisors: Analysis of investments with shrimp growers looking for equity partners. Deploy investments.</p> <p>HRI: M&E.</p> <p>WWF-CA: Technical Assistance (Adoption new coral positive practices)</p>
GFCR Equity fund	This project has been introduced to the EF, which has expressed an interest in learning more, including through sharing of materials and introductions to the businesses. Further discussion with the EF on this opportunity is planned in the coming weeks and to continue during the inception phase.
Purpose and deliverables of grant funding	<p>The analysis and inception visits took place during the project preparation phase. No grants are being allocated for the development of this opportunity.</p> <p>The following activities were developed during the project preparation phase:</p>



<p>during the Inception Phase</p>	<ul style="list-style-type: none"> • Research and interviews with WWF Central America, Shrimp Growers Association of Belize and individual farm owners. • Conducted surveys with farms • Virtual and in person meetings with the Belize Finance Corporation to study co-financing • One meeting with the Minister of Agriculture in Belize to confirm opportunity and explore potential for co-financing via government entities • Site visits to farms in Belize • Financial analysis using the data provided by one of the farms • Design best financial instrument/solution for uptake of super intensive technology <p>During the inception phase a business case for industry wide transformation must be developed. Research, financial analysis, legal analysis, ecological and social baselines must be generated and impact assessment tools must be developed. Financial resources to consolidate modernization must be secured (for debt or equity solutions) and investments will be structured by the Financing Facility.</p>																														
<p>E.2.5. Grant Financing (USD)</p>	<p>To be determined in inception phase.</p> <p>No grants are planned for farms owners or the industry.</p> <p>Expenses related to this opportunity are for the generation of baseline and for the generation of an assessment tool with support from WWF Central America.</p> <table border="1" data-bbox="426 954 1900 1182"> <thead> <tr> <th>Finance instrument</th> <th>GFCR Grant Fund Cost</th> <th>Private Grant Co-financing</th> <th>Public Grant Co-financing</th> <th>TOTAL</th> </tr> </thead> <tbody> <tr> <td>Grant</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Concessional Loan/Recoverable Grant</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Guarantee</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>TOTAL</td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>						Finance instrument	GFCR Grant Fund Cost	Private Grant Co-financing	Public Grant Co-financing	TOTAL	Grant					Concessional Loan/Recoverable Grant					Guarantee					TOTAL				
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	Equity	<i>Amount - When</i>	<i>Amount - When</i>	<i>Amount</i>			
	TOTAL	<i>Amount - When</i>	<i>Amount - When</i>	<i>Amount</i>			
E.2.6. Current stage and timeline	<p>Stage: Design</p> <p>New Ventures studied the industry during the project design phase. Needs have been identified and elements of potential loans are identified. Clients for debt and for equity need to be identified.</p> <p>Ecological baseline must be established to understand potential impact as it relates to coral reef ecosystems.</p> <p>Timeline: Structure of opportunities for equity and debt will take place during the inception phase.</p>						
E.2.7. Connectivity	<p>The program will generate a model for coral positive transition of production in terrestrial environments. This factor has been identified among the AICHI targets for Belize ²⁶. In addition, the program may contribute to the creation of a protected area in interconnected systems to the reef and will recover at least 1,000 jobs for women.</p>						
E.2.8. Business model graphic	<p>The diagram illustrates the business model for shrimp farm modernization. It features two main financing entities at the top: 'MAR+Invest financing facility provides debt financing for modernization' and 'Pegasus Capital Advisors provides equity financing for modernization'. Below these are two outcomes for 'Shrimp farms': 'Shrimp farms repay loans with interest' and 'Shrimp farms operate under PCA partnership'. Arrows indicate the flow of funds: a downward arrow from MAR+Invest to the loan-repaying farms, an upward arrow from the loan-repaying farms back to MAR+Invest, and a downward arrow from Pegasus Capital Advisors to the farms operating under PCA partnership.</p>						

²⁶ <https://chm.cbd.int/database/record/7E3D234F-E8AD-520C-C92B-490CE2806718>





GLOBAL FUND FOR CORAL REEFS

SECTION F – FINANCING OVERVIEW AND STRATEGY

F. FINANCING OVERVIEW

F.1. Full Programme Grant Cost Estimate Overview by Outcome

Note: The amounts in concessional instruments are subject to the result of feasibility studies and the evaluation of MAR+Invest partners that will be conducted during the Inception Phase of the programme (18-month)

Component	Total GFCR Grant Cost	Proportion deployed as Traditional Grant	Proportion deployed as Concessional Instrument
Outcome 1	563,322	563,322	
Outcome 2	457,762	457,762	
Outcome 3	396,990	396,990	
Direct Costs	1,589,679	1,589,679	
Indirect Costs (7%)	111,278	111,278	
TOTAL	1,700.957	1,700.957	

F.2. Grant Co-financing

F.2.1. Co-financing Strategy (200 words)

Green Climate Fund. MAR Fund is participating, with IUCN and the Smithsonian Institution, in the development of a concept for a regional project for the GCF. One of its three components aligns with this proposal for the GFCR. It will be carried out through two mechanisms: 1) Search for and incubation of a regional pipeline of market projects oriented to adaptation and mitigation measures and 2) Small grants to support ecosystem-based adaptation and restoration of coral reefs, mangroves and seagrasses. Proposals that incorporate the design/early development of activities with market potential will be encouraged. It is foreseen that the concept document will be formally submitted to the GCF by end of February or early March 2022.

Potential for co-financing: the ambition is to raise US\$5 million for incubation of market initiatives (including monitoring and evaluation and impact awards).



GLOBAL FUND FOR
CORAL REEFS

	<p><u>Protection of Marine Resources in Central America – III</u>. This project, funded by KfW and which is currently initiating, will be implemented by MAR Fund. The project will operate through two calls for proposals targeting coastal and marine protected areas in the MAR. Eligible activities include alternative income practices, sustainable fisheries and low impact tourism. Projects will have an average budget of \$500,000 for three years. We can assume that at least four protected areas will incorporate these topics in their projects and may spend up to \$80,000 on them. Potential for co-financing: \$320,000.</p> <p><u>Identification and initial support for ongoing or potential initiatives to simultaneously improve economic opportunities for women and the health and resilience of marine and coastal ecosystems in the Mesoamerican Reef region</u>. This project, funded by The Summit Foundation, is being implemented by MAR Fund. Co-financing: \$50,000</p> <p>Support by The Summit Foundation for the <u>MAR Leadership Program</u>, granted via the MAR Fund. Co-financing: \$50,000</p> <p>The MAR region is not prioritized by the main ocean donors and is not considered as a target area in most of the recent ocean-oriented initiatives and / or coalitions. The GFCR can be very important to generate awareness about the MAR and its importance for the greater Caribbean among donors and development banks. A fundraising strategy will be developed during the inception phase of the programme.</p>																											
F.2.2. Grant co-financing overview	<table border="1"> <thead> <tr> <th data-bbox="451 979 753 1015">Co-financing Source</th> <th data-bbox="753 979 968 1015">Amount (USD)</th> <th data-bbox="968 979 1402 1015">Status</th> <th data-bbox="1402 979 1934 1015">Relevant programme component</th> </tr> </thead> <tbody> <tr> <td data-bbox="451 1015 753 1084">UNDP Small Grants Program</td> <td data-bbox="753 1015 968 1084">450,000</td> <td data-bbox="968 1015 1402 1084">Secured</td> <td data-bbox="1402 1015 1934 1084">Outcomes 1 and 2. Outputs: 1.3, 2.1, 2.2, 2.4</td> </tr> <tr> <td data-bbox="451 1084 753 1154">The Ocean Foundation</td> <td data-bbox="753 1084 968 1154">142,400</td> <td data-bbox="968 1084 1402 1154">Secured</td> <td data-bbox="1402 1084 1934 1154">Outcomes 1, 2 and 3 Outputs: 1.1, 1.2, 2.1, 2.2, 3.1, 3.2</td> </tr> <tr> <td data-bbox="451 1154 753 1224">Smithsonian Institution</td> <td data-bbox="753 1154 968 1224">30,000</td> <td data-bbox="968 1154 1402 1224">Secured</td> <td data-bbox="1402 1154 1934 1224">Outcomes 1 and 2 Outputs: 1.1, 1.2, 1.3</td> </tr> <tr> <td data-bbox="451 1224 753 1294">KfW</td> <td data-bbox="753 1224 968 1294">320,000</td> <td data-bbox="968 1224 1402 1294">Secured</td> <td data-bbox="1402 1224 1934 1294">Outcomes 1 and 2. Outputs: 1.3, 2.1, 2.2, 2.4</td> </tr> <tr> <td data-bbox="451 1294 753 1364">The Summit Foundation</td> <td data-bbox="753 1294 968 1364">100,000</td> <td data-bbox="968 1294 1402 1364">Secured</td> <td data-bbox="1402 1294 1934 1364">Outcome 2 Outputs 2.4</td> </tr> </tbody> </table>				Co-financing Source	Amount (USD)	Status	Relevant programme component	UNDP Small Grants Program	450,000	Secured	Outcomes 1 and 2. Outputs: 1.3, 2.1, 2.2, 2.4	The Ocean Foundation	142,400	Secured	Outcomes 1, 2 and 3 Outputs: 1.1, 1.2, 2.1, 2.2, 3.1, 3.2	Smithsonian Institution	30,000	Secured	Outcomes 1 and 2 Outputs: 1.1, 1.2, 1.3	KfW	320,000	Secured	Outcomes 1 and 2. Outputs: 1.3, 2.1, 2.2, 2.4	The Summit Foundation	100,000	Secured	Outcome 2 Outputs 2.4
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GLOBAL FUND FOR
CORAL REEFS

	Green Climate Fund Co- financing ambition	5,000,000	Concept in preparation stage in partnership with IUCN and Smithsonian Institution	Outcomes 1, 2 and 3 Outputs:1.1, 2,1, 2.2, 2.3, 3.1, 3,2	
F.3. Commercial Investments					
F.3.1. Investment Strategy (200 words)	<p>In strategizing for MAR+Invest, MAR Fund partnered with New Ventures considering its institutional capacities as an innovator, accelerator and investor, but also because of its networks in the impact investment sector with a focus in LATAM. New Ventures launched and manages the regional affiliate group Toniic²⁷ for LATAM, leads the Mexican chapter of the Global Steering Group for Impact Investing and is a member of the Mexican Impact Investing Alliance²⁸. New Ventures also hosts the Impact Investing Forum for LATAM which is the primary yearly gathering of impact investors with interest in Latin America and the Caribbean.</p> <p>To secure financing sequencing for the MAR+Invest portfolio, New Ventures will have the role of investment banker and it will leverage its networks and expand them to reach the most likely ocean-minded investors with interest in the MAR. This work will be supported with a GFCR results-based grant.</p> <p>A complementary activity will be developed via Build & Connect with a cohort dedicated to work with impact investors and accelerators in the MAR region to build capacities for the generation of ocean-oriented investment and acceleration portfolios with the ultimate goal to attract investment capital to the region.</p>				
F.3.2. Commercial Investment Overview	<p>Although no evaluations have been completed at the moment, New Ventures estimates that 45 million can be attracted for shrimp farming modernization and blue carbon.</p>				
	Source of Invest. Capital	Category	Amount	Status	Relevant programme component or intervention
	GFCR Equity Fund		45.000.000	<i>Ambition</i>	Modernization of Shrimp farming.

²⁷ www.toniic.com

²⁸ A group of private and public sector actors committed to strengthening the impact ecosystem through policy making and awareness efforts



					Blue Carbon
			TOTAL		45.000.000
F.4. GFCR Grant Leverage of Investment Capital					
<i>Below, indicate the GFCR grant leverage of the programme using the totals in categories F.1., F.2.2, and F.3.2.</i>					
F.4.1. Leverage Ratio GFCR Grant to Investment Capital (F.1.: F.3.2.)				1: 3	
F.4.2. Leverage Ratio GFCR Grant to grant co-financing (F.1.: F.2.2.)				1:0.5	

Annex 1 – Results Framework

OUTCOME 1. Generation of coral positive market-based solutions for CMPA in the MAR.



GLOBAL FUND FOR
CORAL REEFS

Output 1.1. Improvement in coral health									
Result / Indicators	Baseline	2022 Target	2023 Target	2024 Target	2025 Target	2027 Target	2030 Target	Means of Verification	Responsible partner
Percentage reduction in fleshy macroalgae (FMA) in targeted reefs	2018-20% FMA cover (poor)-MAR average	No expected improvement yet		<19% FMA in targeted areas	<15% FMA in targeted areas		<12% FMA cover, reaching fair grade	HRI monitoring and data	HRI
Percentage increase in coral cover in targeted reefs	19% coral cover (fair)-MAR average	No expected improvement yet – losses expected due to SCLTD		~19% coral cover in targeted areas	20% coral cover in targeted areas		>22%, classifying as good in target areas	AGRRA database, HRI report card, data explorer	HRI
Increase in biomass of herbivorous or fish species	2389g/100m2 (fair)	No expected improvement yet		~2500g/100m2 in targeted areas	~2600g/100m2 in targeted areas		“Good” classification, with biomass higher than 2740g/100m2	AGRRA database, HRI report card, data explorer	HRI
Increase in biomass of commercial reef fish species	729g/100m2 (poor)	No expected improvement yet	No expected improvement yet		>800g/100m2 in target areas with fisheries improvement projects		“Good” classification with biomass higher than 1210g/100m2 In fisheries target areas with at least 5 years since implementation	AGRRA database, HRI report card, data explorer	HRI
Increase in coral species richness	4.18 as MAR average (10m transect)	No expected improvement yet	No expected improvement yet	~20% increase			~30% increase	AGRRA database, HRI report card, data explorer	HRI
Output 1.2. Contribution to financial sustainability in CMPA of the MAR									
Result / Indicators	Baseline	2022 Target	2023 Target	2024 Target	2025 Target	2027 Target	2030 Target	Means of Verification	Responsible partner
Increased number of solutions in priority areas of	No solutions contributing to financial		6 to 10 new solutions identified		18 to 30 additional solutions identified	12 to 20new additional solutions identified	Total of 36 – 60 new solutions identified		



the MAR that contribute to improve financial sustainability	sustainability of CMPAs in the MAR								
Ratio of protected area cost covered by the private sector vs. the public sector or grants	Targets to be established in inception phase with study of current financial gaps and solutions identified in 1 st call for proposals and inception portfolio.								

Output 1.3. Protected Area resident communities are stewards of the territory									
Result / Indicators	Baseline	2022 Target	2023 Target	2024 Target	2025 Target	2027 Target	2030 Target	Means of Verification	Responsible partner
Area (ha) of new interconnected ecosystems designated as CMPAs (Including private protected areas)	New areas under protected area designation =0				Placencia Lagoon under protected Area Designation with commitment from clients of Coral positive transitional loans (shrimp farms of not changing land use and protecting their mangrove cover) Area to be established by WWF (undetermined date)			National registry. Protected Area designation	MAR Fund HRI NEW VENTURES
tCO2e per year sequestered through protection and/or restoration of	Will depend in stes		MAR Carbon credits issued for Yulum Balam and Cozumel in Quintana Roo (920 ha restored	MAR Carbon credits issued for 1,000 ha of mangroves restored and 10,000 ha of	MAR Carbon credits issued for 1,000 ha of mangroves restored and 10,000 ha of	MAR Carbon credits issued for 1,000 ha of mangroves restored and 10,000 ha of	Activities for 3,920 ha of mangroves restored and 39,875 ha of mangroves	Number of hectares of mangroves restored and conserved	NV MAR Fund HRI



threatened mangrove and seagrass ecosystems			and 9,875ha of mangroves conserved) 56,887 tCO2e per year during 20 years From Tab Che project	mangroves conserved in CMPA in the MAR 65,000 tCO2e per year during 20 years	mangroves conserved in CMPA in the MAR 65,000 tCO2e per year during 20 years	mangroves conserved in CMPA in the MAR 65,000 tCO2e per year during 20 years	conserved are fully implemented among MPAs in the MPA system of the MAR and generating income for the CMPA, co-manager entities and communities 4 million carbon credits registered under MAR+Invest support.	MAR+Invest Portfolio Scorecard	
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Output 1.4. Incentives and blue financial products are available for protected area-dependent activities

Result / Indicators	Baseline	2022 Target	2023 Target	2024 Target	2025 Target	2027 Target	2030 Target	Means of Verification	Responsible partner
Number of incentives and blue financial products that are available for protected area-dependent activities	No financial mechanism in the region to foster market solutions with coral positive impact	One solution for blue carbon projects. One solution for shrimp farming modernization. If feasibility study of CORAL is positive, a new solution for small enterprises in Giuanaja will be generated. Other targets to be established in inception phase according to the needs of the inception portfolio						Financial statements Sales reports MAR+Invest Portfolio Scorecard	NV MAR Fund HRI



GLOBAL FUND FOR
CORAL REEFS

OUTCOME 2. Livelihoods of coral-reef dependent communities are MAR positive with increased resilience to climate change

Output 2.1. Improved conditions for climate resilient livelihoods									
Result / Indicators	Baseline	2022 Target	2023 Target	2024 Target	2025 Target	2027 Target	2030 Target	Means of Verification	Responsible partner
Number of locals (total # of individuals) employed in businesses with a direct or indirect positive impact on coral reefs and associated ecosystems vs. baseline (t=0)	<p>* Number of individuals working in seaweed farming Results from business plan will inform targets</p> <p>* Number of individuals employed in blue carbon projects Results from design and baseline will inform targets.</p> <p>* Number of individuals working with King Crab mariculture. Results from business model and planning will inform targets.</p>						<p>Preliminary targets, assuming 12 new farms = 120 new jobs for women by the end of the program</p> <p>At least 200 jobs for full development of blue carbon project in the inception portfolio</p>		
Fishers' income (US\$/year) from sustainable fishery or mariculture jobs vs. Fishers' income (US\$/year) from non-sustainable	<p>Feasibility study to be completed in inception phase for fisheries in Guanaja Targets will be established in inception phase</p>		At least 20 organizations of small-scale fishermen will be operating under improved environmental practices.						



fishery job. Additionally, ratio of fishers employed in sustainable fisheries vs non-sustainable fisheries.									
Number of locals (total # of women) employed in businesses with a direct or indirect positive impact on coral reefs and associated ecosystems vs. baseline (t=0)	Baselines to be established for seaweed farming, blue carbon and king crab during inception phase						1,000 jobs recovered (50% for women in the shrimp farming industry)		
Amount of catalytic capital secured via MAR+Invest	Other targets to be established during inception phase				5 million to finance MARTAF technical assistance				
Amount of commercial capital secured via MAR+Invest	Other targets to be established during inception phase						45 million (Estimate with current opportunities)		

Output 2.2. Enabling markets for coral positive enterprise development and attraction of capital									
Result / Indicators	Baseline	2022 Target	2023 Target	2024 Target	2025 Target	2027 Target	2030 Target	Means of Verification	Responsible partner
Number of coral positive solutions identified for the MAR that have potential to attract investment capital. (Solutions identified via calls for proposals)		Six to ten new solutions		18 to 30 additional solutions = 24 to 30 target.			12 to 20 additional solutions = 36 to 60		MAR Fund NV



Output 2.3. Reduction in scale of local drivers of coral reef degradation									
Result / Indicators	Baseline	2022 Target	2023 Target	2024 Target	2025 Target	2027 Target	2030 Target	Means of Verification	Responsible partner
Reduction of nutrient pollution discharged by shrimp farming	Baseline to be established in inception phase		30% reduction	50% reduction	75% reduction		Zero nutrient pollution from shrimp farms under MAR+Invest 100% reduction		WWF HRI NV Shrimp Growers

Output 2.4. Increased women participation in reef positive activities and decision making									
Result / Indicators	Baseline	2022 Target	2023 Target	2024 Target	2025 Target	2027 Target	2030 Target	Means of Verification	Responsible partner



Number of women participating in businesses and participatory councils in CMPAs	Baseline and targets will be established during inception phase								HRI
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OUTCOME 3 MAR Relief Fund effectively responds to major shocks

Output 3.1. Emergency Fund is expanded in size and scope									
Result / Indicators	Baseline	2022 Target	2023 Target	2024 Target	2025 Target	2027 Target	2030 Target	Means of Verification	Responsible partner
Number of crisis management plans incorporated into reef-linked businesses and initiatives to mitigate and be more resilient to impacts of shocks such as intense storms, disease outbreaks, severe bleaching events, etc. vs baseline (t=0)	Baselines to be established during inception phase								
Number of parametric reef insurance schemes put in place vs baseline (t=0)	Targets to be established in inception phase in conjunction with blue carbon projects and								



	potential GCF financing								
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GLOBAL FUND FOR CORAL REEFS

Annex II: Summary of M&E Strategy

The M&E strategy will be focused on outcomes at the regional and sub-regional scale. These overarching reef health outcomes will build on the existing HRI reef health database with ecological data from ~300 sites covering from 2006 to the present.

This entire dataset is available as the highest level of M&E for the main outcome of improved coral reef health. The primary indicators in the Reef Health Index are coral cover, fleshy macroalgal cover, herbivorous fish biomass and commercial fish biomass. This measure will reflect more of an aggregate influence of the interventions on a wider scale. Some comparisons of impact can be made between sub-regions with several interventions and sub-regions with no specific interventions.

For each proposed project more specific outcome and output indicators will be developed as the precise details of the agreements and locations are finalized. HRI will be ultimately responsible for designing or co-designing the M&E Plans and in many cases will handle the implementation of the plans (some interventions like the TNC Seaweed have existing technical staff for monitoring already in place).

HRI can convene a M&E virtual workshop during the project inception phase to assimilate all available data, expertise and ideas for the M&E Plan.

For social impacts HRI will review potential SOCMON²⁹ indicators and any new census-level data that may become available in the short-term, for review and incorporation by the HRI team. HRI will also rely on government, business, and NGO partners to share their contributions of social data for evaluating the SDGs. Livelihoods based on tourism and fishing will be sustained or improved, and climate mitigation and adaptation (through supporting mangroves and coral reef health as natural protection to extreme weather events). The HRI team received SOCMON training.

HRI will coordinate with UNEP on ensuring GFCR core indicators are captured alongside the four key indicators of HRI.

²⁹ <https://drive.google.com/drive/folders/1uRI879r26GSt4ByHZ3ThmfzcguzRL-2u?usp=sharing>



GLOBAL FUND FOR CORAL REEFS

Annex III: Section B – Priority Coral Reef Ecosystems Supporting information

Part 1- Environmental Analysis Supporting Material

Coral Reef Ecosystem Health in the Mesoamerican Reef:

The health and resiliency of the Mesoamerican reef was last assessed on a wide scale in 2018 by the partners of the Healthy Reefs Initiative, as fully described in the 2020 Mesoamerican Reef Report Card, and five previous Report Cards with data collection beginning in 2006³⁰. A total of 286 sites were assessed in 2018. Reef health is assessed with four key indicators: live coral cover, fleshy macroalgal cover, herbivorous fish biomass (parrotfish and acanthurids), and commercial fish biomass (grouper and snappers). These indicators are ranked against threshold values (see p.3, 2020 Report Card), with all four indicators being equally weighted into the Reef Health Index. Most of the sites across the entire region ranked as poor (46%) followed by those as fair (29%), critical (16%), good (8%) and very good (1%). The vast majority of these sites were randomly selected in 2005 through an independent habitat assessment by the University of Miami and AGRRA, with some additions by MPA managers to include different management zones of the MPAs.

The Northern Barrier reef of Belize ranks as ‘fair’ overall (all 4 indicators) but had the lowest live coral cover (11%) of all subregions in the MAR, and a relatively high level of problematic fleshy macroalgae (22%), indicating a critical need to improve water quality in this subregion. In particular, there are concerns about pathogens from human wastewater extant on the coastal waters, that have been linked to coral disease. This is becoming an increasing concern with Stony Coral Tissue Loss Disease now in the area.

The Southern Barrier reef subregion has the highest fleshy macroalgae cover in Belize (27%) despite having the highest herbivorous fish biomass in the MAR. The fact that all four MAR countries have protected parrotfish (in Honduras only the coastal reefs are not protected), adds to the resiliency potential if the entire ecoregion, since increasing herbivory is one way to increase resiliency to other stressors, including bleaching and hurricanes (Bozec et al, 2016, Mumby et al, 2012).

In addition to the Southwater Caye Marine Reserve priority area, Turneffe Marine Reserve, where TNC has focused their seaweed mariculture effort, is a good priority area for interventions. Although Turneffe was ranked as poor overall, due to lower-than-average fish biomass. Its values for coral cover (19%) and fleshy macroalgae (15%) are on average or slightly better than for the MAR overall.

Reef Health Index Trends by Country

Mexico’s RHI has remained “Fair” (2.8) due to a steadily declining commercial fish biomass (939 g/100m²) and high values of fleshy macroalgae (18%). Although coral cover showed a small (1%) increase with 16% total cover, this sampling occurred mostly before the stony coral tissue loss disease outbreak. Thanks to Cozumel’s overall high values of herbivorous fish, biomass has now increased to 2470 g/100m². Without

³⁰ Report cards in HRI website: <https://www.healthyreefs.org/cms/report-cards/>



including the offshore reefs (Cozumel and Chinchorro), Mexico's RHI would drop to 2.5, classifying it as "poor".

Belize's RHI increased: 2.8 to 3.0—now the highest in the region. Coral cover remains "Fair" (17%). Fleshy macroalgae is still "Poor" (19%), although it has been slightly decreasing over the last two assessments, likely in response to the 2009 full protection of parrotfish, which have also been increasing over this period, now achieving Belize's only "Good" indicator (2744g/100m²), the highest in the region. Commercial fish had a slight reduction (824 g/100m²), highlighting the need for more commercial fish protections and more fully protected zones within the MPAs.

Guatemala's RHI remains "Poor" (2.0) and the lowest regionally. Critical commercial fish biomass is the primary concern (204 g/100m²), likely related to unsustainable fishing gear, poor fisheries surveillance and lack of replenishment zones. Herbivorous fish doubled (after protection in 2015) but remains "Critical" (873 g/100m²). Coral cover decreased but is in good condition with 22%.

Honduras' RHI decreased, from "Fair to Poor" (3.0 to 2.5)— first time a country had its overall ranking drop an entire category. Both fish groups declined by about half: herbivorous fish from 4474 to 1981 g/100m² and commercial fish from 675 to 383g/100m². Conversely, coral cover increased (22% to 27%), while fleshy macroalgae decreased (27% to 24%), potentially from efforts to reduce nutrient and sewage pollution.

Part 2- Social Analysis Supporting Material

The MAR houses a biodiversity of utmost importance for the well-being of about 3 million people, including indigenous communities, that inhabit the region and use the sea as a source of food; and it also represents a highly sought-after attraction for the more than 16 million visitors who travel to the region every year.

1. The importance of the MAR for the local economies:

The importance of the reef economy varies greatly among the 4 countries. For México, Belize and Honduras the tourism sector is critical for the economy of the coastal states. Quintana Roo's economy (Mexico) is the most dependable on tourism in the region. Quintana Roo's tourism accounts for 87% of the state's GDP (Espejel and Sherman 2021)³¹.

For Belize, the tourism industry constituted close to 45 percent of GDP, 40 percent of total employment and 42 percent of total exports in 2019 (IDB, 2020). Fisheries make a greater contribution in Honduras and Guatemala to the local economies. The value of fisheries in the Caribbean coast of Honduras alone is US\$ 99.44 M which is close to 52% of the total value of fisheries in the MAR³².

Coastal communities are particularly dependent on fishing, and fishing is an important source of employment in the most important fishing locations.

2. The importance of indigenous peoples in the MAR:

³¹ <https://storymaps.arcgis.com/stories/6b1666acb1634586bfe55a622b738fd8>

³² IDB – WRI <https://publications.iadb.org/publications/english/document/Economic-Valuation-of-the-Ecosystem-Services-of-the-Mesoamerican-Reef-and-the-Allocation-and-Distribution-of-these-Values.pdf>



A 2016 map published by the IUCN shows³³ that indigenous peoples occupy 40 per cent of Central America's protected areas and play an essential role in protecting biodiversity. The map illustrates how approximately 51 percent of Central America's current forest cover is either inside or adjacent to indigenous territory and that 39 percent -of 948 recognized terrestrial and marine protected areas in which - over 37,000 square miles- are home to Indigenous peoples³⁴.

For coral ecosystems in Central America, the IUCN found that 59% of coral reefs in Central America - including the MAR-, 24% of mangrove forest and 71% of seagrass are located in areas of occupation and use of indigenous communities, 94% of turtle nesting sites and 18% of manatee watching sites. The most prominent indigenous groups in the region are Q'eqchi', Mopan and Yucatec Maya, Garifuna, Miskito.

The data shows that reef ecosystems have more presence of indigenous communities than forest ecosystems. Being such an important stakeholder, the participation of indigenous communities in conservation activities in the MAR is active in every country and shows different levels of inclusion and participation. Relationships among the different groups are normally good. Different groups are usually involved in projects, consultations and decision making in different protected areas where several groups coexist.

Garifuna presence remains in Belize Guatemala and Honduras, Maya extends through Mexico and Belize and Guatemala.

"One of the most studied cases in the region is the survival of Sarstoon-Temash's -SNTP- unique wetlands and mangrove complex that owes much to the management practices of the local indigenous peoples who have historically used its resources. There are five indigenous communities located close to the border of the SNTP, who have traditionally used, interacted with and depended upon the natural resources located within it.

Years of economic and social exchanges between the different groups lead to collaboration in order to protect resources and land from the expansion of touristic developers. With the support from the conservation community and development donors, the indigenous communities made the ground-breaking decision to ask for inclusion within the park management structure. The indigenous participants had no formal resource management experience, nor any local examples of a successful indigenous/governmental co-management initiative to draw upon. However, with the input provided by the external representatives, the communities began to understand how the park could represent an opportunity for them to increase their income-generating opportunities by preserving, rather than exhausting, their natural resources³⁵.

Most indigenous communities have been linked to fisheries and agriculture in the MAR. Part of the effort in SNTP was made by the communities because they were witnessing the economic and social effects of resource depletion.

³³ https://www.iucn.org/sites/dev/files/content/documents/2016/brochure_mapa_version_final.pdf

³⁴ IUCN https://www.iucn.org/sites/dev/files/content/documents/2016/brochure_mapa_version_final.pdf

³⁵ <https://portals.iucn.org/library/node/7806>



Part 3- Policy Analysis Supporting Material

At the regional level, in acknowledgement of the importance and connectivity of the Mesoamerican Reef region, the heads of state of Mexico, Belize, Guatemala and Honduras signed the Tulum Agreement in June 1997 with the objective of promoting the conservation of the ecoregion through its sustainable use, thereby contributing to the wellbeing of present and future generations.

- The Central American Commission for Environment and Development (CCAD) was established with the mission of developing a regional regime for environmental cooperation and integration that contributes to improving the quality of life of the populations of its Member States. Its actions have responded to the Environmental Plans of the Central American Region (PARCA). The Regional Environmental Framework Strategy 2021-2025 -to be published soon- includes strategies to include strategic actions focused on the promotion of economic activities based on adequate management of biodiversity and environmental services. It also has a strategy to transition to sustainable production and consumer patterns within a regional plan for the circular economy. A third element of importance is the focus on improving governance and the investment climate for forest ecosystems, including mangroves, articulating adaptation and mitigation to climate change with protection, sustainable and cultural management of forests and restoration.
- Currently, the CCAD is carrying out the Integrated Ridge to Reef Management of the Mesoamerican Reef Ecoregion, or MAR2R project³⁶. The purpose is to enhance regional collaboration for the ecological integrity of the Mesoamerican Reef and scale up the ridge to reef approach to its management.
- With support from the European Commission, OSPESCA³⁷ launched in 2021 a Regional Strategy for Blue Growth (ERCA) for the Central American Integration System (SICA) countries. The strategy focuses on generating enabling conditions in the region to advance the Blue Economy and make a better use of the natural capital via bio marine development and investment.

Policy review by country:

México:

The Ministry of Environment and Natural Resources (SEMARNAT) has developed marine ecological planning programs and strategies for coastal ecosystems, with the integration of information on ocean health, or ecosystem rehabilitation. Thanks to the late declaration of the Mexican Caribbean Biosphere Reserve in 2018, up to 98% of Quintana Roo's territorial sea is under some form of protection.

The coordination of SEMARNAT with other government agencies, education and research bodies and non-governmental and social organizations, through working groups, commissions and committees to agree on projects and schemes, allows conservation of these ecosystems and their biodiversity.

Key legal or governmental tools and framework have been developed to strengthen the conservation and sustainable use of natural resources, such as: the General Law for Ecological Equilibrium and Environmental Protection, the National Territorial planning for seas and coasts, the National Institute for Ecology and Climate Change, the National Commission for Biodiversity, the Mexican Carbon Program or even the coral reef restoration program, blue carbon initiative and management plan for climate change resiliency in Quintana Roo.

³⁶ <https://www.sica.int/mar2r/inicio>

³⁷ <http://www.fao.org/fishery/rfb/ospesca/en>



The Parametric Insurance scheme was developed by TNC in order to “insure” reefs in case of a hurricane impact, and is now applied by the government of Quintana Roo which has shown very creative solutions and is already in use for restoration of impacted reefs and local brigades training. However, despite some innovative initiatives like the one described, the MPA budget in Mexico has decreased over the past years well below their efficiency needs, and conservation finance in the country is facing important challenges.

All these initiatives, tools and figures contribute to the achievement of national and international commitments such as the United Nations Sustainable Development Goals to 2030, particularly Sustainable Development Goal 14: Ocean conservation and sustainable use, the Paris Convention on Climate change, the Convention on Biological Diversity and the Aichi targets.

Guatemala:

Even though Guatemala has many policies involving marine resource management, one of the main instruments is the National Policy and Strategies for the Development of the Guatemalan System of Protected Areas (1999). Some of the greatest achievements for the country in terms of marine conservation is the establishment of two coastal Marine Protected Areas on the Caribbean coast, both sites have been declared Wetlands of International Importance (Ramsar sites); one is the Wildlife Refuge of Punta de Manabique, covering a total of 132,900 ha, of which 66,000 ha are coastal waters. The other site is the Reserva de Usos Múltiples Río Sarstún with a total of 35,202 ha. Located along the southern border with Belize and adjacent to the Amatique Bay. The reserve is formed by a series of wetlands, ranging from continental and coastal to artificial. It has a transboundary character, since it acts as a buffer zone for the wetland of the Sarstoon-Temash Ramsar site in Belize.

In 2020 Guatemala established its first fully protected replenishment zone (for 10 years) on one of the most well-developed coral reef areas in the country, supporting the much-needed connectivity at seascape, ecological and genetic scales. The site was declared through a Ministerial Agreement by the Fisheries Department (DIPESCA) and the Ministry of Agriculture, Livestock and Food (MAGA), being a big conservation success for the country. Guatemala now has the highest percentage of full protection in the MAR: 12% territorial sea and 32% of coral reefs.

A study done by biodiversity finance (BIOFIN), concluded that funding for biodiversity management is insufficient for the country, which means that the government needs to better articulate actions in order to comply with what they have committed to, which are: The Convention on Biological Diversity, the Aichi targets, the National Plans and Strategies for Biological Diversity and the United Nations Sustainable Development Goals.

Honduras:

Honduras has many policies, laws and legal instruments to protect biodiversity, including the National Environmental Law, Coastal Zone Management Plans, Biodiversity Law, among others. A very important tool is the creation of Interinstitutional Protected Areas Committees, which bring together government entities, NGOs and civil society to increase and improve management of protected areas. Honduras has created a co-management scheme, in which NGOs are given mandate to manage PAs and MPAs, with minimal government oversight.



33% of Honduras' MAR is under some form of marine protected area, which is equivalent to 8,087.1 km². It has also signed and ratified international treaties for conservation such as the RAMSAR Wetlands Convention, the Convention on Biological Diversity, the Aichi Targets, the National Plans and Strategies for Biological Diversity and the United Nations Sustainable Development Goals.

A major recent achievement was the ratification of UNEP's Cartagena Convention, which protects oceans and related ecosystems within its 3 Protocols: Oil Spills; Specially Protected Areas and Wildlife; and Land Based Sources of Marine Pollution. These tools will allow reducing pollution parameters such as wastewater quality discharges, improving upon the National Norm, when related to bodies of water used for recreation or having coral reef ecosystems.

Belize:

Regionally Belize has demonstrated its leadership by attaining the highest score on all 4 Eco-Audits over the last decade - although the gap is closing. Belize protected all of their Nassau grouper spawning sites in 2003 and was the first to protect all parrotfish (and Acanthuridae) in 2009 to improve herbivory.

Belize was one of the first countries in the world to Ban bottom trawling and Oil Drilling in their entire EEZ. They successfully for the Belize Barrier reef world heritage site back off the "in danger" list by implementing a suite of management recommendations, including the implementation of the Integrated Coastal Zone Management Act.

The new government established the Ministry of Blue Economy to position the country to align with climate, food and sustainability goals associated with marine conservation. The Belize Prime Minister has recently committed to achieve 30% highly protected before 2030 and has successfully negotiated a restructuring of ~\$500 million of the national debt within the Nature Conservancy's 'blue bond' initiative. Belize would enact "durable marine conservation efforts and sustainable marine-based economic activity," and fund a \$23.4 million endowment to support future marine conservation projects.



GLOBAL FUND FOR CORAL REEFS

Annex IV: Section C – Programme Strategy Supporting information

NOTE: The calls for proposals, in this case for call No. 1, target both sustainable financial solutions for CMPAs –Outcome 1– and community livelihoods (including a focus on women and indigenous communities) –Outcome 2. For this reason, the activities related to the design and implementation of the call for proposals, are replicated in both outcomes.

Outcome 1: Generation of coral positive market-based solutions for coastal and marine protected areas.	
Output 1.1. Improvement of coral health	
<p>Activity 1.1.1 Generation of baseline and ecological indicators in priority CMPA of MAR+Invest.</p>	<p>AGRRA monitoring field trips and database analysis on selected priority areas. Ecological indicators of coral and macroalgae covers, herbivorous and commercial fish biomass. Logistics, team deployment and reports.</p> <p>Baselines will be extracted from the database of 2020 monitoring effort by HRI. Site level data relevant to each project (coral and macroalgae covers, herbivorous and commercial fish biomass) will be extracted from the existing HRI database that cover in the 18 areas of interest.</p> <p>Engage partners to identify other relevant data bases.</p> <p>One report will be generated for each priority area (18 reports).</p> <p>One summary report for MAR+Invest partners will also be generated with relevant observations and recommendations for the interventions in the different CMPA.</p>
<p>Activity 1.1.2 Development of environmental impact assessment tools for solutions in inception portfolio (in Outcome 1).</p>	<p>Impact assessment tools are developed by New Ventures and field experts with the objective to have a common framework to evaluate social and environmental results. The tool is adapted to specific sectors in accordance to the problem/issue that each solution in the portfolio is solving. This tool is critical to establish impact awards which are, in most cases, interest discounts. These tools use the ecological and social baselines as a starting point, and according to the value proposition of the solution, generate a framework to assess positive impact during the time of the investment.</p> <p>A review of impact indicators for shrimp modernization will be carried out in alignment with the GFCR indicators and with participation of WWF Central America. Appropriate indicators</p>



	<p>available in the HRI database and other identified sources of information will be used and a matrix of detailed indicators will be developed.</p> <p>Note: Baselines and assessment tools for Seaweed farming and King Crab mariculture will be generated in Outcome 2 because these activities are generators of livelihoods and climate adaptation outcomes (Activity 2.3.1). The baselines for GOAL will be generated in activity 1.4.2.1.</p>
<p>Activity 1.1.3 Development of environmental tools (assessments) for solutions identified in call for proposals No. 1.</p>	<p>Development of impact assessment tools for solutions identified in call for proposals #1. These assessments are the basis for the future application of impact awards. HRI will also support the development of the impact assessment tools. Indicators by project will be shared with the GFCR</p>
<p>Output 1.2: Contribution to financial sustainability in CMPA of the MAR.</p>	
<p>Activity 1.2.1 Tool design and / or adaptation to identify current financial gaps in CMPA (priority areas)</p>	<p>MAR Fund has a financial assessment tool to identify current financing gaps in CMPA that requires an update and revision. The tool will be adapted, tested and modified (based on a pilot test with some of the priority areas). A contractor will adapt and test the tool. From 3 to 5 priority CMPA will participate in the test of the tool.</p>
<p>Activity 1.2.2 Establishment of baselines of financial gaps in priority areas of the MAR</p>	<p>MARTAF will coordinate the adaptation of the tool, will support managers and co-managers of CMPA in its application, will conduct data analysis and will generate the report on the gaps during the inception phase of MAR+Invest.</p> <p>The financial gap evaluation will be completed for the 18 priority CMPA identified by MAR+Invest. If other areas are included during the inception phase or other phases, the tool will also be applied. A report will be generated with analysis and recommendations.</p> <p>Targets may be established in consultation with CMPA management and solution providers, when applicable (e.g. blue carbon).</p>
<p>Activity 1.2.3 Design of call for proposals No. 1 aligned to baselines, targets and priority sectors identified.</p>	<p>New Ventures and MAR Fund will co-design the call for proposals based on processes used by the organizations. The design will include objectives, timelines, eligible beneficiaries, content and others. The process will use the virtual platform for management of proposals that is currently managed by MAR Fund and will incorporate the MAR Fund Environmental and Social Management System screening tool (currently being finalized).</p>
<p>Activity 1.2.4 Implementation of call for proposals No. 1 aligned to baselines, targets and priority sectors identified for CMPA</p>	<p>New Ventures and MAR Fund will implement the call for proposals within the mapped CMPAs. The call for proposals launch will be done through a communications strategy in social media, partners networks, and direct contact with potential participants. As part of the focus of the call for proposals are solutions with a value</p>



	<p>proposition that contribute to financial sustainability of CMPAs, the networks to reach will be those with some relation or influence in CMPAs in the four countries.</p> <p>Proposals will be evaluated by the Project Selection and Investment Committee, and selected proposals will sign an agreement.</p> <p>Selected solutions will receive acceleration support, which includes 16 hours of KPI mentorship per participant; 4 hours of financial advisor sessions per participant; up to 5 hours of mentorship sessions with New Ventures' Sustainable Minds Network, and unlimited coaching from the New Ventures Accelerator team. The goal is to accelerate these developments increasing the likelihood of effectively closing financial gaps in the priority CMPAs of the MAR.</p> <p>This activity focuses on CMPA, but is replicated for Outcome 2, with a focus on community livelihoods.</p>
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Output 1.3: Protected area stakeholders and resident communities are stewards of the territory.

<p>Activity 1.3.1 Baseline generation and monitoring for shrimp farming in Belize</p>	<p>AGRRA monitoring field trips and database analysis on selected reefs closest to shrimp farms. Measurement of the following ecological indicators: coral and macroalgae cover, herbivorous and commercial fish biomass. Others will be identified based on the specifics for a sustainable shrimp production and that have a better alignment with GFCR indicators.</p> <p>Logistics, team deployment and reports. Water quality analysis of N and P in Placencia Lagoon and coastal waters. Satellite-based analysis of mangrove cover.</p>
<p>Activity 1.3.2 Structuring shrimp farming coral positive strategy via loans or equity</p>	<p>Based on the research and previous activities, Viwala will structure the financial mechanism strategy to deliver a financial product for shrimp farming in Belize. Interviews will be conducted with the Shrimp Farmers Association and with farm owners, financial data will be studied, data validation and verification will be required and interviews with each farm will be required.</p> <p>These activities will be coordinated with Pegasus Capital Advisors.</p>
<p>Activity 1.3.3 Test of enterprise development for fisheries and ecotourism in Guanaja (Honduras)</p>	<p>GOAL will lead the test phase to identify the needs, opportunities and actions in order to replicate the blue economy approach involving fisheries and small tourism businesses. Workplan and activities details will be available once the project starts. This work focuses on the intervention of value chains and governance agreements. Reports will be generated with specific changes that generate coral positive income for communities in (Guanaja). The work includes value chain interventions in order to provide the businesses with better market conditions.</p>



Output 1.4: Output 1.4: Incentives and blue financial products are available for protected area-dependent activities.	
Activity 1.4.1 Research and development of fundraising strategy for stage 1 of MAR+Invest linked to types of financial products to be offered (for solutions in inception portfolio)	VIWALA will source equity or debt investment for stage 1 initiatives that have economic sustainability and impact. VIWALA will support the entire process from capital raising to funding strategy.
Activity 1.4.2 Implementation of enterprise development for fisheries and ecotourism in Guanaja	Based on the results of the test phase, GOAL will present a plan to allocate US\$ 800,000 in loans for the targeted fishing coops and small tourism businesses (US\$ 200,000 in concessional capital and US\$ 600,000 in commercial capital). The plan will be analyzed by the Project Selection and Investment Committee and a decision for capital deployment will be made. HRI will generate the baselines and the M&E plan.
Outcome 2 – Livelihoods of coral reef-dependent communities are coral positive with increased resilience to climate change.	
Output 2.1: Improved conditions for climate resilient livelihoods	
Activity 2.1.1 Business planning for reef positive businesses	A business plan will be generated for the seaweed farming project and a business model will be generated for the King Crab mariculture project. Both will be developed by contractors in collaboration with the implementing organizations, TNC for seaweed and HRI for King Crab mariculture.
Activity 2.1.2 Acceleration for inception portfolio and for new solutions identified in call for proposals No. 1.	New Ventures' accelerator will design and implement a tailor-made program for the identified solutions and their growth/development needs. (Between 6 and 10 solutions will be identified in the call for proposals.) This process contemplates 16 hours of KPI mentorship per participant; 4 hours of financial advisor sessions per participant; up to 5 hours of mentorship sessions with New Ventures' Sustainable Minds Network, and unlimited coaching from the New Ventures Accelerator team.
Activity 2.1.3 Research, planning and fundraising for commercial capital	Viwala will study each opportunity to identify fundraising needs and schedules for those solutions that are in growth stage and are already market proven. Viwala will target specific investors based on sectors, value propositions, impacts, size of the opportunities and others. During this stage, work will be developed around blue carbon as one of the opportunities with greater potential to attract capital while serving the financial and management needs of CMPAs.



	<p>This activity focuses on the projects with stronger generation of livelihoods.</p> <p>Post investment advice is contemplated if needed for any of the projects.</p>
<p>Activity 2.1.4 Research, planning and fundraising for complementary catalytic capital</p>	<p>MAR Fund will advance research and formulate a strategy to fundraise additional catalytic capital for MARTAF in conjunction with MAR+Invest. A report will be generated with target amounts and potential donors/programs (for the first 4 years of operation).</p>

Output 2.2: Enabling markets for coral positive enterprise development and attraction of capital

<p>Activity 2.2.1 Design of call for proposals No. 1 that will also target community livelihoods</p>	<p>New Ventures and MAR Fund will co-design the call for proposals for the mapped CMPAs that will also target communities within or around the CMPAs and their livelihoods. Eligible activities will include sustainable use of resources within the CMPA by local communities, women and indigenous communities that also reduce threats to coral reefs.</p> <p>The process will use the virtual platform for management of proposals that is currently managed by MAR Fund.</p> <p>(The MAR+Invest vision is to support both CMPAs and sustainable community livelihoods.)</p>
<p>Activity 2.2.2 Implementation of call for proposals No. 1 that also targets community livelihoods (Outcome 2).</p>	<p>New Ventures and MAR Fund will implement the call for proposals within the mapped CMPA, also targeting the generation of livelihoods for communities in CMPA.</p> <p>Proposals will be evaluated by the Project Selection and Investment Committee, and selected proposals will sign an agreement.</p> <p>The support to be provided includes 16 hours of KPI mentorship per participant; 4 hours of financial advisor sessions per participant; up to 5 hours of mentorship sessions with New Ventures' Sustainable Minds Network, and unlimited coaching from the New Ventures Accelerator team.</p>

Output 2.3: Reduced exposure to identified drivers of degradation.

<p>Activity 2.3.1 Baseline generation of ecological indicators related to drivers of degradation linked to MAR+Invest portfolio</p>	<p>These baselines are for those threats that are addressed by seaweed and King Crab, the two initiatives with the highest involvement of local communities.</p> <p>AGRRA monitoring field trips to collect data on selected adjacent reefs.</p> <ul style="list-style-type: none"> • Database analysis and evaluation of ecological indicators of coral and macroalgae covers and others relevant.
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	<ul style="list-style-type: none"> • Water quality analysis of N and P in Placencia Lagoon and coastal waters. Satellite-based analysis of mangrove aerial extent. • Reports of main findings. • Logistics preparation (team trip, boat, diving equipment, monitoring material, team deployment). An average of six people will participate in the visits to collect samples in the reef. • A report of baselines will be generated for these two solutions of the inception portfolio.
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Output 2.4: Increased women's participation in reef positive activities and decision making

Activity 2.4.1 Baseline generation of women's participation in reef positive activities and decision making	Compilation of gender statistics from participants/beneficiaries in inception projects. Based on the analysis, targets will be established for the different projects in the portfolio. The baseline will also be used to generate a gender lens action plan (from the investment perspective). These baselines will also be generated for projects identified in the first call for proposals
---	--

Outcome 3: The MAR Emergency Fund effectively responds to major shocks.

Output 3.1 – Output 3.1: MAR Emergency Fund grows in size and scope.

Activity 3.1.1 Development of operational plan for Emergency Fund in connection with MAR+Invest	MAR Fund will identify the opportunities (from the inception portfolio) to generate a profit and/or benefit sharing formula that allows expansion of the Emergency Fund and will generate an operational plan to pursue these opportunities
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Output 3.2: MAR Emergency Fund is partly financed by profit-sharing mechanisms with some of MAR+Invest portfolio of solutions

Activity 3.2.1 Research and development of blue carbon projects	<p>MAR Fund will research marketing and sales strategies currently used by blue carbon projects.</p> <p>Resiliencia Azul will complete the design of one or several blue carbon interventions with the potential to generate 4 million blue carbon credits in pre-selected CMPA of the MAR. The new project(s) must contribute to generate revenues for CMPA.</p> <p>Via consulting services, MAR Fund will generate a legal feasibility and strategy study for blue carbon projects in Belize, Guatemala and Honduras. FMCN will develop the study for Mexico via GCF financing of the project ACCION.</p>
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COMPLEMENTARY INITIATIVES:



GLOBAL FUND FOR
CORAL REEFS

1. MARTAF. Mesoamerican Reef Technical Assistance Facility	Coral positive business development	Region-wide	Different causes of coral degradation	TOTAL: \$600,000 Traditional Grant: 100% Concessional instrument: NA	Will be structured in 2022 and operate throughout the project.
2. Calls for proposals (6) and acceleration for the generation of coral positive market solutions	Different sectors; some calls for proposals may target specific sectors.	Calls for proposals will be region-wide, and will mainly target the priority areas identified by MAR+Invest.	Different causes of coral degradation	TOTAL: \$600,000 (for calls for proposals and business acceleration) Traditional Grant: 100% Concessional instrument: NA	Will initiate in 2022

MARTAF	
Short Summary	<p>MARTAF will provide funding for technical assistance, fund business development, generate market research, advise on deal structuring in the MAR and other connected needs. Specifically, MARTAF will focus on bolstering organizational and operational capacity of organizations to ensure they can deliver triple bottom line outcomes for the MAR.</p> <p>GFCR offers the possibility of launching MARTAF in conjunction with a robust ecosystem approach to address some of the barriers to attracting capital to the MAR.</p> <p>There is no average size of business to target at the moment. MARTAF will be designed during the inception phase with support from The International Exchange³⁸.</p>
Coral Reef ecosystem impact	<p>A goal of MARTAF is to develop “investment ready” ventures by addressing investment risks, including: lack of business models, poor or no strategic planning, lack of legal structure, poor access to markets, poor governance structure. Assistance may be consulting for improving organizational and/or operational capacity, market research, addressing infrastructure investments needed, among others.</p> <p>Indicators:</p> <ul style="list-style-type: none"> ▪ Amount of catalytic capital attracted for development of coral positive businesses. ▪ Number of market-oriented initiatives with a positive impact on coral reefs strengthened. <p>Targets:</p> <ul style="list-style-type: none"> ▪ To be established in inception phase
Target beneficiaries	Beneficiaries will be all actors involved in developing coral positive market-oriented solutions for the MAR and in need of catalytic capital and business development support. This includes CMPA.

³⁸ www.theinternationalexchange.co.uk



GLOBAL FUND FOR
CORAL REEFS

Actors involved	MAR Fund: MARTAF is a program of MAR Fund. MAR Fund will work to continue to raise funding for the operation of MARTAF.																									
E.2.5. Grant Financing (USD)	The GFCR grant will cover the cost of MARTAF associated to MAR+Invest																									
	<table border="1"> <thead> <tr> <th>Finance instrument</th> <th>GFCR Grant Fund Cost</th> <th>Private Grant Co-financing</th> <th>Public Grant Co-financing</th> <th>TOTAL</th> </tr> </thead> <tbody> <tr> <td>Grant</td> <td>600,000</td> <td></td> <td></td> <td>600,000</td> </tr> <tr> <td>Concessional Loan/Recoverable Grant</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Guarantee</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>TOTAL</td> <td>600,000</td> <td></td> <td></td> <td>600,000</td> </tr> </tbody> </table>	Finance instrument	GFCR Grant Fund Cost	Private Grant Co-financing	Public Grant Co-financing	TOTAL	Grant	600,000			600,000	Concessional Loan/Recoverable Grant					Guarantee					TOTAL	600,000			600,000
	Finance instrument	GFCR Grant Fund Cost	Private Grant Co-financing	Public Grant Co-financing	TOTAL																					
	Grant	600,000			600,000																					
	Concessional Loan/Recoverable Grant																									
Guarantee																										
TOTAL	600,000			600,000																						
Use of grant financing and deliverables	<p>The GFCR grant will be used to establish MARTAF and equip it with a director that will also perform as the MAR+Invest Coordinator. The grant will cover the staff cost for the 8 years of duration of the programme.</p> <p>MARTAF will work closely with New Ventures in the design and implementation of the call for proposals during the inception phase, will secure the adaptation of a tool to evaluate financial gaps in CMPAs, and will support managers of CMPA in the application of the tool. MARTAF will coordinate and provide oversight of the work of the contractor that will be hired to update the financial evaluation tool.</p> <p>In addition, MARTAF will have the responsibility for communications for MAR+Invest. The grant will cover the cost of a communications coordinator that will operate under MARTAF.</p> <p>Simultaneously, during the inception phase, the MARTAF Director will work with Resiliencia Azul to establish a mechanism of revenue/benefit sharing to grow the Emergency Fund managed by MAR Fund.</p> <p>MAR Fund in collaboration with the IUCN and The Smithsonian Institution is working to have a GCF supported project to strengthen MARTAF. The project is in concept phase and aims for U\$ 5M to incubate a regional pipeline of bankable projects and provide small grants.</p>																									
E.2.6. Current stage and timeline	Stage: Planning																									
E.2.7. Connectivity	MARTAF is one of the pillars of MAR+Invest. It aims to secure knowledge, networks and expertise to support an ecosystem of market-oriented coral positive innovations in the MAR.																									
E.2.8. Business																										



<p>model graphic</p>	
<p>Intervention # 5 – Calls for proposals</p>	
<p>Short Summary</p>	<p>In the search for innovations/solutions to tackle social and environmental problems, calls for proposals are well positioned mechanisms with demonstrated results in a range of sectors and geographies.</p> <p>MAR+Invest will use calls for proposals to search for coral positive innovations that can generate revenues for CMPAs and livelihoods for communities in CMPAs. Using this mechanism, MAR+Invest will be able to reach a larger number of solutions aligned to coral impact and CMPA financial sustainability.</p> <p>Six calls for proposals will take place in the 8 years of the project. Each project is expected to receive US\$10,000 in coaching support. This support will be delivered by staff from New Ventures acceleration and mentors when the case requires it. MARTAF and VIWALA / New ventures will coordinate when the project requires additional support in development grants in order to reach a level where it is “investable”.</p>
<p>Coral Reef ecosystem impact</p>	<p>Calls will be designed specifically to address drivers of degradation in the MAR. Partners will identify different thematic focus areas for different calls with the strategy to reach a larger number of networks, entrepreneurs and creators of solutions. Six calls for proposals will be implemented</p> <p><u>Indicators:</u></p> <ul style="list-style-type: none"> ▪ Number of solutions identified. ▪ Catalytic capital directed to coral positive solutions. ▪ Commercial capital directed to coral positive businesses. ▪ Number of solutions in priority areas of the MAR that contribute to improve financial sustainability of CMPA. <p><u>Targets:</u></p> <p>Solutions to be identified: 24 – 40, of which 40% are expected to grow as businesses with the capacity to attract additional capital.</p>
<p>Target beneficiaries</p>	<p>Eligible proponents for the calls for proposals will include CMPA managers and co-managers, local communities, local organizations, entrepreneurs and innovators with</p>



GLOBAL FUND FOR
CORAL REEFS

	<p>potential to generate market-oriented coral positive solutions that can reduce drivers of degradation in the MAR.</p> <p>The 18 initially prioritized CMPA will be the target of the 1st call for proposals.</p>						
Actors involved	<p>New Ventures and MAR Fund: Design and implementation New Ventures Acceleration: Business coaching for the selected initiatives New ventures Viwala: Investment banking to secure investment sequencing for all stages of business development. HRI: Baseline. Monitoring and evaluation of impact.</p>						
Use of grant for inception phase	<p>The grant will be used for different areas: acceleration, design and implementation of the call for proposal that includes an exhaustive sector mapping and analysis. Viwala's financial analysis and infrastructure to deploy the funding via different mechanisms; and the assessment tool that will serve to measure the organizations' impact and link it to impact awards</p> <p>The acceleration accounts for 12% of the total amount of the grant, it will be used to run and implement specific diagnosis for the first cohort in order to design an action plan tailored to the specific needs and priorities. The acceleration also contemplates the matching of mentors and facilitation of specialized workshops. The specific content will be defined once we have mapped out the sector and identified the needs from the participants.</p> <p>The call for proposals accounts for 14% of the total amount, it will be used to study and analyze the different sectors and their needs, as well as open a call for application for potential participants.</p> <p>Viwala's intervention (investment banking, design and management of financial solutions accounts for 60% of the budget. Through Viwala's infrastructure each selected sector will be analyzed financially to establish the scalability potential and the impact. Each financial product (in terms of periods and rewards) will be further defined taking into account new analysis related to the CMPAs, social and ecological baselines. Finally, the assessment tool accounts for 11% of the budget and will be the guiding framework in terms of coral and social impact.</p>						
E.2.5. Grant Financing (USD)	Finance instrument		GFCR Grant Fund Cost		Private Grant Co-financing	Public Grant Co-financing	TOTAL
	Grant		600,000				600,000
	Concessional Loan/Recoverable Grant						
	Guarantee						
	TOTAL		600,000				600,000
	TOTAL		Amount - When	Amount - When	Amount		
E.2.6. Connectivity	<p>The calls for proposals will cover different issues/drivers of degradation affecting coral reefs in the MAR, with the possibility of having an impact on several social and ecological (coral positive) targets. The main objective is to find and develop sustainable financing solutions for the CMPAs.</p>						



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Annex V: Section D – Governance and Partners Supplementary Information

Description of partners, roles and operational components:

MAR Fund: MAR Fund offers to the partnership its demonstrated capacity to fundraise and organize catalytic capital. It also offers its leadership and intelligence in the conservation and conservation finance intersection in the MAR ecoregion. Establishing MARTAF will be a contribution to the partnership, but it will also be a contribution to the conservation sector in the ecoregion. MARTAF will provide catalytic - early-stage capital to the next generation of investments to protect the MAR. MARTAF will coordinate and manage the partnership and the program.

MAR Fund identified and engaged the partners of MAR+Invest as it believes that new forms of advancing conservation are urgent in the MAR and in many geographies around the world. MAR Fund will share the lessons learned in MAR+Invest with the Conservation Trust Fund community and encourage replication and improvement.

MAR Fund via MARTAF will act as convening agent and coordinator of MAR+Invest. MAR Fund will seek fundraising opportunities.

MARTAF will deliver advice and business development assistance to the different ventures in the portfolio in close coordination with the Financing Solutions Facility (New Ventures/Viwala) and HRI, which will monitor the delivery of impacts.

New Ventures: Offers almost two decades of experience building the ecosystem of impact investing in Latin America towards the construction of financial innovation to protect and restore the most important coral reef in the region.

New Ventures–Viwala will be responsible for generating and managing the financial solutions to serve the different interventions in the portfolio. This implies the design and implementation of calls for proposals, the analysis of new industries to grow the portfolio, the development of partnerships and legal arrangements with potential partners and stakeholders in order to deliver the different outcomes. A critical role for New Ventures-Viwala will be to fundraise for additional commercial capital to develop and grow the portfolio.

New Ventures and MAR Fund will lead client and donor relations.

Healthy Reefs Initiative -HRI-: Few organizations can understand the effects of any intervention in the MAR as Healthy Reefs for Healthy People does. With 15 years of monitoring and reporting on the health of the MAR, HRI has developed a network of 70 partner organizations that participate in monitoring and evaluation carried out in the region. As the scientific and technical partner, HRI will elaborate analysis and reporting tools such as performance indices for each project in the portfolio. HRI will perform the impact component of each project, from due diligence to exit. In the development of the M&E strategy for the program, HRI will work with the GFCR partner UNEP to ensure that the GFCR core indicators are captured and reported on for the interventions in the portfolio.



Fondo Mexicano para la Conservación de la Naturaleza A.C. (FMCN) and its MAR Leadership (MAR-L) Program: FMCN is one of the largest and most influential environmental funds in Latin America. It has over 27 years of experience working closely with civil society, government agencies, and the private sector, and is a Direct Access Entity of the Green Climate Fund (GCF). Its MAR Leadership Program (MAR-L) is a project designed by FMCN in 2010 and is the first regional effort focused on building the capacities and leadership of young environmentalists from different sectors and disciplines living in Mexico, Belize, Guatemala, and Honduras, who are working to preserve the magnificent but threatened Mesoamerican Reef.

MAR-L will address the informational barriers (a lack of awareness, knowledge, capacity, and effective communication) to generate the conditions of the new ecosystem of investment to protect the MAR through the Build & Connect initiative. It will support three cohorts in topics that have been identified: 1) raising local and high-level public buy-in for the advancement of nature-based solutions in the blue economy, 2) creating enabling conditions for regional business accelerators and investment funds, and 3) supporting CMPA in closing financial gaps. This program is also aligned with the blue economy objectives of OSPESCA, the CCAD, and the local governments. MAR Leadership will be responsible for all logistics before, during and after the sessions. It will also be responsible for identifying cohort members, speakers, cases, and materials required.

All partners will collaborate in the search for and request of additional project funding for MAR+Invest

A detailed list of roles and responsibilities is included in the MoU of MAR+Invest included in Annex XVIII.

MAR+Invest will use GFCR capital to de-risk the portfolio of solutions with three tools enabled by the GFCR. De-risking will involve:

- Early-stage financing.
- Impact awards or interest rate discounts that will apply if and when coral positive changes are verified.
- Concessional capital to enable blending mechanisms for the different needs of the portfolio.

Additional philanthropic and commercial capital to develop and finance the portfolio will be raised. MAR+Invest, according to the GFCR guidelines, targets a 1/3 ratio between GFCR financing and additional capital raised.

Strong science and economic modeling of the coral positive returns of the MAR+Invest portfolio is also a de-risking factor, as the monitoring and evaluation of the effects of the investments may be reported early and a course correction may be implemented rapidly.

Annex VI: Section E – Other initiatives.



Criteria for selection of priority areas: The table below has the criteria used for the 2016 regional priority-setting exercise. Each country used different weights for the criteria. Detailed information is available in supporting materials (Annex XVI).

BIODIVERSITY - BIOPHISICAL	THREATS	SOCIAL AND CULTURAL	MANAGEMENT	FINANCING
Area of the CMPA	Unsustainable fishing	Community dependance of CMPA ecosystems	Alternative Conflict Resolution	National budget allocated to the CMPA
Proximity to other CMPA	Coastal and tourism development without management / enforcement	Economic, social and cultural importance of the species in the CMPAs	Information available for the management of the CMPA	Financial contribution of market-based revenues
Resilience	Increase of extreme weather events	Social participation in the management of the CMPA	Use of the information for management of the CMPA	Financial contributions via donations
Presence and health of ecosystems	Level of contaminants in the water		Capacity to implement the management plans of the CMPA	Budget spending capacity
Ecosystems trends (health)	Climate change		Capacity to implement resource management plan	Financial sustainability
	Other threats		Capacity to implement restoration plans	
			Tourism uses of the CMPA	
			Staff of the CMPA	
			Infrastructure and equipment for management	

Annex VII: Section F – Financing Overview (5 pages max)

Letters from Smithsonian Institution and UNDP SGP will be added to the final version of the project document.



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THE OCEAN FOUNDATION

Global Fund for Coral Reefs

To: Pierre Pascal Bourdeaux
Programme Director. Global Fund for Coral Reefs.

Subject: Commitment of Co-financing for project Taab Ché, part of the inception portfolio of project "MAR+Invest".

In reference to the above-mentioned projects, The Ocean Foundation -TOF- is pleased to confirm that a grant for USD \$ 142,444.00 is committed to support the final stage of Taab Ché project, to complete the pilot of blue carbon in Quintana Roo -Mexico- that has been developed by Resiliencia Azul (NPO) and financed by MAR Fund since 2019, the convening agent for MAR+Invest.

With TOF support, the project (Taab Ché) will be certified for the Yum Balam and Cozumel pilotsites, thus achieving a voluntary blue carbon market in Mexico with focus on two property of landtypes: social (ejidos) and private lands with mangrove ecosystems. Both avoided emissions credits and credits derived from restoration (carbon sequestration) projects will be included on Plan Vivo Standard.

Signature.

Name: Mark Spalding, President

Contact:
Alejandra Navarrete, Government and Multinationals Liaison Officer
1320 19th Street NW | Suite 500 | Washington, DC | 20036 |
oceanfdn.org
+1 (202) 318-3172



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1320 19th St, NW, 5th Floor, Washington, DC 20036 | oceanfdn.org

WORKING
LAND &
SEASCAPES

 Smithsonian



To the Global Fund for Coral Reefs,

I am pleased to confirm that the Smithsonian Institution's Working Land and Seascapes initiative will continue its support for the Healthy Reefs Initiative's King Crab Mariculture and Reef Restoration Herbivory research in the Mesoamerican Reef. We previously invested \$30,000 and have allocated another \$30,000 available now (for FY 2022).

This grant will be implemented in two parts: 1) Land-based mariculture and restoration - in Puerto Morelos; and 2) In situ cage-mariculture rearing experiments and restoration in Belize. This research will support the further expansion and commercialization efforts foreseen within the Mesoamerican Reef Fund's MAR+Invest proposal to the Global Coral Reef Fund in early 2022.

Sincerely,

Molly Dodge
Program Manager, Working Land and Seascapes
Smithsonian Institution
540-635-0071
dodgem@si.edu



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Annex VIII - Communication and Visibility

This section uses the information requested in template 1 of GFCR

The MAR+Invest communications approach will follow action pillars of the GFCR. A communications coordinator will detail the strategy and plans once MAR+Invest is activated.

The GFCR programme communication action pillars are:

Pillar 1: Defining the Programme's unique Identity & reason for being

This includes:

- Identifying ecosystem-based value, climate-resilience, threats, needs, innovative programming approach and impact
- Communicating programme vision, transformational activities, value-add
- Profiling and visualizing GFCR's the programme-level 'Reef-Positive Investment Ecosystem'
- Showcasing programme coalition – the consortium of conservation actors to bring their impact to the next level

Action Pillar 2: Positioning and Differentiating the Programme (Demonstration)

This includes:

- Demonstrating investable reef-positive solutions are reducing degradation drivers, blended finance benefits, replicable/scalable models (programme or intervention level)
- Differentiating the programme within the SDG 14 landscape (i.e., investment ecosystem, scale and scope of the deployment, etc.)
- Communicating opportunities (e.g. potential to catalyze significant levels of finance, innovative win-win reef-positive development pathways, etc.)
- Amplifying wider contributions (incl. wider SDG benefits, 30x30 ambitions, achievement of national priorities, post-2020 global biodiversity framework aims, etc.)

Action Pillar 3: Inspiring and Mobilizing Reef Action

This includes:

- Engaging, inspiring, and mobilizing target audiences and key stakeholders (e.g., through developing strong case studies and communications tools) - including:
- Forging partnerships with National/local government bodies/officials, NGOs, civil society, key opinion leaders, etc.
- Attracting co-financers and potential investors
- Spotlighting work of local conservation heroes, local organizations, engaged community members/leaders/entrepreneurs, etc.
- Receiving and supporting coverage through media, events, publications, and other features

1. Overall Programme communication objectives

Communication objectives in country /region:

The main objective will be to demonstrate the contribution of reef-positive investable solutions supported by the transformational blended finance approach of MAR+Invest and the GFCR.



Secondary objectives are:

- Promote reef-positive innovation via market-based solutions.
- Promote innovation to generate revenues for CMPAs
- Promote reef- positive entrepreneurship and the generation of investable solutions
- Communicate the need to conserve the MAR and its interconnected ecosystems.
- Generate a new level of awareness about the degradation of the MAR and its causes.
- Reach innovators developing solutions and in need of networks for development and knowledge.
- Generate awareness of the opportunities in the MAR among local donors, accelerators and investment funds.
- Give visibility to communities carrying out responsible resource management and contributing to conservation of the MAR (Blue carbon, seaweed, king crab, shrimp farmers).

Communication objectives globally:

Increase the level of awareness in Central America, Latin America and the globe on the importance of the MAR and its protection via market-based reef positive innovations and investments.

Secondary objectives:

- Support investor and donor engagement with MAR+Invest and its portfolio.
- Generate awareness among innovators, entrepreneurs and other developers of solutions regarding the new opportunities generated by MAR+Invest.
- Promote MAR Carbon as the carbon to restore and conserve the MAR.

2. Messages

Message: MAR+Invest is a partnership of local organizations innovating via market-oriented initiatives to protect and restore the MAR. The partnership generates new opportunities to engage in market-based innovations/solutions with a focus in revenue generation for CMPAs of the MAR.

MARTAF will have staff dedicated to communications whose role will be to implement a strategy that can effectively communicate on the partners, their activities and the projects being supported.

3. Audiences

- MPA managers and co-managers.
- Communities living in or around MPAs with possibilities to engage in the different opportunities of the portfolio.
- Women, youth and indigenous communities in and around MPAs with interest to engage in seaweed farming, king crab mariculture and mangrove restoration and conservation (for the inception phase). It is likely that other opportunities will emerge with the calls for proposals.
- Fishing cooperatives involved in processes for resource management improvements (FIPs, governance agreements, and other programs oriented to improve resource management).
- Entrepreneurs in the MAR region.
- Local and international NGOs and social enterprises with solutions addressing threats to coral ecosystems (Blue Ventures, GOAL, Blue Finance, Blue You, Coral, WWF, TNC, WCS, among others). These actors have presence in the MAR region.
- Public policy officials and decision makers.
- Donors.
- Investors.
- Mass media outlets in the ecoregion.



Critical audiences for each MAR+Invest partner:

a. FMCN - Build & Connect:

- Decision makers and technical officers involved in the design of public policy in areas related to resource management (marine), the ocean economy and economic development.
- Investors, accelerators and donors with interest in engaging in MAR conservation via the development of businesses, portfolios and financial innovation.
- MAR community enterprises, and social entrepreneurs.

b. HRI - M&E:

HRI has the challenge of communicating scientific knowledge to local communities and other stakeholders about the ecological and economic benefits of conserving the MAR. In specific cases, HRI may also need to communicate about the benefits of engaging with different interventions in the portfolio (seaweed farming, king crab mariculture, mangrove restoration). Based on the results of the interventions, HRI will communicate to scientific audiences in the different forums and conferences where HRI participates. The communication officer at MAR+Invest will support HRI in the generation of the communication pieces to share results.

HRI may also communicate to different regional and local governments about the need for a specific intervention in the focus areas. This will be managed at the executive level by HRI with the support from the communications officer.

c. MAR Fund:

MAR Fund has a large and diverse number of stakeholders that must be properly informed on the new initiative, its functionality, the connection to other programs and the new opportunities that may emerge.

MAR Fund's executive direction will provide oversight and manage communications with donors and key government officials.

MAR Fund also has a very important audience in the global networks of environmental funds. These communications will be managed by MAR Fund.

d. New Ventures:

New Ventures has an audience in Mexico, Central America and the LAC region that involves entrepreneurs, academia, investors, incubators and donors. New Ventures will use its visibility and influence to communicate about MAR+Invest and the need to conserve the MAR via the generation of innovative financial solutions with specific audiences of donors, investors, high net-worth individuals and entrepreneurs.

4. Communication Activities

Content production

The majority of the content generation for MAR+Invest will happen at the communications unit at MARTAF. It will serve the needs of the partners to communicate and engage with audiences. It will also serve the needs of the GFCR related to content of MAR+Invest.



Each partner may also generate specific content for their specific audiences, when so required. All communications materials that are prepared by the partners will be vetted by the MAR+Invest communications officer before going public to ensure presentation of information, sources, logos, among others, is done in a standardized manner across MAR+Invest.

MAR+Invest communications officer will have the following responsibilities:

- To inform about MAR+Invest (in English and Spanish).
- To distribute material among partners (MAR+Invest materials to be published by all partners)
- To notify about the activities of MAR+Invest (in English and Spanish) and coordinate content distribution in MAR+Invest channels and in all partners channels
- To develop interviews with beneficiaries of MAR+Invest.
- To notify of MAR+Invest achievements
- To develop a monthly piece about MAR+Invest
- To generate a yearly summary of MAR+Invest achievements and to coordinate the distribution among partners

Calls For Proposals:

- All partners will share, in their institutional communication channels, the information related to the calls for proposals.
- MAR Fund will adapt its project platform to manage selected projects.

Call for applications Build & Connect:

- Calls for applications for the different cohorts in Build & Connect will be managed via MAR+Invest social media outlets and direct communication with the targeted entities and/or organizations.
- FMCN will support the call for applications by publishing it in the institutional website (near 42,000 followers), as well as in their conservation newsletter (reaches over 4,000 people every three months).
- New Ventures, will support the calls for applications via its bi-weekly newsletter (10,478 subscriptions).
- MAR Fund and Healthy reefs will also support the calls for application via their social media and websites.

Partners and portfolio interventions will document their activities through reports, photos and videos. The MAR+Invest communications officer will provide the required guidelines and approve materials prepared by partners, grantees, projects, among others, before use in communications. HRI and MAR Fund have excellent photography material that can be used if necessary.

All MAR+ Invest partners have strong communication divisions with regular generation of content. When applicable, MAR+Invest will use the pieces generated by the partners to raise awareness about the state of the health and other socio and economic issues with impact on the MAR. (e.g biennial report cards developed by HRI).

5. Channels.

MAR+Invest partners have websites and a social media presence that will be useful for MAR+Invest outreach purposes. The table below includes updated data (October 2021) of the number of followers by outlet and partner.



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SOCIAL MEDIA REACH MAR+Invest PARTNERS			
Partner/outlet	FB	IG	Twitter
MAR Fund	4.208	1.797	1.161
New Ventures	9.757	1.804	10.100
FMCN	41.996	3.502	5.159
HRI	8.632	2.056	1.477
TOTAL	64.593	9.159	17.897

Every year, New Ventures holds the Latin American Impact Investing Forum (FLII). The forum has positioned itself as the most important gathering of impact entrepreneurship and impact investing in Latin America. Since 2011, the FLII brings together the main actors from different sectors across the region: impact companies, corporates, investment funds, foundations, NGO's, business schools, and change-makers from all around the region. MAR+Invest and the GFCR can benefit from this gathering. Actions will be outlined once MAR+Invest is activated.

MAR+Invest partners will also look for opportunities to communicate about the initiative in national and international forums.

6. Provisions for feedback (when applicable)

A detailed feedback process will be in place once MAR+Invest is operational. The objective will be to have tools and processes that allow partners to identify necessary changes in messaging to improve effectiveness.

7. Resources

1. Human Resources

A position will be established in MARTAF to manage MAR+Invest communications and it is reflected in the budget. Profile and job description will be developed once MAR+Invest is activated.

2. Financial resources

Budget allocation for staff is \$24,000 for the first 18 months. A full-time communications coordinator will be hired for MAR+Invest.

For content generation the budget allocation is \$ 8,500 for the first 18 months.

3. Partnerships

Partnerships for communications will be established once MAR+Invest is operational. Particularly important are partnerships with governments for engagement during COP15, COP27, national/regional champions, and other national, regional, international events.



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GLOBAL FUND FOR CORAL REEFS

Annex IX: Budget and workplan

Budget in XLS document.

Annex X: Social and Environmental Compliance

Part 1- Social and Environmental pre-screening checklist

For additional guidance on Questions 1 to 6, please refer to UNDP's [Social and Environmental Screening Procedure \(SESP\)](#).

CHECKLIST POTENTIAL SOCIAL AND ENVIRONMENTAL RISKS		Answer (Yes/No)
Principles 1: Human Rights		
1.	Could the Project lead to adverse impacts on enjoyment of the human rights (civil, political, economic, social or cultural) of the affected population and particularly of marginalized groups?	No
2.	Is there a likelihood that the Project would have inequitable or discriminatory adverse impacts on affected populations, particularly people living in poverty or marginalized or excluded individuals or groups? ³⁹	No
3.	Could the Project potentially restrict availability, quality of and access to resources or basic services, in particular to marginalized individuals or groups?	Yes
4.	Is there a likelihood that the Project would exclude any potentially affected stakeholders, in particular marginalized groups, from fully participating in decisions that may affect them?	No
5.	Is there a risk that duty-bearers do not have the capacity to meet their obligations in the Project?	Yes
6.	Is there a risk that rights-holders do not have the capacity to claim their rights?	No

³⁹ Prohibited grounds of discrimination include race, ethnicity, gender, age, language, disability, sexual orientation, religion, political or other opinion, national or social or geographical origin, property, birth or other status including as an indigenous person or as a member of a minority. References to “women and men” or similar is understood to include women and men, boys and girls, and other groups discriminated against based on their gender identities, such as transgender people and transsexuals.



GLOBAL FUND FOR
CORAL REEFS

7.	Have local communities or individuals, given the opportunity, raised human rights concerns regarding the Project during the stakeholder engagement process?	No
8.	Is there a risk that the Project would exacerbate conflicts among and/or the risk of violence to project-affected communities and individuals?	No
Principle 2: Gender Equality and Women's Empowerment		
1.	Is there a likelihood that the proposed Project would have adverse impacts on gender equality and/or the situation of women and girls?	No
2.	Would the Project potentially reproduce discriminations against women based on gender, especially regarding participation in design and implementation or access to opportunities and benefits?	No
3.	Have women's groups/leaders raised gender equality concerns regarding the Project during the stakeholder engagement process and has this been included in the overall Project proposal and in the risk assessment?	No
4.	Would the Project potentially limit women's ability to use, develop and protect natural resources, taking into account different roles and positions of women and men in accessing environmental goods and services? <i>For example, activities that could lead to natural resources degradation or depletion in communities who depend on these resources for their livelihoods and well being</i>	No
Principle 3: Environmental Sustainability: Screening questions regarding environmental risks are encompassed by the specific Standard-related questions below		
Standard 1: Biodiversity Conservation and Sustainable Natural Resource Management		
1.1	Would the Project potentially cause adverse impacts to habitats (e.g. modified, natural, and critical habitats) and/or ecosystems and ecosystem services? <i>For example, through habitat loss, conversion or degradation, fragmentation, hydrological changes</i>	No
1.2	Are any Project activities proposed within or adjacent to critical habitats and/or environmentally sensitive areas, including legally protected areas (e.g. nature reserve, national park), areas proposed for protection, or recognized as such by authoritative sources and/or indigenous peoples or local communities?	Yes
1.3	Does the Project involve changes to the use of lands and resources that may have adverse impacts on habitats, ecosystems, and/or livelihoods? (Note: if restrictions and/or limitations of access to lands would apply, refer to Standard 5)	No
1.4	Would Project activities pose risks to endangered species?	No
1.5	Would the Project pose a risk of introducing invasive alien species?	No



1.6	Does the Project involve harvesting of natural forests, plantation development, or reforestation?	Yes. (Mangrove reforestation)
1.7	Does the Project involve the production and/or harvesting of fish populations or other aquatic species?	Yes
1.8	Does the Project involve significant extraction, diversion or containment of surface or ground water? <i>For example, construction of dams, reservoirs, river basin developments, groundwater extraction</i>	No
1.9	Does the Project involve utilization of genetic resources? (e.g. collection and/or harvesting, commercial development)	No
1.10	Would the Project generate potential adverse transboundary or global environmental concerns?	No
1.11	Would the Project result in secondary or consequential development activities which could lead to adverse social and environmental effects, or would it generate cumulative impacts with other known existing or planned activities in the area? <i>For example, a new road through forested lands will generate direct environmental and social impacts (e.g. felling of trees, earthworks, potential relocation of inhabitants). The new road may also facilitate encroachment on lands by illegal settlers or generate unplanned commercial development along the route, potentially in sensitive areas. These are indirect, secondary, or induced impacts that need to be considered. Also, if similar developments in the same forested area are planned, then cumulative impacts of multiple activities (even if not part of the same Project) need to be considered.</i>	No
Standard 2: Climate Change Mitigation and Adaptation		
2.1	Will the proposed Project result in significant ⁴⁰ greenhouse gas emissions or may exacerbate climate change?	No
2.2	Would the potential outcomes of the Project be sensitive or vulnerable to potential impacts of climate change?	Yes
2.3	Is the proposed Project likely to directly or indirectly increase social and environmental vulnerability to climate change now or in the future (also known as maladaptive practices)? <i>For example, changes to land use planning may encourage further development of floodplains, potentially increasing the population's vulnerability to climate change, specifically flooding</i>	No
Standard 3: Community Health, Safety and Working Conditions		
3.1	Would elements of Project construction, operation, or decommissioning pose potential safety risks to local communities?	No

⁴⁰ In regards to CO₂, 'significant emissions' corresponds generally to more than 25,000 tons per year (from both direct and indirect sources). [The Guidance Note on Climate Change Mitigation and Adaptation provides additional information on GHG emissions.]



3.2	Would the Project pose potential risks to community health and safety due to the transport, storage, and use and/or disposal of hazardous or dangerous materials (e.g. explosives, fuel and other chemicals during construction and operation)?	No
3.3	Does the Project involve large-scale infrastructure development (e.g. dams, roads, buildings)?	Yes (Wastewater treatment plants)
3.4	Would failure of structural elements of the Project pose risks to communities? (e.g. collapse of buildings or infrastructure)	No
3.5	Would the proposed Project be susceptible to or lead to increased vulnerability to earthquakes, subsidence, landslides, erosion, flooding or extreme climatic conditions?	No
3.6	Would the Project result in potential increased health risks (e.g. from water-borne or other vector-borne diseases or communicable infections such as HIV/AIDS)?	No
3.7	Does the Project pose potential risks and vulnerabilities related to occupational health and safety due to physical, chemical, biological, and radiological hazards during Project construction, operation, or decommissioning?	No
3.8	Does the Project involve support for employment or livelihoods that may fail to comply with national and international labor standards (i.e. principles and standards of ILO fundamental conventions)?	No
3.9	Does the Project engage security personnel that may pose a potential risk to health and safety of communities and/or individuals (e.g. due to a lack of adequate training or accountability)?	No
Standard 4: Cultural Heritage		
4.1	Will the proposed Project result in interventions that would potentially adversely impact sites, structures, or objects with historical, cultural, artistic, traditional or religious values or intangible forms of culture (e.g. knowledge, innovations, practices)? (Note: Projects intended to protect and conserve Cultural Heritage may also have inadvertent adverse impacts)	No
4.2	Does the Project propose utilizing tangible and/or intangible forms of cultural heritage for commercial or other purposes?	No
Standard 5: Displacement and Resettlement		
5.1	Would the Project potentially involve temporary or permanent and full or partial physical displacement?	No



GLOBAL FUND FOR
CORAL REEFS

5.2	Would the Project possibly result in economic displacement (e.g. loss of assets or access to resources due to land acquisition or access restrictions – even in the absence of physical relocation)?	No
5.3	Is there a risk that the Project would lead to forced evictions? ⁴¹	No
5.4	Would the proposed Project possibly affect land tenure arrangements and/or community-based property rights/customary rights to land, territories and/or resources?	No
Standard 6: Indigenous Peoples		
6.1	Are indigenous peoples present in the Project area (including Project area of influence)?	Yes
6.2	Is it likely that the Project or portions of the Project will be located on lands and territories claimed by indigenous peoples?	Yes
6.3	Would the proposed Project potentially affect the human rights, lands, natural resources, territories, and traditional livelihoods of indigenous peoples (regardless of whether indigenous peoples possess the legal titles to such areas, whether the Project is located within or outside of the lands and territories inhabited by the affected peoples, or whether the indigenous peoples are recognized as indigenous peoples by the country in question)? <i>If the answer to the screening question 6.3 is “yes” the potential risk impacts are considered potentially severe and/or critical and the Project would be categorized as either Moderate or High Risk.</i>	No
6.4	Has there been an absence of culturally appropriate consultations carried out with the objective of achieving FPIC on matters that may affect the rights and interests, lands, resources, territories and traditional livelihoods of the indigenous peoples concerned?	No
6.5	Does the proposed Project involve the utilization and/or commercial development of natural resources on lands and territories claimed by indigenous peoples?	No
6.6	Is there a potential for forced eviction or the whole or partial physical or economic displacement of indigenous peoples, including through access restrictions to lands, territories, and resources?	No
6.7	Would the Project adversely affect the development priorities of indigenous peoples as defined by them?	No
6.8	Would the Project potentially affect the physical and cultural survival of indigenous peoples?	No
6.9	Would the Project potentially affect the Cultural Heritage of indigenous peoples, including through the commercialization or use of their traditional knowledge and practices?	No
Standard 7: Pollution Prevention and Resource Efficiency		

⁴¹ Forced evictions include acts and/or omissions involving the coerced or involuntary displacement of individuals, groups, or communities from homes and/or lands and common property resources that were occupied or depended upon, thus eliminating the ability of an individual, group, or community to reside or work in a particular dwelling, residence, or location without the provision of, and access to, appropriate forms of legal or other protections.



GLOBAL FUND FOR
CORAL REEFS

7.1	Would the Project potentially result in the release of pollutants to the environment due to routine or non-routine circumstances with the potential for adverse local, regional, and/or transboundary impacts?	No
7.2	Would the proposed Project potentially result in the generation of waste (both hazardous and non-hazardous)?	No
7.3	Will the proposed Project potentially involve the manufacture, trade, release, and/or use of hazardous chemicals and/or materials? Does the Project propose use of chemicals or materials subject to international bans or phase-outs? <i>For example, DDT, PCBs and other chemicals listed in international conventions such as the Stockholm Conventions on Persistent Organic Pollutants or the Montreal Protocol</i>	No
7.4	Will the proposed Project involve the application of pesticides that may have a negative effect on the environment or human health?	No
7.5	Does the Project include activities that require significant consumption of raw materials, energy, and/or water?	Yes

PART 2 – IDENTIFYING AND MANAGING SOCIAL AND ENVIRONMENTAL RISKS

QUESTION 1: How Does the Project Integrate the Overarching Principles in order to Strengthen Social and Environmental Sustainability?

Briefly describe in the space below how the Project mainstreams the human-rights based approach

- MAR+Invest will sign the UNEP principles for sustainable investment in the blue economy. Principles 9 and 10 are aligned with mainstreaming human rights in investments.
- MAR Fund is in the process of developing and adopting its environmental and social management system, which includes safeguards for labour conditions, health and safety, and security of workers and communities. The framework establishes the conditions for a healthy, fair, and secure working environment for MAR Fund, MAR Fund grantees, and communities participating, hosting, or otherwise affected by MAR Fund grants and activities. (Including those involved in MAR+Invest).
- The new framework adapts elements from the IFC ES Performance Standards (PS1 and PS2) and the World Bank ES Safeguards (ESS2 and ESS4). The resulting safeguard combines the elements of these standards that are relevant and appropriate to MAR Fund operations and will extend to those associated with MAR+Invest.
- The ESS 2 also introduces important elements of the United Nations Protocol on Allegations of Sexual Exploitation and Abuse Involving Implementing Partners⁴² (the UN Protocol).

Briefly describe in the space below how the Project is likely to improve gender equality and women's empowerment

- Seaweed farming is an activity with higher rates of participation from women than men. This is common around the world as the time requirements are low (one day a week per partner/owner dedicated to the farm). Due to its flexibility, this is an activity that women can easily combine with household and childcare responsibilities. Women entrepreneurs have emerged in Belize from the seaweed value chain.
- MAR Fund's current portfolio includes a number of women-owned businesses in the hospitality sector operating in protected areas and buffer zones. MAR+Invest is a platform to support these women and small community groups to grow and develop connected activities with blue carbon, king crab mariculture and seaweed farming.

⁴² United Nations Protocol on Allegations of Sexual Exploitation and Abuse Involving Implementing Partners, 21 March 2018. [UN Protocol on Allegations of SEA for implementing Partners]. Available [here](#).



GLOBAL FUND FOR
CORAL REEFS

- Women have majority participation in the shrimp sector. Recovering the industry means recovering 1,500 jobs, mostly for women.

Briefly describe in the space below how the Project mainstreams environmental sustainability

- Every project in the inception portfolio has a component of improvement of an environmental issue affecting the MAR, or the reduction of a threat.
- The selection criteria have a coral first approach that evaluate each project's contribution to protecting the ecosystem from one or more threats.
- All projects in the portfolio that are using a natural resource contribute to improving production practices to reduce degradation and threats to the MAR and other ecosystems (mangrove, seagrass)
- MAR+Invest has a dedicated Outcome to generate coral positive market solutions for CMPAs to increase financial resources for better management of the protected areas.
- MAR+Invest may design and manage financial products (loans) that will aim to enable transitions towards coral positive environmental practices.

QUESTION 2: What are the Potential Social and Environmental Risks Identified? <i>Note: Describe briefly potential social and environmental risks identified in Annex 1 – Risk Screening Checklist (based on any “Yes” responses). If no risks have been identified in Annex 1 then note “No Risks Identified” and skip to Question 4 and Select “Low Risk”. Questions 5 and 6 not required for Low Risk Projects.</i>	QUESTION 3: What is the level of significance of the potential social and environmental risks? <i>See Annex 3 for descriptions of ratings. Note: Respond to Questions 4 and 5 below before proceeding to Question 6</i>			QUESTION 6: What social and environmental assessment and management measures have been conducted and/or are required to address potential risks (for Risks with Moderate and High Significance)?
Risk Description	Impact and Probability (1-5) See Annex 3, Table 1 and 2	Significance (Low, Moderate, High) See Annex 3 Table 3	Comments	Description of assessment and management measures as reflected in the Project design. If Strategic Environmental and Social Assessment is required, note that the assessment should consider all potential impacts and risks.
Risk 1. Is there a risk that duty-bearers do not have the capacity to meet their obligations in the Project?	I = 3 P = 1	Low	It is always possible that one or more members of a partnership fail to deliver. if loans are generated, there is the risk of no payment.	An MoU governs the relationship among the parties. In the event that one member is not happy with the performance of others, it must notify it to the party and resolve the issue in 60 days. A partner can abandon the partnership at any time, giving six-month notice and ensuring that activities and outputs are not affected.
Falta 1.2 Are any Project activities proposed within or adjacent to critical habitats and/or	I= 1 P= 5	Low	MAR+Invest will operate, among others, in CMPA of the MAR.	Monitoring and evaluation of the health of the related reefs.



environmentally sensitive areas, including legally protected areas (e.g. nature reserve, national park), areas proposed for protection, or recognized as such by authoritative sources and/or indigenous peoples or local communities?				
Risk 2. 1.6 Does the Project involve harvesting of natural forests, plantation development, or reforestation?	I = 4 P = 5	High	Blue Carbon projects include mangrove reforestation	The project has a strong social proposition where participation and distribution of benefits play a central role in the business model.
Risk 3. 1.7 The project involves the production and/or harvesting of fish populations or other aquatic species.	I = 3 P = 3	Moderate	Wild fisheries, seaweed farming, King Crab mariculture and blue economy in Guanaja are related to ocean production.	The approach of the business propositions is to improve management and resource management for long term sustainability. In the case of Guanaja, it will involve a change of practices in fishing and there are risks involved with the adoption of new rules.
Risk 4. 2.2 The potential outcomes of the project are sensitive or vulnerable to potential impacts of climate change.	I = 4 P = 4	High	The area is highly exposed to hurricanes, extreme weather events like droughts and heavy rain. It is also exposed to ecosystem changes as a result of climate change.	Different projects in the portfolio have a different mitigation strategy to manage climate-related risks. * MAR Fund is exploring the generation of insurance products to protect different natural capital assets and some products are already being tested (parametric insurance for coral reefs for hurricanes). * A central proposition by MAR+Invest is to have the blue carbon model directing part of the benefits of the credit sales, towards the Emergency Fund that will respond to avoid larger losses from weather events. * Seaweed farms will have an emergency plan for storms and hurricanes to protect the farm by lowering production lines closer to the sea floor. During the inception phase, a project design for expanding blue carbon to new places in Quintana Roo and the MAR region will be completed. * Most shrimp farms are not exposed to ocean surge or heavy winds. * MAR+Invest (during the inception phase) will generate a plan to fundraise in order to develop new insurance feasibilities to protect assets in the event of a hurricane that causes losses to mangrove cover (where a carbon credit is already effective).
Risk 5. 3.3 The project involves large-scale infrastructure development / wastewater treatment plants	I = 4 P = 5	High	During the inception phase, a feasibility study and project finance for a new wastewater treatment plant in Caye Caulker will be completed (IDB is financing the study and Belize Water Company is developing the study). As part of the feasibility the inclusion of	Belize Water Service Ltd is a public – private partnership with the mandate to provide water and sanitation services to Belize. The company leads new infrastructure development for water and sanitation in the country. MAR+Invest will work to have nature-based solutions studied in the inception phase in order to build climate and coral smart infrastructure with a natural-based solutions approach for cost reduction and better environmental management.



GLOBAL FUND FOR
CORAL REEFS

			Nature Based Solutions will be one of the angles of analysis.	
Risk 6. 6.1 Indigenous peoples are present in the Project area	I = 1 P = 5	Low	Indigenous populations are present along the coasts of the 4 countries. Blue Carbon interventions are likely to take place in lands of indigenous communities, which is not new for carbon projects.	MAR Carbon is based on a strong social enterprise approach where distribution of benefits includes all the communities involved in the areas where the projects are developed. None of the interventions include changes in land use. Indigenous communities are considered key stakeholders. Consultations and information meetings will take place along the project's life.
Risk 7. 7.5 The project includes activities that require significant consumption of water and land.	I = 4 P = 5	High	One of the projects in the current portfolio is improvement of shrimp aquaculture practices in Belize to minimize effluents.	Shrimp farming involves the use of high quantities of water. The new recirculating system requires only 20% of the land for ponds. This translates in 80% reduction in use of water.
QUESTION 4: What is the overall Project risk categorization?				
Select one (see Annex IV – Table 4 , or SESP , for guidance)			Comments	
<i>Low Risk</i>			<input type="checkbox"/>	
<i>Moderate Risk</i>			<input checked="" type="checkbox"/>	
<i>High Risk</i>			<input type="checkbox"/>	
QUESTION 5: Based on the identified risks and risk categorization, what requirements of the Social Environmental Standards are relevant?				
Check all that apply			Comments	
<i>Principle 1: Human Rights</i>			<input type="checkbox"/>	
<i>Principle 2: Gender Equality and Women's Empowerment</i>			<input type="checkbox"/>	
1. Biodiversity Conservation and Natural Resource Management			<input checked="" type="checkbox"/>	Projects involving fisheries and ocean farming (seaweed) require a high level of social feasibility to avoid wrong assumptions and conflict
2. Climate Change Mitigation and Adaptation			<input checked="" type="checkbox"/>	To reduce emissions from new coral positive infrastructure, nature-based solutions can be implemented.
3. Community Health, Safety and Working Conditions			<input type="checkbox"/>	
4. Cultural Heritage			<input type="checkbox"/>	
5. Displacement and Resettlement			<input type="checkbox"/>	
6. Indigenous Peoples			<input checked="" type="checkbox"/>	Social mapping and feasibilities will be required and recommendations implemented for blue carbon and seaweed farming interventions, among others
7. Pollution Prevention and Resource Efficiency			<input type="checkbox"/>	

Annex XI: Programme risk Management matrix

Risk	Risk Level:	Likelihood:	Impact:	Mitigating measures	Responsible Unit/Person
Contextual risks					
Exchange rate	Medium	4	3	Depends on the model	New Ventures/UNCDF/ PCA
Failure to sign “No land change agreements” with shrimp farm owners in the Placencia Lagoon ecosystem area. The plan for declaring the lagoon a	Low	1	5	Preparation – WWF socialization – Term sheet with no change commitment.	New Ventures/UNCDF/ PCA MAR Fund HRI



Natural Protected Area fails.					
Financial gaps of MPAs in MAR are too large after COVID – 19 shock and income generated via MAR+Invest projects are insufficient to serve the CMPAs.	Medium	3	3	<ul style="list-style-type: none"> • MAR+Invest accelerates and optimizes the process of issuing blue carbon credits for the MAR as an income generation strategy for MPA system. • MAR+Invest helps align different programs in MAR Fund and as a result more resources may be available for seed capital donations. 	MAR Fund New Ventures Project developers
Seaweed markets demand for seaweed is not at the required levels to grow the local industry.	Medium	2	4	<ul style="list-style-type: none"> • Need to review business plan and market strategy. Business planning and production levels are to be adjusted to the new business plan findings • New market entry partnership will be established in order to accelerate access to markets 	MAR Fund



Hurricanes, storms and other extreme weather events drastically affect assets in MAR+Invest portfolio	High	3	4	<ul style="list-style-type: none"> • The capitalization of the Emergency Fund is a central goal of MAR Fund. MAR Fund will strategize to fundraise. • Project funding can be mobilized to generate new products required to manage risks (e.g. parametric insurance) related to climate change and extreme weather events. 	
Currently, shrimp producers are in a very risky financial situation due to different factors. After analyzing their financial state, there's a risk the producers we are trying to support won't be able to pay the loan.	Very High	4	5	<ul style="list-style-type: none"> • Each case must be study individually. 	New Ventures / VIWALA
Programmatic risks					



<p>Intensive technology for shrimp farming is not adaptable to the conditions in Belize. Disease is not controlled and production levels pre-2016 are not recovered.</p>	<p>Low</p>	<p>2</p>	<p>4</p>	<ul style="list-style-type: none"> The pilot projects (three farms) will resolve most of the adaptation challenges generating the turn key solution for farms in Belize. 	<p>Farm owners HRI (monitoring and evaluation of impacts)</p>
<p>Distribution of Blue Carbon benefits is not negotiable with the communities, which preferred option is to receive a payment with no conditions attached.</p>	<p>Medium</p>	<p>2</p>	<p>3</p>	<ul style="list-style-type: none"> Social approach of the model and good practices in fair trade and forest carbon credits provide experience for replication with blue carbon. 	<p>Project Developer (Resiliencia Azul)</p>



<p>Cost involved in launching and operating seaweed farms increases above 50% current levels due to international shortages of materials in the supply chain.</p>	<p>Medium</p>	<p>2</p>	<p>2</p>	<ul style="list-style-type: none"> In the event of a sudden increase in prices that affect global chains, the effect will be transferable to the end customer. 	<p>NA</p>
<p>Environmental practices for shrimp farming may become burdensome and discourage the producers to continue implementing sustainable methods of production.</p>	<p>Medium</p>	<p>2</p>	<p>4</p>	<ul style="list-style-type: none"> The environmental practices to be recommended are designed to have the least effect on the productivity and the costs of the shrimp farmers. 	<p>Healthy Reefs / New Ventures</p>
<p>Institutional risks</p>					



MAR+Invest partnership doesn't consolidate. One or more partners perform poorly	Low	1	3	<ul style="list-style-type: none"> All partners have a record of success in the development of partnerships and multi-stakeholder programs. All partners are mission driven organizations with very strong ties with the MAR ecoregion and strong positioning, both individually and collectively. Partners share a set of organizational values and mission 	MAR Fund HRI New Ventures FMCN
Failure to fund MARTAF	Low	3	4	<ul style="list-style-type: none"> MAR Fund prioritizes capitalization of MARTAF through project funding. MAR +Invest generates opportunities in new finance markets for climate and biodiversity. 	MAR Fund
Fail to fundraise catalytic capital.	Low	3	4	<ul style="list-style-type: none"> MAR+Invest provides strong positioning for project funding oriented to fund the Business Development. Partners will pursue new project funding opportunities in the short and long period. 	MAR Fund
Fiduciary risks					



MAR Fund fails to manage grant funding.	Low	1	4	<ul style="list-style-type: none"> • MAR Fund has a strong record managing and coordinating project funding. In its 16 years, it has raised US\$29.4 million in project funding and manages an endowment of US\$32.1 million as of June 2021. • A separate account will be created for MAR+Invest – GFCR project funding. • Auditing is mandatory under GFCR project guidelines. 	MAR Fund New Ventures
New Ventures and/or VIWALA fail to manage commercial and concessional funding	Low	1	4	<ul style="list-style-type: none"> • New Ventures and VIWALA have a solid track record of managing capital for a range of partners and modalities. New Ventures previously co - managed Adobe Capital, a U\$ 30 M investment fund originated in Mexico. • VIWALA is a pioneer in the Mexican market in the Fin Tech sector. • For New Ventures and VIWALA, MAR+Invest represents the opportunity to grow in the emerging climate portfolio, and impact a sector that has not been 	New Ventures



				<p>served by impact finance in the region.</p> <ul style="list-style-type: none"> • The challenges to enter the MAR ecoregion are reduced with the ecosystemic approach provided by MAR+Invest. • Having control of the management aspect of the solutions creates efficiencies and capabilities for replication. 	
<p>Political interference: The Development Finance Corporation in Belize is very insistent on participating in the project; however, the MAR+Invest team cannot delegate the operation of the fund nor the financial resources to them.</p>	High	4	4	<ul style="list-style-type: none"> • MAR+Invest is consulting with GFCR on recommendations on how to best engage with governmental entities. MAR+Invest's position is that the team is responsible for delivering the environmental impact and expected results. Therefore, the funds cannot be delegated to be managed by third parties. Additionally, MAR+Invest is constantly exploring possibilities for synergies and collaboration with civil society organizations, corporations, and governmental entities. The team will explore possible collaborations with DFC. 	New Ventures / VIWALA



<p>In Belize, there are legal and fiscal implications for operating the fund. Foreign companies operating in Belize need to pay a 15% retention of the revenue for moving the financial resources to</p>	High	5	4	<ul style="list-style-type: none"> In phase 1 of the project, the NV team will work together with a high-level consulting agency for a deeper analysis of the legal and fiscal situation in Belize to design an operational strategy that keeps the operational costs as low as possible. NV and VIWALA are very innovative organizations and are open to many different schemes of operation including opening an entity in other countries, partnering with local organizations, or operating from Mexico. This will be determined 	New Ventures / VIWALA



<p>another country. Additionally, there is a local tax for doing business that is between 1.5 to 15% of the revenue.</p>				<p>according to the consultancy firm's recommendations.</p>	
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GLOBAL FUND FOR CORAL REEFS

Annex XII: Technical review criteria for Programme Documents

Provided Separately

Annex XIII: Accountability, financial management, and public disclosure

[TEXT IS FIXED DO NOT CHANGE]

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

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

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

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

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

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

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



GLOBAL FUND FOR
CORAL REEFS

Annex XIV: Project Administrative Arrangement for Recipient Organizations

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

- Disburse funds to each of the Recipient Organizations in accordance with instructions from the GFCR Global Team. The AA will normally make each disbursement within three (3) to fifteen (15) business days after having received instructions from the GFCR Global Team along with the relevant Submission form and Project document signed by all participants concerned;
- Consolidate the financial statements (Annual and Final), based on submissions provided to the AA by Recipient Organizations and provide the GFCR annual consolidated progress reports to the donors and the GFCR Global Team;
- Proceed with the operational and financial closure of the project in the MPTF Office system once the completion is completed by the Recipient Organizations. A project will be considered as operationally closed upon submission of a joint final narrative report. In order for the MPTF Office to financially close a project, each RO must refund unspent balance of over 250 USD, indirect cost (GMS) should not exceed 7% and submission of a certified final financial statement by the recipient organizations’ headquarters);
- Disburse funds to any RO for any costs extension that the GFCR Global Team may decide in accordance with the GFCR rules & regulations.

Accountability, transparency and reporting of the Recipient Organization:

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

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

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

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

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

Reporting:

Each Receipt Organisation will provide the Administrative Agent and the Fund Secretariat with:

Type of report	Due when	Submitted by
Bi-annual project progressreport	15 June	Convening Agent on behalf of all implementing or recipient organizations and in consultation with/ quality assurance by the GFCR Global Team, where they exist



GLOBAL FUND FOR CORAL REEFS

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

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

Financial Reports and timeline

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

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

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

Ownership of Equipment, Supplies and Other Property

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

Public Disclosure

The Fund Secretariat and Administrative Agent will ensure that operations of the GFCR are publicly disclosed on the GFCR website (<https://globalfundcoralreefs.org>) and the Administrative Agent website (<http://www.mptf.undp.org>)

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



An independent project audit will be requested by the end of the project (For multi-year projects the GFCR Executive Board might request add. audit reports). The audit report needs to be attached to the final narrative project report. The cost of such activity must be included in the project budget.

Special Provisions regarding Financing of Terrorism

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

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

1. The Implementing Partner acknowledges and agrees that UNDP will not tolerate sexual harassment and sexual exploitation and abuse of anyone by the Implementing Partner, and each of its responsible parties, their respective sub-recipients and other entities involved in Project implementation, either as contractors or subcontractors and their personnel, and any individuals performing services for them under the Project Document.
 - a. In the implementation of the activities under this Project Document, **the Implementing Partner, and each of its sub-parties referred to above, shall comply with the standards of conduct set forth in the Secretary General's Bulletin ST/SGB/2003/13 of 9 October 2003, concerning "Special measures for protection from sexual exploitation and sexual abuse" ("SEA").**
 - b. Moreover, and without limitation to the application of other regulations, rules, policies and procedures bearing upon the performance of the activities under this Project Document, in the implementation of activities, **the Implementing Partner, and each of its sub-parties referred to above, shall not engage in any form of sexual harassment ("SH").** SH is defined as any unwelcome conduct of a sexual nature that might reasonably be expected or be perceived to cause offense or humiliation, when such conduct interferes with work, is made a condition of employment or creates an intimidating, hostile or offensive work environment.
2. A) In the performance of the activities under this Project Document, the Implementing Partner shall (with respect to its own activities), and shall require from its sub-parties (with respect to their activities) that they, **have minimum standards and procedures in place, or a plan to develop and/or improve such standards and procedures in order to be able to take effective preventive and investigative action.** These should include: policies on sexual harassment and sexual exploitation and abuse; policies on whistleblowing/protection against retaliation; and complaints, disciplinary and investigative mechanisms. In line with this, the Implementing Partner will and will require that such sub-parties will take all appropriate measures to:
 - i. Prevent its employees, agents or any other persons engaged to perform any services under this Project Document, from engaging in SH or SEA;
 - ii. Offer employees and associated personnel training on prevention and response to SH and SEA, **where the Implementing Partner and its sub-parties have not put in place its own training regarding**



GLOBAL FUND FOR
CORAL REEFS

the prevention of SH and SEA, the Implementing Partner and its sub-parties may use the training material available at UNDP;

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