



GREEN  
CLIMATE  
FUND

## GOAL

- Protect and restore the coral reefs in 17 countries in Africa, the Asia-Pacific, Latin America and the Caribbean, by strengthening adaptive capacity, reducing exposure to climate risks, and increasing reef resilience.
- Support and provide capital to businesses and companies for the blue economy to protect the coral reefs and the communities that depend on them.

## ESTIMATED PROJECT LIFESPAN

17 years

## FINANCING

**TOTAL:** USD 500 million

**GCF FINANCING:** USD 125 million in equity

## GEOGRAPHIC FOCUS

**Africa:** Comoros, Mozambique, Seychelles

**Asia-Pacific:** Fiji, Indonesia, Jordan, Philippines, Sri Lanka

**Latin America & Caribbean:** Bahama, Belize, Brazil, Colombia, Ecuador, Guatemala, Jamaica, Mexico, Panama

## PARTNERS

Pegasus Capital Advisors LP

## PROJECT LINK

[greencimate.fund/project/fp180](https://greencimate.fund/project/fp180)

# GLOBAL FUND FOR CORAL REEFS INVESTMENT WINDOW (GFCR)

## BACKGROUND

Coral reefs are among the world's most threatened ecosystems by climate change impacts. And drivers such as overfishing, agricultural run-off, sewage discharge and unsustainable tourism degrade the coral reefs, further decreasing their chance of survival. Studies have shown that local management of such threats can alleviate the impacts of climate change on the coral reefs. Thus, supporting and providing capital to businesses and companies for the sustainable use of ocean resources can considerably improve the resilience of reefs and the communities that depend on them.

As GCF's first at-scale private sector programme in the blue economy, the Global Fund for Coral Reefs (GFCR) Investment Window - implemented with Pegasus Capital Advisors LP - will create a private equity fund to encourage investments in the blue economy, protecting coral reefs. Targeting 17 countries in Africa, the Asia-Pacific, Latin America and the Caribbean, it aims to address critical financing and private investment barriers centered around the blue economy.

At the very heart of the programme is a unique public-private partnership model which is supported by the capitalised grant window that has the presence of experienced technical partners and UN-agencies providing a mechanism for sectoral development and engagement, facilitating private sector initiatives, through the investment window.

## PROJECT DESCRIPTION

The programme aims to address critical financing and investment barriers that include, but not limited to, low investor interest in themes centered around the blue economy, difficulties in assessing investment opportunities and high risk perception of reef-positive businesses.

GFCR Investment Window will overcome these hurdles by encouraging public and private sector investment in the blue economy. Structured as a private equity fund with GCF as the anchor investor, it will pool resources from the asset owners and decrease risk for co-investors. The grant window, in parallel, will also mobilise USD 125 million of concessional capital from philanthropic sources and Donor States in order to promote an enabling environment at policy, institutional and regulatory levels and seed a pipeline of investment-ready projects for the grant window.

The programme will provide capital to businesses and activities that ameliorate or eliminate existing local stressors in the coral reefs. Investments will be made in the following sectors:

- Sustainable ocean production: supporting fishermen to adopt more sustainable fish capture techniques, helping fishermen manage stocks or transport more sustainably, and growth in mariculture and aquaculture;

## PROJECT DESCRIPTION

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- Sustainable ecotourism: measures include supporting sustainable hotel and tourism activity businesses that incentivise the protection of coral reef ecosystems that the tourism industry is dependent upon; and
- Sustainable infrastructure and waste (pollution) management: this includes among others improved plastic waste management from new business models and technologies, improved treatment of sewage and wastewater, and the adoption of organic fertilizers.

Altogether, the interventions will strengthen adaptive capacity, reduce exposure to climate risks, increase reef resilience from the reduction of local stressors, and the protection and restoration of reefs.

## GCF'S UNIQUE AND INNOVATIVE ROLE

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This programme is GCF's first at-scale private sector programme in the blue economy. With USD 125 million of equity investment, GCF will catalyse a targeted co-financing ratio of 1:3 at the fund level and additional mobilization is expected at the investee company/project level. By being an anchor investor during the first close with USD 25 million concessional equity investment, and by providing junior capital up to 25 per cent of the final fund size, GCF will contribute to attracting and mobilizing public and private capital in the investment window.

## EXPECTED RESULTS AND IMPACTS

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Over the programme lifetime, the potential adaptation impacts will be a significant increase in resilience in approximately 29,000 hectares of reefs due to reductions in multiple stressors; 12,737 direct beneficiaries through the creation of additional jobs as a result of businesses supported by the investment window; and 3.0 million indirect beneficiaries that are fishermen households expected to benefit from the investments, as well as 35.2 million indirect beneficiaries that are communities dependent on the coral reefs in the 17 countries.

*The Green Climate Fund (GCF) is the world's largest dedicated climate fund. GCF's mandate is to foster a paradigm shift towards low emission, climate-resilient development pathways in developing countries. GCF has a portfolio of USD 10 billion (USD 37.2 billion including co-financing) delivering transformative climate action in more than 100 countries. It also has a readiness support programme that builds capacity and helps countries develop long-term plans to fight climate change. GCF is an operating entity of the financial mechanism of the UNFCCC and serves the 2015 Paris Agreement, supporting the goal of keeping average global temperature rise well below 2 degrees Celsius.*