

CI-GEF Project Screening Form

1. The CI-GEF Project Agency undertakes environmental and social safeguard screening of each proposed project to determine whether an ESIA is required and if so, the appropriate extent and type of ESIA (see Policy #1 and Appendix I for more details). The CI-GEF Project Agency classifies the proposed project into one of three categories, depending on the type, location, sensitivity and scale of the project and the nature and magnitude of its potential environmental and social impacts. The descriptions of the categories and lists of types of projects identified in Appendix I are meant to serve as guidance to proposal reviewers and are not meant to be exhaustive.
2. All proposed activities will undergo safeguard screening to determine eligibility under CI-GEF ESMF policies, the type of ESIA that they are subject to and if proposed project activities trigger any of the safeguards policies.
3. **The Executing Entity** is responsible for providing responses to each of the questions outlined in this form when submitting a PIF to the Project Agency for consideration.
4. **The Project Agency is responsible for conducting** all aspects of the safeguard screening process, from initiation to making the final decision on whether or not an ESIA is necessary and, if so, at what level along with whether a project-level plan is required if a safeguard is triggered.

I. PROJECT DATA SUMMARY		
Country:	GEF Project ID: 9370	
Project Title: The Meloy Fund: A Fund for Sustainable Small-Scale Fisheries in SE Asia		
Name of the Executing Entity(ies): Rare		
Length of Project: 60 months (Project Investment Period) over a 120-month term, plus two optional 12-month extensions <i>months</i>	Start date: April 2017 (fund launch)	End date: End of the investment period: March 2022 (with potential extension for 2 years) Note: End of the fund is 2027 – 10 years after the fund launch
Introduction: (location, main issues to be addressed by project) Indonesian and Philippine waters contain 77 percent of Southeast Asia's coral reefs and nearly 80 percent of threatened reefs within the Coral Triangle. Overfishing has been recognized as the most important local threat to these reefs, a rampant practice due to largely unregulated, open-access fisheries. As a result, not only are average fish stocks currently far below healthy levels and trophic levels out of balance, but also significant deterioration of the critical coral habitats on which these fish depend. While rights-based management strategies offer a needed incentive to organize a reduction in fishing pressure, economic incentives must also be in place to ensure that transitioning to sustainable fisheries management is both feasible and enduring. The Meloy Fund is Rare's solution to address this gap by creating market-based incentives to accelerate the behavior changes necessary to manage small scale fisheries sustainably.		
Project Background: (description of physical, biological and socioeconomic context, including Indigenous Peoples and reference to how gender may play a role) Indonesian and Philippine waters contain 77 percent of Southeast Asia's coral reefs and nearly 80 percent of threatened reefs within the Coral Triangle. More than 39,500 km² – equal to 16 percent of the world's coral reefs – are located in Indonesia, and nearly 95 percent of those are threatened by local human activities. Due		

to the high dependence on coral reefs and low capacity to adapt to their loss, Indonesia is rated as having very high social and economic vulnerability to coral degradation and loss. Approximately 22,500 km² – equal to nine percent of the world’s total coral reefs – are found within the Philippines, making it the third-largest reef area in the world (after Australia and Indonesia). Almost all of these reefs are threatened by local activities. With current harvest rates estimated at 30 percent higher than the maximum sustainable yield, all of the primary reef fish species are showing signs of overfishing. If these trends continue, they will likely lead to stock collapses, throwing ecosystem integrity and function further out of balance, threatening reef health, food security, livelihoods, and climate resilience for already vulnerable populations.

At the same time, over 200 million people in developing countries depend on coral reef fisheries and aquaculture for their livelihoods. In the Philippines, 84 percent of the country’s 1.6 million people working in fisheries are in the municipal or small-scale sector, and in Indonesia, 60 percent of fishers work in the small-scale sector. Without sufficient financial incentives to motivate fishing communities to protect and sustainably manage their natural resources, the tragedy of the commons will continue.

Overfishing has been recognized as the most important local threat to these reefs, a rampant practice due to largely unregulated, open-access fisheries. As a result, not only are average fish stocks currently far below healthy levels and trophic levels out of balance, but also significant deterioration of the critical coral habitats on which these fish depend. While rights-based management strategies offer a needed incentive to organize a reduction in fishing pressure, economic incentives must also be in place to ensure that transitioning to sustainable fisheries management is both feasible and enduring. Overfishing, destructive fishing, and changing environmental conditions are among the most pervasive threats to marine environments, affecting around 55 percent of coral reefs.

The Meloy Fund is Rare’s solution to address this gap by creating market-based incentives to accelerate the behavior changes necessary to manage small scale fisheries sustainably.

Given that indigenous peoples are disproportionately represented among the rural poor, the Meloy Fund will work to increase their access as potential direct borrowers or business partners in Meloy Fund financing.

The Meloy Fund is committed to mainstreaming gender into project design, implementation, and monitoring and evaluation. The project will incorporate gender assessment tools and approaches in all situational analyses and planning activities to ensure that all partners understand the gender dynamics, and will ensure that women are engaged in all planning and implementation and that all economic and non-economic threats to women are accounted for and mitigated. The project will also work to establish new or strengthen existing women’s organizations as a key aspect of building fishing community management capacity, while also promoting equal rights and opportunities for women and men, and ensuring women's representation and involvement in decision-making that affects them and their livelihoods.

Project Objectives: To improve the conservation of coral reef ecosystems by providing financial incentives to fishing communities in the Philippines and Indonesia to adopt sustainable fishing behaviors and rights-based management regimes through capital investments in commercially viable enterprises.

Project Components and Main Proposed Activities:

The Meloy Fund and Fish Forever’s strategies are closely intertwined, such that both are included as components of the proposed project (although no financial resources are being requested of the GEF in direct support of Component 2 under this non-grant instrument).

Component 1: The Meloy Fund for Sustainable Small-Scale Fisheries

- Investments in 12-18 ventures in Indonesia and the Philippines that increase the potential earnings of small-scale fishing communities, thereby incentivizing their transition to and continued practice of sustainable fisheries management in coral reef ecosystems. By the end of the project, we expect that an estimated 1.2

million hectares of coral reef ecosystems will be included or targeted for inclusion under sustainable, community-level rights-based management. This target assumes that each fund investment will likely impact multiple sites. The target will be achieved through careful structuring of the fund, including its investment strategies and selection criteria.

Component 2: Fisheries management and technical assistance through Fish Forever

Through Fish Forever, Rare will scale up the solution of TURF + reserves in Indonesia and the Philippines. The TURF + reserve systems provide local fishers with exclusive access to their fishing grounds coupled with no-take reserves that they agree to protect. Fish Forever builds community capacity to set up and manage both the fishing areas and the reserves, so that fishers can take advantage of the “spillover” effect from the reserves into the surrounding area. In addition to the tenure and security that rights-based management provides, the spillover of more and larger fish into the TURF-managed fishing area provides another incentive for fishers to manage their resources sustainably. The Meloy Fund will add a much-needed set of economic incentives. The Meloy Fund will prioritize investments in which Fish Forever is present so that it can fully leverage the benefits of the technical assistance and management improvements produced by the program, and so that the fund’s investments directly benefit the fishers and communities complying with sustainable management of their fisheries.

Compliance with Environmental Conventions:

Explain how your project’s objectives, outcomes and outcomes align with the main conventions that CI adheres to. These include UNCBD, UNFCCC, RAMSAR Convention, CITES, and UNCCD.

The project is closely aligned with the Convention on Biological Diversity’s (CBD) programs of work for marine and coastal biodiversity. By tying investments directly to sustainable fisheries management and key biodiversity habitat protection, the Meloy Fund provides a clear link between its investments and a reduction in fishing pressure in coral reef ecosystems. The project will contribute to the achievement of the following Aichi Biodiversity Targets under Strategic Goals A, B, C and D:

- Target 1: By raising awareness of the value of biodiversity and targeting behavior changes that result in more sustainable use of biodiversity;
- Target 6: By incentivizing the improved management of coral reef ecosystems so that overfishing is avoided and community-led fisheries management plans are in place that take into account vulnerable ecosystems;
- Target 10: By maintaining or improving ecosystem health and biodiversity in coral reef ecosystems;
- Target 11: By incentivizing the creation of and compliance with TURF + reserve systems that designate on average 20% of the area to fully protected no-take zones, contributing to the CBD/Aichi goal of 10 percent MPA; and
- Target 14: By incentivizing the creation of and compliance with community-managed TURF + reserves that allow coastal fisheries to recover and contribute to the restoration of ecosystem services and livelihood benefits to local communities.

Compliance with Country Legal and Institutional Frameworks:

1. Explain how your project aligns/will align with national laws and/or frameworks related to the environment (this may include national ESIA or EIA laws, etc.)

The Meloy Fund’s close link with Fish Forever means that it will contribute directly to national priorities of the Philippines and Indonesia. Rare’s local teams are working closely with the responsible ministries to contribute to the implementation of their national strategies and plans, including those listed below and new ones in development. By using investment criteria guided by this work, the Meloy Fund will be able to filter investments based on their contribution to national priorities in a way that less focused funds may not.

INDONESIA:

IBSAP 2003-2020

The IBSAP suggests that advancing sustainable fisheries management and effective MPA management will

contribute to achieving national targets including: (i) development of 10% of national waters as marine protected area; (ii) conservation of marine threatened species, and; (iii) overall, reduction of anthropogenic and climate change related impacts on coral reefs and associated ecosystems.

The Meloy Fund supports this target by aligning market interests with these targets and providing economic incentives to manage resources in a manner consistent with the associated action plans.

Biodiversity Management Action Plan

To reduce and stop the rate of biodiversity degradation and extinction at national, regional and local levels within 2003-2020, along with rehabilitation and sustainable use efforts.

MMAF Strategic Plan

The project supports MMAF's goal of increasing MPA coverage to 20 million hectares of effectively managed MPAs by 2020 by aligning market activity with the management plans of those MPAs and creating economic incentives for fishers to comply, which could reduce enforcement costs and contribute to sustainability.

Law No. 32/2009 on Protection and Management of the Environment

The Law requires the mitigation of pollution and/or environmental damages shall be conducted through, among others, dissemination of information on causes of environmental damages to communities and doing actions to halt the sources of environmental damages; envisages environment maintenance through, among others, natural resources conservation. Included in natural resources conservation activities are natural resources protection, preservation and sustainable use; and recognizes the rights of each citizen to play role in the protection and management of environment. On the other hand, the Law also obliges each citizen to maintain the sustainable functions of environment and to control the environmental damages.

The Meloy Fund supports the above mentioned Law's mandates by providing economic incentives for fishers to manage their resources in a manner consistent with the Law.

Government Regulation No.19/1999 on Control of Marine Pollution and Destruction

The Regulation stipulates marine environment and resources management shall bring benefits to people's welfare at the greatest extent as possible and the sustainable existence of marine life today and in the future. Under this regulation, each citizen is prohibited to commit actions that cause marine degradation.

The project will support the attainment of Regulation's objective by providing economic incentives to those who manage their marine resources sustainably.

Minister of Environment's Decree No. 4/2001 on Standard Criteria for Coral Reefs Damages

Governors/Mayors are required to maintain the good condition of coral reefs through programs which mitigate destruction of coral reefs including through prevention, eradication, and recovery.

The Meloy Fund investment criteria will help to safeguard against further destruction of coastal marine ecosystems, including coral reefs.

PHILIPPINES:

Philippines NBSAP

The Philippines' NBSAP outlines two strategic actions that will be directly addressed by the proposed project: "Enhancing and Strengthening the Protected Area System" and "Developing a National Constituency for Biodiversity and Conservation in the Philippines" The Meloy Fund investment criteria will align market activity with the first of these goals, and successful investments will use economic incentives to contribute to the second.

The Philippine Development Plan (PDP)

The project will also significantly contribute to three focus areas in the Philippine Development Plan (PDP), which is a strategic policy framework for inclusive growth and poverty reduction that was developed by the National Economic and Development Authority (NEDA) in accordance with the Philippine Constitution.

This project supports goals: i) pursuit of inclusive growth, ii) the establishment of a competitive and sustainable agriculture and fisheries sector, and iii) the conservation, protection and rehabilitation of the environment and natural resources (PDP, 2011-2016).

INDONESIA & PHILIPPINES:

CTI National Action Plans

The investments of the fund will support the national action plans of the Philippines and Indonesia under the CTI by providing economic incentives for ecosystem-based management approaches and shifts from unsustainable practices.

National level MOUs

Rare has a signed MOU with DENR in the Philippines and technical agreement with MMAF (under a country agreement with MOEF) in Indonesia. These documents outline the work Rare is doing in support of each agency. The work of this project will be implemented in full support of the execution of those documents.

2. When national legal and institutional frameworks are inadequate, the proposal should include a statement explaining how this problem will be addressed, either as part of the project or by a third party.

N/A

3. When national legal and institutional frameworks do not apply to or impact the project and its objectives, the reason for that conclusion needs to be stated.

N/A

Project Justification (e.g., Alignment with Country and CI Institutional Priorities, GEF Focal Area Strategies):

The Meloy Fund is in full support of the Biodiversity focal area of the GEF. It is most closely aligned with Program 6: Ridge to Reef+: Maintaining Integrity and Function of Globally Significant Coral Reef Ecosystems, and it expands on successful private sector approaches such as the Coastal Fisheries Initiative.

GEF Focal Area(s): Biodiversity

GEF Project Amount: USD 6,000,000

Other Financing Amounts by Source:

Rare (through Fish Forever initiative) = \$22,899,864

Targeted amounts:

Grantham Foundation for the Protection of the Environment (Letter of Interest received) = \$5,000,000

Encourage Capital (Letter of Interest received) = \$2,000,000

Impact funds = \$1,000,000

Foundation PRIs = \$2,000,000

High Net Worth Individuals / Family Offices = \$2,000,000

GEF Agency/Conservation International (In Kind) = \$300,000

Safeguard Screening Form Prepared by: Lisa Pharoah and Dale Galvin

Date of preparation: June 23, 2016

Comments:

II. PROJECT ELEGIBILITY QUESTIONS

Answer the following questions to determine if the project is eligible for CI-GEF funding

Will the project:	Yes	No
1. Propose to create significant destruction or degradation of <i>critical natural habitats</i> ¹ of any type or have significant negative socioeconomic and cultural impacts that cannot be cost-effectively avoided, minimized, mitigated and/or offset?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2. Propose to create or facilitate significant degradation and/or conversion of <i>natural habitats</i> of any type including those that are legally protected, officially proposed for protection, identified by authoritative sources for their high conservation value, or recognized as protected by traditional local communities?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3. Propose to carry out <i>unsustainable</i> harvesting of natural resources -animals, plants, timber and/or non-timber forest products (NTFPs)- or the establishment of forest plantations in <i>critical natural habitats</i> ?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4. Propose the introduction of exotic species that can certainly become invasive and harmful to the environment, for which is not possible to implement a mitigation plan?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5. Contravene major international and regional conventions on environmental issues?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
6. Involve <i>involuntary resettlement, land acquisition, and/or the taking of shelter and other assets</i> belonging to local communities or individuals?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
7. Propose the use of pesticides that are unlawful under national or international laws?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
8. Involve the removal, alteration or disturbance of any <i>physical cultural resources</i> ?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
9. Will the project include the construction and/or operation of dams?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

III. PROJECT ELEGIBILITY ASSESSMENT

If you answer **YES** to any of the questions above, your project **IS NOT ELIGIBLE** for funding

If you answer **NO** to all of the questions above, please proceed to answer the safeguard questions below

IV. SAFEGUARD QUESTIONS

The sections below will help the CI-GEF Project Agency to determine whether your project triggers any of the CI-GEF safeguard policies. As a Project Agency implementing GEF funding, CI is required to assess all applications to determine if safeguards are triggered, and if so, whether or not appropriate mitigation measures are included in project design and implementation. For further information on CI application of safeguards please refer the Appendix section of this form.

¹ Habitats considered essential for biodiversity conservation, provision of ecosystem services and the well-being of people at the local, national, regional or global levels. They include, among others, existing protected areas, areas officially proposed as protected areas, areas recognized as protected by traditional local communities, as well as areas identified as important for conservation, such as Key Biodiversity Areas (KBAs), Alliance for Zero Extinction (AZE) Sites, Important Bird and Biodiversity Areas (IBAs), Biodiversity Hotspot, Ramsar Sites, areas identified as important for ecosystem services such as carbon storage, freshwater provision and regulation, etc.

SECTION 1: ENVIRONMENTAL AND SOCIAL IMPACT ASSESSMENT (ESIA)

Has a full or limited ESIA that covers the proposed project already been completed?

NO → Continue to Section 2 (*do not fill out Table 1.1 below*)

YES → No further environmental and social assessment is required **if** the existing documentation meets the CI-GEF Project Agency “*Environmental and Social Management Framework (ESMF)*” policies and standards, and environmental and social management recommendations and/or plans are integrated into the project. Therefore, you should undertake the following steps to complete this screening process:

1. Use Table 1.1 below to assess existing documentation. It is recommended that this assessment be undertaken jointly by the CI-GEF Project Agency and the Executing Entity;
2. Ensure that the development of the full Project Document incorporates the recommendations made in the existing ESIA; and
3. Submit this template, along with other relevant documentation to the Project Agency.

TABLE 1.1: CHECKLIST FOR ASSESSING QUALITY ASSURANCE OF EXISTING ENVIRONMENTAL AND SOCIAL IMPACT ASSESSMENT (ESIA)

1. Is the assessment a: <input type="checkbox"/> A FULL ESIA <input type="checkbox"/> A LIMITED ESIA	Yes	No
2. Does the assessment meet its terms of reference, both procedurally and substantively?	<input type="checkbox"/>	<input type="checkbox"/>
3. Does the assessment provide a satisfactory assessment of the proposed project?	<input type="checkbox"/>	<input type="checkbox"/>
4. Does the assessment contain the information required for decision-making?	<input type="checkbox"/>	<input type="checkbox"/>
5. Does the assessment describe specific environmental and social management measures (e.g., avoidance, minimization, mitigation, compensation, monitoring, and capacity development measures)?	<input type="checkbox"/>	<input type="checkbox"/>
6. Does the assessment identify capacity needs of the institutions responsible for implementing environmental and social management issues?	<input type="checkbox"/>	<input type="checkbox"/>
7. Was the assessment developed through a consultative process with key stakeholder engagement, including issues related to gender mainstreaming and Indigenous Peoples?	<input type="checkbox"/>	<input type="checkbox"/>
8. Does the assessment assess the adequacy of the cost of and financing arrangements for environmental and social management issues?	<input type="checkbox"/>	<input type="checkbox"/>
9. For any “no” answers, describe below how the issue has been or will be resolved or addressed		

SECTION 2: PROTECTION OF NATURAL HABITATS

Will the project cause or facilitate any significant loss or degradation to natural habitats, and their associated biodiversity and ecosystem functions/services?

NO → Continue to Section 3

YES → Continue to Table 2.1. below

TABLE 2.1: CHECKLIST FOR PROTECTION OF NATURAL HABITATS	Yes	No
1. Is the project located or expected to be located near or in existing protected areas?	<input type="checkbox"/>	<input type="checkbox"/>
<p><i>If your answer was yes, please provide the following information:</i></p> <p>a. Name, area, management category, governance arrangement, and current management activities of protected areas being affected by the project:</p> <p>b. Description of project activities that will affect existing protected areas:</p>		
2. Is the project located within any other type of <u>critical natural habitat</u>?	<input type="checkbox"/>	<input type="checkbox"/>
<p><i>If your answer was yes, please provide the following information:</i></p> <p>a. Description of the critical natural habitat to be affected by the project:</p> <p>b. Description of project activities that will affect critical natural habitats:</p>		
3. Will the project affect species identified as threatened at the local and/or global levels?	<input type="checkbox"/>	<input type="checkbox"/>
<p><i>If your answer was yes, please provide the following information:</i></p> <p>a. Name and conservation status of the species that will be affected by the project:</p> <p>b. Description of project activities that will affect threatened/endangered species:</p>		
4. Will the project implement habitat restoration activities:	<input type="checkbox"/>	<input type="checkbox"/>
<p><i>If your answer was yes, please provide the following information:</i></p> <p>a. Type and extent of habitats to be restored:</p> <p>b. Description of project activities for habitat restoration:</p> <p>c. Description of the contribution of the project in restoring or improving ecosystem composition, structure, and functions/services:</p>		

SECTION 3: VOLUNTARY RESETTLEMENT AND/OR RESTRICTIONS TO ACCESS/USE OF NATURAL RESOURCES

Will the project involve the voluntary resettlement of people and/or direct or indirect restrictions of access to and use of natural resources?

NO → Continue to Section 4

YES → Continue to Table 3.1. below

TABLE 3.1: CHECKLIST FOR VOLUNTARY RESETTLEMENT	Yes	No
<p>1. Will the project involve the <u>voluntary</u> resettlement of people?</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><i>If your answer was yes, please provide the following information:</i></p> <p>a. Name of communities, description of livelihood, ethnicity, and estimated number of people to be resettled:</p> <p>b. Means by which the community(ies) provided or will provide consent for the resettlement, ensuring that vulnerable/marginal groups such as women are thoroughly consulted:</p> <p>c. Description of the activities that will be carried out for the resettlement:</p>		
<p>2. Will the project introduce measures to restrict people from accessing or using resources that they have been using prior to the implementation of the project?</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><i>If your answer was yes, please provide the following information:</i></p> <p>a. Name of resource, tenure status, type of use and extent (quantity) of the resources being used, and, if applicable, who tends to use the resources (men, women, youth, etc.):</p> <p>b. Description of project activities that will affect access to natural resources and their potential positive and negative impacts on the environment and people, and how they will be gender-sensitive if necessary:</p> <p>c. Means by which the community(ies) provided or will provide consent for the restriction to access and use resources:</p> <p>d. Means by which the community (ies) or affected people will be compensated:</p>		

SECTION 4: INDIGENOUS PEOPLES ²

Does the project plan to work in lands or territories traditionally owned, customarily used, or occupied by indigenous peoples?

NO → Continue to Section 5

YES → Continue to Table 4.1. below

TABLE 4.1: CHECKLIST FOR INDIGENOUS PEOPLES	Yes	No
1. Will the project activities directly or indirectly affect indigenous peoples?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<p><i>If your answer was yes, please provide the following information when applicable:</i></p> <p>a. Name of communities, description of livelihood, ethnicity, estimated number of people to be affected by the project: Note: The exact areas of investment will be determined over the course of the project as we decide which investments will be made (over the first 5 years of the fund).</p> <p>b. Description of the project activities and their impacts on indigenous peoples, including if the project is likely to impact particular subgroups of indigenous people such as women or youth: N/A</p> <p>c. Means by which the project will respect free, prior and informed consent (FPIC) with the affected communities, while ensuring that marginalized subgroups are included: The project will follow the Free, Prior and Informed Consent (FPIC) standards of engagement by protecting Indigenous Peoples' rights to self-determination, participation, and decision-making. This project hinges on the engagement of local fishing communities. Through Fish Forever, this project will empower communities to manage their marine resources, while integrating traditional governance into that management. Each of the Meloy Fund investments will be heavily vetted through a due diligence process, especially with respect to their potential impacts on marginalized subgroups such as indigenous peoples and women.</p> <p>d. Description of the approach to be implemented to ensure that indigenous peoples receive culturally appropriate benefits that are negotiated and agreed upon with them: N/A</p> <p>e. Description of the approach to be implemented to ensure the fair participation of indigenous people in the design and implementation of the project: Given that indigenous peoples are disproportionately represented among the rural poor, the Meloy Fund will work to increase their access as potential direct borrowers or business partners in Meloy Fund financing.</p>		

² According to CI Policy on Indigenous Peoples, "CI identifies indigenous peoples in specific geographic areas by the presence, in varying degrees, of: a) Close attachment to ancestral and traditional or customary territories and the natural resources in them; b) Customary social and political institutions; c) Economic systems oriented to subsistence production; d) An indigenous language, often different from the predominant language; and f) Self-identification and identification by others as members of a distinct cultural group".

SECTION 5: PEST MANAGEMENT

Does the project plan to implement activities related to agricultural extension services including the use of approved pesticides (including insecticides and herbicides) or alien invasive species³ management?

NO → Continue to Section 6

YES → Continue to Table 5.1. below

TABLE 5.1: CHECKLIST FOR PEST MANAGEMENT

1. Will the project include the use of approved pesticides and other chemicals?

If your answer was yes, please provide the following information:

a. Name, description and proposed use of approved pesticides/chemicals:

b. Description of how the Executing Entity will conduct the assessment of the nature and degree of associated risks, taking into account the proposed use and intended users:

c. Description of positive and negative impact on the environment, non-targets, and people:

d. Description of how the Executing Entity will train communities to responsibly manage products, equipment, and containers to avoid harm to human health or broader environmental contamination:

e. Description of how the Executing Entity will avoid the use of herbicides and pesticides near water sources and their contamination with pesticide residues when cleaning the equipment used:

f. Description of how the Executing Entity will ensure that pesticides used would be properly applied, stored, and disposed of, in accordance with practices acceptable to the CI-GEF Project Agency:

2. Will the project include the use of ecologically-based biological/environmental integrated pest management practices (IPM) and/or Integrated Vector Management (IVM)?

³ *Invasive alien species* (IASs) are plants, animals, pathogens and other organisms that are non-native to an ecosystem, and which may cause economic or environmental harm or adversely affect human health. In particular, they impact adversely upon biodiversity, including decline or elimination of native species - through competition, predation, or transmission of pathogens - and the disruption of local ecosystems and ecosystem functions (CBD, 2006).

If your answer was yes, please provide the following information:

- a. Description of approach to be used:

- b. Description of potential positive and negative impacts of the approach to be used in the project:

- d. Description of how the Executing Entity will assess the risk of the danger to non-target species:

- e. Description of how the Executing Entity will train communities to responsibly implement these approaches:

SECTION 6: PHYSICAL CULTURAL RESOURCES

Does the project plan to remove, alter or disturb any physical cultural resources (PCRs) ⁴?

NO → Continue to Section 7

YES → Continue to Table 6.1. below

TABLE 6.1: CHECKLIST FOR PHYSICAL CULTURAL RESOURCES (PCR)

	Yes	No
1. Will the project plan to work in areas that fall into categories under PCR, including archaeological, paleontological, historical, architectural, and sacred sites including graveyards, burial sites, and sites with unique natural values?	<input type="checkbox"/>	<input type="checkbox"/>

If your answer was yes, please provide the following information:

- a. Name, description of the known physical cultural resources to be affected by the project, and cultural importance to local community(ies):

- b. Description of project activities to be implemented and their positive and negative impacts on PCRs:

- c. Description of the mitigating measures to be implemented by the Executing Entity:

- d. Description of how the Executing Entity will handle issues related to consultations, siting, change-finds procedures, construction contracts and buffer zones:

⁴ PCRs are defined as movable or immovable objects, sites, structures, and natural features and landscapes that have archeological, paleontological, historical, architectural, religious, aesthetic, sacred sites or other cultural significance.

SECTION 7: STAKEHOLDER ENGAGEMENT

1. Stakeholders Participation: Describe any stakeholders important to the project and how you have involved or plan to involve them in the planning and implementation of the project.

Based on Rare's experience, deal flow tends to be limited in the small-scale fisheries sector, because potential funders do not connect businesses with fisheries management, do not build alliances with existing businesses in the supply chain, and systematically undervalue coastal fisheries and their potential. Rare has accumulated deep technical expertise and local networks, which will help the Meloy Fund to resolve these issues and build pipeline through the following channels:

Local staff: Rare has staff permanently based in Indonesia and the Philippines under its Fish Forever program, and staff have developed strong relationships with key stakeholders of community fisheries, including public and private sector actors. Rare's local staff will be able to help the fund identify the most promising community fisheries and businesses with whom they work.

Technical expert network: Rare has invested heavily and developed strong in-house technical expertise on fisheries, as well as built strong external networks with government, think tanks, academia, other NGOs, etc.

Conservation partners: Rare's program delivery method is through partners, and as such has dozens of historical relationships with local and international NGOs, such as Conservation International.

Country advisory board: The Meloy Fund will develop two country advisory boards to assist with pipeline development, provide advice, help protect against corruption and other risks, as well as support existing investees.

The fund will engage a number of relevant stakeholders to ensure coordination and success. These partnerships help both to mitigate risks and also to improve selection of investees, execute due diligence processes, and protect against corruption. The list below outlines how the Meloy Fund will engage with a variety of stakeholders:

Fisher cooperatives - as investee and business partner

Fisher coops working in community fisheries may be a potential direct borrower or business partner in Meloy Fund financing.

Fish aggregators and processors - as investee and business partner

Aggregators and processors working with community fisheries may be a potential direct borrower or business partner in Meloy Fund financing.

Early stage enterprises - as investee and business partner

Early stage enterprises working with community fisheries may be a potential direct borrower or business partner in Meloy Fund financing.

Last-mile distributors, retailers, hospitality community - as potential buyers

Meloy Fund will seek to develop the supply chain of community fisheries and will actively engage with end buyers to build direct links with fishers as well as gain a better understanding of market demands and potential niches to be filled by small-scale fishery products.

Seafood business experts - as technical Assistance

Meloy Fund will work with external experts to strengthen the organizations it works with, when the required knowledge is not available in house. Main technical assistance needs are expected to revolve around best seafood management practices, operational and sales support, financial management, and corporate governance.

Fisheries certifiers - as pipeline building and technical assistance

Meloy Fund will engage fishery certifiers, such as Fairtrade USA or the Marine Stewardship Council, as necessary to ensure the capture of full market value.

Local Environmental Partners and Foundations - as pipeline building and technical assistance

Meloy Fund will work with organizations with a strong environmental focus and local presence, such as Conservation International, The Nature Conservancy, Lundin Foundation, Marine Change or Pinoy Microenterprise, to build its pipeline and provide technical assistance and training to fishers.

Local, provincial and national public bodies - as legal support for fishery management and potential infrastructure; Pipeline building and potential advisory board members

Given Rare's experience with community fisheries, the success of any Meloy Fund investment is partially dependent on the buy-in of local and municipal governments and, depending on the size of the investment, national ministries. Similarly, we will need to rely on government to contribute to any lacking common infrastructure, such as ports or roads, and to access sources of government funding at the national level. In line with other Rare initiatives, the fund will ensure that investment projects also support the government's objectives and that synergies between government priorities and the Meloy Fund are identified.

Well connected local individuals - as members of country advisory boards

Meloy Fund will set up country advisory boards to assist with pipeline development and support existing investees as well as provide a broader understanding of the business, market and industry trends. The board will be composed of accomplished professionals that meet at least biannually. It is expected that some of these advisors may become mentors to investees and share with them their own personal networks.

Other impact investing funds - as co-investment partners

Meloy Fund may explore potential partnerships with like-minded funds to co-invest in the same organizations

Corporate Sector - as project finance partners

Meloy Fund will seek partners (likely as an equity holder) with the corporate sector as a partner in project finance projects focused in community fisheries.

Women's groups/cooperatives/enterprises - as investee and business partner

As a key aspect of building fishing community management capacity and ensuring that women also benefit from the project, the Meloy Fund will seek to identify women's groups/cooperatives/enterprises working with community fisheries which may be potential direct borrowers or business partners in Meloy Fund financing.

Indigenous Peoples - as investee and business partner

Given that indigenous peoples are disproportionately represented among the rural poor, the Meloy Fund will work to increase their access as potential direct borrowers or business partners in Meloy Fund financing.

SECTION 8: GENDER MAINSTREAMING

1. Describe how the Executing Entity will ensure that gender is mainstreamed throughout the project according to the CI-GEF Gender Mainstreaming Guidelines (see Appendix VIII of the ESMF for more information):

Given that many aspects of social resiliency, especially those related to dependent children, are predicated on benefits accruing to women, the Project will place strong emphasis on the inclusion of women in every aspect of its work.

Gender equality is fundamental in any form of development, however particular attention will be paid to this principle in recognition of the vital role of women in coastal fisheries. Both women and men, with their differentiated experiences, needs, priorities and strategies, must be involved as key actors in the design and implementation of interventions aimed at restoring the productivity of community fisheries.

The Meloy Fund is committed to mainstreaming gender into project design, implementation, and monitoring and evaluation. The project will incorporate gender assessment tools and approaches in all situational analyses and planning activities to ensure that all partners understand the gender dynamics, and will ensure that women are engaged in all planning and implementation and that all economic and non-economic threats to women are accounted for and mitigated. The project will also work to establish new or strengthen existing women's organizations as a key aspect of building fishing community management capacity, while also promoting equal rights and opportunities for women and men, and ensuring women's representation and involvement in decision-making that affects them and their livelihoods.

To ensure that the project meets CI-GEF Project Agency's Gender Mainstreaming Policy, a Gender Mainstreaming Plan (GMP) will be developed during the PPG phase of the project. The aim of the GMP will be to identify needs and opportunities to mitigate potentially adverse effects of the project on men and women, as well as promote gender equality as an aspect of the project.

The GMP will include an assessment of gender roles, responsibilities, uses, and needs relating to the environment/natural resources on which the project will be based (e.g., patterns, participation in management, etc.), as well as both short-term and long-term costs and benefits of the project to men and women. It will also include potential roles, benefits, impacts, and risks for women and men of different ages, ethnicities, social structure, and status. Specific actions and activities will be identified to ensure that gender-related adverse impacts of this project are appropriately avoided, minimized, and/or mitigated. The GMP will explicitly describe the actions and processes to be put in place during the PPG and implementation phases in order to ensure that women and men: 1) receive culturally compatible social and economic benefits, 2) do not suffer adverse effects during the development process, and 3) receive full respect for their dignity and human rights. Finally, the GMP will provide specific indicators for monitoring and evaluating progress towards gender equality within the project.

2. Is there a risk that the project may infringe on men's or women's human rights⁵? Explain how these risks will be managed.

No

3. Is the project likely to create, aggravate or perpetuate inequalities/conflicts between men and women within households and communities? Explain how this situation will be managed.

No

4. Is the project likely to impact men or women (positively or negatively) in different ways? Explain how these differences will be managed:

Potentially, as this is not an explicit gender focused intervention and we do not yet know which kinds of investment opportunities may arise. That said, investment opportunities that demonstrate a clear gender focus and mainstreaming may be prioritized to ensure stronger social impacts across the investment portfolio.

As a key aspect of building fishing community management capacity and ensuring that women also benefit from the project, the Meloy Fund will seek to identify women's groups/cooperatives/enterprises working with community fisheries which may be potential direct borrowers or business partners in Meloy Fund financing.

SECTION 9: ACCOUNTABILITY AND GRIEVANCE MECHANISM

1. Describe how the Executing Entity will ensure timely response/resolution of complaints from parties affected by the project

Rare will adhere to the Institutional Limited Partners Association's (ILPA) Private Equity Principles - <https://ilpa.org/wp-content/uploads/2015/07/ILPA-Private-Equity-Principles-version-2.pdf>. The ILPA's Private Equity Principles were developed to encourage discussions between Limited Partners (LP) and General Partners (GP) regarding fund partnerships in private equity - Alignment of Interest; Governance; and Transparency.

Under these Principles, Rare will ensure that LPs have appropriate mechanisms in place to work through unforeseen conflicts as well as changes to the investment team or other fund parameters. The Meloy Fund will create an effective LP Advisory Committee (LPAC) or Board that enables LPs to fulfill their duties defined in the partnership agreement and to provide advice to the GP as appropriate during the life of the partnership. Furthermore, under the Principles, GPs will present all conflicts to the LPAC for review and seek prior approval for any conflicts and/or non arm's length interactions or transactions. As materiality is a subjective criterion, the LPAC will consult all conflicts with the LPAC / Board.

The LPAC / Board will engage with the GP on discussions of partnership operations, including but not limited to: Auditors; compliance (including CSR/ESG/PRI); allocation of partnership expenses; conflicts; team developments; and new business initiatives of the firm.

In addition, the Meloy Fund will follow the Practice Standards for Conservation Trust Funds (PSCTF) developed by the Conservation Finance Alliance, as appropriate. Rare will also continue to research other best practices and guidelines for impact investing funds published by organizations such as the Global Impact Investing Network

⁵ See Universal Declaration of Human Rights <http://www.un.org/en/documents/udhr/>
CI-GEF Project Screening Form
03/02/2016

(GIIN), the Aspen Network of Development Entrepreneurs (ANDE) and the Rockefeller Foundation.

SECTION 10: ADDITIONAL INFORMATION

1. External Assumptions: Describe any important external factors (risks) that may affect your project during implementation and how you will mitigate these potential risks.

Deal sourcing risk:

The Fund may be unable to find a sufficient number of attractive investment opportunities to meet its investment objectives and, even if successful in finding such opportunities, that those selected investments will successfully achieve the Fund's objectives. The Meloy Fund believes that the historical precedent for investment in this sector undervalues the potential and is stifled by a lack of entrepreneurship, creativity, and long-term strategies for fishery improvements. Further, our deal sourcing ability is enhanced via the following channels a) Local staff with on-the ground presence; b) Technical expert network; c) Conservation partners; d) Country advisory boards; and e) Conferences, forums, and investor networks.

Currency exchange risk:

The income received by the Fund will be in U.S. Dollars, although the Portfolio Companies will operate in their own local currency. Accordingly changes in currency exchange rates between the U.S. Dollars and such foreign currencies may adversely affect the Portfolio Companies' ability to pay and potential returns to the Fund. Both Indonesia and the Philippines currently have fairly strong macroeconomic fundamentals and no major currency swings are expected at least in the short term.

The fund investment committee will take into account potential currency risks as a standing component in every investment, and prioritize investments in organizations that export their products to developed countries as a hedging strategy. The fund may also explore currency hedging strategies if local currency investments are required.

Investment Risk:

There can be no assurance that the development of any particular investment will be successful or that its business will be profitable. Some of the Fund's portfolio companies may be unseasoned, unprofitable and/or have no established operating history or earnings. These companies may also lack technical, marketing, financial and other resources, or may be dependent upon the success of one product or service, or a unique distribution channel.

The Meloy fund has four key elements in order to mitigate investment risk. First, the fund will follow a rigorous due diligence buttressed by our local staff, Rare's network of technical experts, and the setting up of country advisory boards. Second, the fund's portfolio will manage its concentration risks against specific limits including parameters such as sector, geography, and borrower type. Third, the fund will monitor each investment on a regular basis including a quarterly internal review involving a valuation report. Each investee will be required to make quarterly payments to instill strong repayment discipline and will provide reports on a quarterly basis. Fourth, the fund will take first ranking security over all the investee's fixed and where possible current assets, including those assets purchased with the investment.

General economic and market conditions risk:

By investing in various developing countries, the Fund may be subject to economic, political, regulatory and social risks, which may affect the liquidity and value of its investments. Foreign governments may exercise substantial influence over many aspects of the private sector, and the success of the Fund's investments may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, and national and international political circumstances.

Organized crime and corruption, including extortion and fraud, have become common in the countries in which the Fund may invest. Threats or incidents of crime may cause or force the fund to cease or alter certain activities or liquidate certain investments, which may cause losses or otherwise have a material adverse effect on the fund. Moreover, in certain developing countries in which the Fund may invest, there historically have existed ties between government, agencies or officials and private economic sectors that have resulted in and could in the future result in preferential treatment, inefficient resource allocation, arbitrary decisions and other practices or policies that could have a material and adverse effect on the Fund's investments.

Rare has developed strong relationships with key government bodies at local, municipal, regional, and national levels as a key element of developing healthy community fisheries, and will make sure it continues doing so as part of the fund's activities. Furthermore, our multi-local approach diversifies risk across geographies and political boundaries, hedging against potential weather events, political changes, microeconomic pressures, etc. Finally, we will assemble a well-networked in-country advisory board, to include top government and private sector players, to help us vet investment opportunities and to minimize the effects of corruption and political pressure.

Climate change risk:

An increase in global average surface temperatures has resulted, among others, in rising sea levels, shifting precipitation patterns, droughts and floods, and higher likelihood of more extreme weather and more violent natural catastrophes. Temperature rises make weather harder to predict and raise the margin of error in modelling knock-on effects on agricultural and fisheries production. The Philippines appears to be especially susceptible to climate change related challenges due to it being an island nation with a very high amount of tropical storms, and which are expected to increase in severity due to regional wind patterns and rising sea levels.

Fish Forever contributes to social resilience in communities through community engagement and capacity building. This, along with a diversification of income sources, which help communities adapt and respond to climate events. Conserving coral reefs, coastal habitats, and preserving trophic balances also provide biophysical resilience as ecosystem integrity is improved, helping reef systems better withstand natural disasters and the effects of warming ocean temperatures.

Furthermore, Rare recognizes that establishing managed access + reserves as a new norm for coastal fisheries management (through the Fish Forever initiative) is ambitious and not without strategic risks. This project will also consider these risks and is prepared to adaptively manage for solutions.

Support for managed-access approach risk: (i.e. Garnering sufficient social and political acceptance to the assignment of exclusive access rights and privileges at a community level.)

Robust community engagement is a cornerstone of the project approach, and engaging with local communities is

a core competence of project partners. It is believed that the ultimate form of the managed access + reserve areas proposed and eventually implemented within a particular community will need to be authored by, and have the buy-in of, the communities themselves. The social marketing approach is an important tool in achieving this outcome and will be deployed in each of the sites where the proposed project will work. Transparent decision-making processes will ensure community members are involved in every decision. Fish Forever's training provides social marketing campaign managers and community leaders with the best practices for ensuring transparency in decision-making.

Build on existing social norms, customs and policy frameworks. The Fish Forever program aims to build on existing customary practices, many of which already allow for the allocation of rights and privileges at a community level. Furthermore, our first set of sites are located primarily in regions where marine spatial planning and zoning has already taken place, providing a strong foundation for enhanced management through managed access + reserves.

2. Long-term Sustainability/Replicability: Describe how project components or results will continue or be replicated beyond the initial project. Note that this may include elements of project design, tools utilized during the project, or project results.

This project will result in strong economies of scale around a common theme, as well as provide cross-pollinating lessons learned. Together, these characteristics make the fund an innovation within the impact investing field and the fisheries sector. The Meloy Fund, working hand-in-hand with Fish Forever, results in sustainable livelihoods for local fishing communities practicing (or transitioning to) behaviors that reduce human threats to coral reef ecosystems. A key objective of the Meloy Fund is to build alignment with fisheries supply chains so that our investees – among other players – can move towards a sustainable business model. In part, this is enabled through a sustainable supply of coastal fish and related products, as well as maximizing efficiencies and minimizing waste. If these improvements to fisheries supply chains become business as usual, the impacts on coral reef ecosystems will reach far beyond the areas targeted in the proposed projects.

The Meloy Fund will have a lasting impact by financing unbanked enterprises to acquire those fixed assets that will enable financial growth, job creation, and resilience to economic shocks. Additionally, the fund will provide Technical Assistance (TA) to investees to cover non-monetary gaps. The TA will support the investee's growth and development, as well as maximize the social and environmental impacts of the fund's investments.

Broader institutional and governance factors are also key in ensuring sustainability. Fish Forever has developed good relationships with public players at local, municipal, regional, and national levels. Having the buy-in of local and national governments will be a key asset for successful Meloy Fund investments. Similarly, the fund will benefit from government support to cover infrastructure gaps, such as construction of ports or roads, and potentially to provide access to sources of government funding. At the same time, the Meloy fund will ensure that its investments also support the government's objectives, such as aligning with government targets for marine conservation and fisheries production; or receiving higher revenues in the form of taxes, duties, or other business licenses from the enterprise.

Finally, the Meloy Fund will create sustainable and lasting impacts at a community level. The combination of social and institutional incentives provided through Fish Forever's establishment of rights-based management and strengthening of social norms and cohesion, plus the market-based incentives provided through the Meloy Fund,

will create significantly stronger incentive systems and enabling environment for fishers to continue fishing in ways that reduce negative pressures on coral reefs.

The Meloy Fund's catalytic impact will take place at different levels. At the investee level, the Meloy Fund will seek businesses with a proven business model and will provide long term financing to enable these organizations to scale up their operations. Moreover, the Meloy Fund will support successful deals to raise additional financing during or shortly after our investment has been returned in order to continue financing this growth by, among other things, sharing the investees' records with interested financiers, supporting business plan development, and leveraging Rare's deep local networks.

At a broader level, the Meloy Fund will be one of the very few (if not the only) financial institution providing long term financing in community fisheries. The fund will prove the financial viability of engaging community fisheries to the financial sector by a) providing innovative and well-targeted products that support the development of formal businesses; and b) enabling local fishers to develop sustainable sources of income and a financial track record that can be leveraged by other lenders. By de-risking community fishery markets, the Meloy Fund will attract commercial financing to these communities, improve long-term economic prospects, and further buttress the community's commitment to good fisheries management and the sustainable use of coral reef ecosystems.

The Meloy Fund has the potential to shift corporate practices in ways that drive accelerated transition to sustainable fisheries management and fishing practices. If successful, the model could be scaled up and replicated in other community fisheries in Southeast Asia or Latin America where strong fisheries legislation is in place.

3. Social Context: Describe the broad socio-economic context of, and local communities living in, the area of the proposed project, with emphasis on men's and women's different roles, responsibilities and needs of natural resources that the project seeks to focus on.

Overfishing, destructive fishing, and changing environmental conditions are among the most pervasive threats to marine environments, affecting around 55 percent of coral reefs. As outlined in the Global Biodiversity Outlook 4 (GBO-4), "overfishing remains a major threat to marine ecosystems" (p.49). Based on FAO estimates, over 85 percent of the world's fisheries are overexploited or fully exploited. In addition to threatening livelihoods, overfishing negatively impacts ecosystem health in a number of ways, including through a decline of species diversity and abundance and by reducing the number of grazers, which eat harmful algae growing on corals. In the decade leading up to 2007 – the latest period assessed – the percentage of coral reefs rated as threatened increased by nearly one third (30 percent). Local pressures are most severe in Southeast Asia, where nearly 95 percent of coral reefs are threatened.

At the same time, over 200 million people in developing countries depend on coral reef fisheries and aquaculture for their livelihoods. In the Philippines, 84 percent of the country's 1.6 million people working in fisheries are in the municipal or small-scale sector, and in Indonesia, 60 percent of fishers work in the small-scale sector. In many cases, these fishers employ destructive and indiscriminate practices in an effort to extract as much as possible from declining resources, especially where unregulated open access conditions prevail. Common practices amongst coral reef fishers in Southeast Asia include utilizing explosives, which destroy habitats, and muroami practices – a technique of violently pounding coral to scare fish out into awaiting nets. These practices take a drastic and sometimes irreversible toll on critically endangered habitats.

Globally, half of all fish is caught by the world's poorest communities living in close proximity to the coastline. Overfishing and destructive fishing methods threaten both the viability of fish stocks and the habitats on which they survive. Compounded by increases in the frequency and severity of weather events, rising ocean temperatures and other changing environmental conditions, some of the world's most globally significant biodiversity – and the livelihoods which depend on it – are at risk. Without sufficient financial incentives to motivate fishing communities to protect and sustainably manage their natural resources, the tragedy of the commons will continue – even in places where regulations are in place.

Many fishers in both Indonesia and the Philippines lack the management tools, resources and capacity to manage their fisheries sustainably. Additionally, social and legal tolerance for overfishing and destructive fishing practices in and around marine protected areas (MPAs) prevails. Rapid population growth, poor coastal planning and weak governance have subjected Philippine ecosystems and society to extraordinary pressures over the last 30 years.

A high occurrence of poverty, especially amongst small-scale fishers, persists in Indonesia and the Philippines, where small-scale fishers and farmers are considered among the poorest of the poor. Insufficient economic alternatives often mean that fishers lack the ability to support themselves or their families without maintaining or increasing their fishing effort. At the same time, income from fishing is unpredictable; uncoordinated and unregulated efforts can lead to market flooding, driving down prices, increasing waste, and contributing to ever-increasing fishing pressure. Because of these economic realities, fishers are often unable to consider the long-term benefits of conserving and sustainably using their marine resources because they must cope with short-term realities.

4. Describe how the project will work in this context and with the local communities, if relevant.

What is needed is improved management of globally significant coral reef ecosystems. Despite many current and past investments by governments, multilaterals, and private donors, a missing element has been sufficient market-based incentive systems to motivate the transition to better management. Addressing the financial and market barriers to sustainable management of coral reef systems will make the difference between business as usual and the ability to meet targets for improved management of coral reef ecosystems.

The Meloy Fund is an \$18M impact investment fund devoted to providing debt and equity capital into scalable enterprises that can play a key role in incentivizing sustainably managed community small-scale fisheries, contributing to the maintained integrity and functioning of coral reef ecosystems in Indonesia and the Philippines. The investments of this fund will be highly leveraged by Rare's local presence and accumulated technical expertise, and will create strong financial, social and environmental returns for its shareholders, de-risking community fisheries as a viable market for later stage commercial investment.

5. **Institutional Capacity.** Describe the institution's capacity to implement the safeguard policies.

Rare has experience implementing USAID, World Bank and GEF (through Implementing Agency – UNDP) safeguard policies, to ensure that potential negative environmental and social impacts on important resources such as land, soils, water, biodiversity (including fish), vegetation, local communities and the society at large are adequately managed and positive impacts are enhanced.

As a part of its corporate governance, each Meloy Fund investee will have to undergo a strict due diligence process and adhere to clearly defined social and environmental impact criteria. The business model of investees should be inextricably linked to the need for sustainable environmental resources, and comply to minimum environmental and social standards (*still to be fully defined).
