

# Fact Sheet

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**Title of the proposed Joint Programme** Investing in Coral Reefs and the Blue Economy

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**UNCT** MCO Fiji

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**Date** Tue, 03/31/2020 - 12:00

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## Lead UN entity and contact person

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## Participating UN entities and contact persons

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UN entity	Name	Email
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## Relevant UNDAF Outcome/s and Output/s

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Outcome 1: Climate change, disaster resilience, and environmental Protection

By 2022, people and ecosystems in the Pacific are more resilient to the impacts of climate change, climate variability and disasters; and environmental protection is strengthened.

Output 1.5: Number of PICTs coverage of terrestrial, and marine areas that are protected.

Outcome 3: Sustainable and inclusive economic empowerment

By 2022, people in the Pacific, in particular youth, women, and vulnerable groups, will benefit from inclusive and sustainable economic

development that creates decent jobs, reduces multi-dimensional poverty and inequalities, and promotes economic empowerment.

Output 3.1: Number of PICTs in which the proportion of population living below the national poverty line, by sex and age has decreased based on the latest available data.

## Relevant objective/s from national strategic document/s

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### 1. Fiji National Development Plan

#### Fisheries

- Goal: Sustainably managed fisheries resources.
- Policy: Support inshore/coastal fisheries through sustainable fisheries management and development.

#### Tourism

- Goal: A World-class tourism destination that increasingly adds value to the local economy.
- Policy: Mainstream sustainable tourism operations.

### 2. Fiji National Adaptation Plan

#### System components:

##### Climate Information Services & Management:

- Description: Improves capacity to generate, manage, disseminate, and use climate change information.
- Outcome: Supports stakeholders to anticipate environmental and climate events before they occur.

##### Climate Change Awareness & Knowledge:

- Description: Enhances understanding by increasing the flow of relevant information to relevant adaptation stakeholders.
- Outcome: Empowers stakeholders to engage in decision-making and understand relevant potential adaptation measures

##### Resource Mobilisation:

- Description: Enhances the accumulation and coordination of resources to support the transition to a climate-resilient economy.
- Outcome: Improves the amount of resources available and the way available resources are utilized.

#### Sectoral component:

##### Biodiversity and the natural environment:

- Description: Supports maintenance of biodiversity and the natural environment and the services it provides.
- Outcome: Supports efforts to protect, maintain, and restore natural capital that underpins society and economic growth.

### 3. National Ocean Policy of Fiji

Goal 2 - SUSTAINABILITY: Protect, restore and improve ecosystem and climate services, biodiversity, and equitability of benefits through sustainable management of 100% of Fiji's Ocean, including its internal waters, archipelagic waters, territorial seas and the exclusive economic zone (EEZ).

Strategy 2.1: Define and build awareness of the range of ecosystem and climate services and biodiversity and associated economic and non-economic benefits.

Goal 3 – PEOPLE: Promote a people-centered approach to the Ocean through promoting benefits in an equitable and inclusive way which respects traditions and culture.

Strategy 3.1: Promote, support and expand ocean-related sustainable livelihoods through improved cross- sectoral resource management, awareness raising and capacity development, building resilience and diversifying sources of income.

Goal 4 – DEVELOPMENT: Set a solid integrated foundation for sustainable development and multidimensional security including promoting ocean-based opportunities and innovations.

Strategy 4.3: Mobilize and target resources for sustainable ocean development through national ocean budgeting, promoting blue investment instruments and removing subsidies to further capitalize ocean opportunities in a people-centered equitable fashion.

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

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**Goal 1: End Poverty**

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**Goal 2: Zero Hunger**

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**Goal 3: Good Health and Well-Being**

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**Goal 4: Quality Education**

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**Goal 5: Gender Equality**

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**Goal 6: Clean Water and Sanitation**

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**Goal 7: Affordable and Clean Energy**

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**Goal 8: Decent Work and Economic Growth**

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**Goal 9: Industry, Innovation and Infrastructure**

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**Goal 10: Reduced Inequalities**

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**Goal 11: Sustainable Cities and Communities**

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**Goal 12: Responsible Production and Consumption**

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**Goal 13: Climate Action**

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**Goal 14: Life Below Water**

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14.2

14.3

14.4  
14.5  
14.6  
14.a  
14.b

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**Goal 15: Life On Land**

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**Goal 16: Peace, Justice and Strong Institutions**

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**Goal 17: Partnerships for the Goals** 17.1  
17.3  
17.7  
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## **Self-Assessment**

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**The proposal reflects the integrated nature of the SDGs** Yes

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**The proposal is based on an inter-agency approach (two or more UN entities involved), with RC coordinating Joint Programme preparation and implementation** Yes

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**The proposed results are part of the UNDAF and aligned with national SDG priorities** Yes

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**The proposed Joint Programme will be led by government and include key national stakeholders** Yes

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**The proposal is based on country level consultations, as explained in the Concept note, and endorsed by the government (the letter of endorsement)** Yes

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**The proposal is based on the standard template for Concept Notes, it is complete, and it includes:**

- **Theory of Change demonstrating contribution to SDG acceleration and**

- transformation to implement the 2030 Agenda and awareness of relevant financial policy efforts at regional or national level, Yes
- Results-oriented partnerships, including a strategy to engage and partner with IFIs/MDBs,
  - “Quick wins” and substantive outcome-level results, and
  - Initial risk assessment and mitigation measures.

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The proposal is expected to leverage resources for the SDGs at scale Yes

## Proposal for Joint Programme

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### 1. Summary of the Joint Programme

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Fiji is home to the world's third longest continuous barrier reef system: The Great Sea Reef, known locally as Cakaulevu. Fiji reefs are vital for biodiversity and the local population as a source of coastal protection, subsistence, and income from fishing and tourism. However, urgent financial resources are required to pursue active adaptation strategies to save the reefs from impacts of climate change and multiple local anthropogenic threats. Despite coral reef ecosystem services providing an estimated global annual value of US\$375 billion, the current level of funding for their protection is seven times too small.

Fiji's Joint Programme (JP) is embedded in a regional portfolio being structured by the in-development Global Fund for Coral Reefs (GFCR) to offset the loss of coral reefs and reinforce blue economies. UN organizations, governments, businesses, philanthropies and investment partners will deliver conservation actions in Fiji by leveraging grants and investments for a blue economy centred on the protection of coral reefs and linked SDGs.

Expected results:

- (1) Identified gender sensitive investments and a blue economy pipeline for reef conservation;
- (2) Established gender responsive Technical Assistance Facility (TAF) and a Special Purpose Entity (SPE), based in Fiji for MPAs and blue economy SMEs, managing up to US\$75M impact investments;
- (3) Measurement and verification of positive economic and environmental impacts to vulnerable coastal communities (>70,000 beneficiaries) and reefs out of which 50% will be women and youth.

Financing solution:

The JP will leverage philanthropic and development finance to mobilize concessional and commercial finance channelled exclusively through debt for reef-first business models, de-risked by partners providing loan guarantees (i.e., blended finance). Revenue generation to repay debt will come from ecotourism, waste management, sustainable fisheries, blue carbon and sustainable infrastructure.

Current stage of the initiative – feasibility and piloting stage:

- (1) Stakeholder engagement (Government, NGOs, local communities);

- (2) Vehicle establishment and availability of co-financing;
  - (3) Completed feasibility assessment for Viti Levu of viability of ecotourism, sustainable fisheries and blue carbon (Blue Finance);
  - (4) Pipeline identification and execution, implementing partner Matanataki has identified 8 projects ready for investment, and 19 in incubation (US\$75M portfolio).
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## **2. Thesis and theory of change of the Joint Programme**

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Conservation projects, particularly around marine ecosystems, are not attracting impact capital at the same pace as the rest of the impact investment market, largely due to a shortage of investment-ready projects. While a few Pacific countries build capacities to access finance directly from various climate funds, most lack the expertise and capacity to develop bankable projects for investment. This JP will provide technical assistance and starting capital to establish a pipeline of investment-ready blue economy and sustainable businesses managed by local entities.

The JP will use public investment funds applied as guarantees, concessional loans, and equity investments to de-risk and make the private sector more comfortable with investing in the unfamiliar market of blue natural capital. The JP's access to public investment are through a submission of BNP Paribas (within the framework of the GFCR) to the Green Climate Fund (GCF).

The envisioned blended finance solutions will then be able to offer critical concessional loans to deliver on exciting, impactful coral reef projects. It will address the transaction cost barrier by using the grant support of the Joint UN SDG Fund to establish an investment management infrastructure. It will develop a substantial pipeline of investments, by providing the following key services:

- Provide a "turnkey" blended finance solution for investments, building confidence of project developers and governments to support and scale-up development of pipeline projects;
- Reduce dependence on limited and short-term grant funding, enabling long-term planning, sustained management efforts and effective impact monitoring over time;
- Establish local entities that ensure equal representation and participation of women and men as key local stakeholders, which is vital to securing social licenses to operate and build local capacity, in addition to ensuring investment-driven benefits to local women, men and effectively addressing SDGs;
- Strengthen environmental and social impacts to meet the investors' and development institutions' criteria;
- Reduce commercial and ESG risk through a diversified portfolio of investment projects;
- Reduce the cost of funding for projects by blending impact capital with different risk-return profiles;
- Develop projects that meet the needs of women and men in the coastal communities, local and national government, and investors.
- Provide an opportunity for commercial partners to acquaint themselves with quality standards in this blue natural capital. Overtime, the role of development finance is expected to decrease (with an eventual exit of development finance), reflecting increasing market maturity.

The JP will contribute to creating a pipeline of investable deals/projects to accelerate flows of impact investment focused on protection and enhancement of the coastal natural capital that plays a critical role in contributing to human rights and the SDGs. Specifically, the JP will help to secure for women and men in reef-adjacent communities the important human right to work, as well as right to a standard of living adequate for health and well-being which will have an impact on Fiji's achievement of SDGs 1,2,3,5,6,8,10,11,12 and 15-in

addition the JP's central SDGs of 14 and 17.

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### 3. What are the expected results of the proposed Joint Programme?

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The JP is designed with following priority outcomes:

Outcome 1: Private sector-led investments in blue economy and instruments for reef protection and restoration established and functioning.

Outputs:

- Develop and scale-up gender responsive local tourism and natural resource levies
- Develop and pilot test gender responsive incentives for financing circular economy, waste management and plastic ban/recycling
- Develop and scale-up gender sensitive Reef-first business models, fisheries plan and sustainable management of fishing grounds
- Undertake reef restoration/adaptation technologies at scale engaging women and youth
- Capture and generate Blue carbon credits

Outcome 2: Communities reliant on coral reefs for well-being and prosperity demonstrate improved nutritional outcomes and decent work opportunities.

Outputs:

- Develop sustainable fisheries/aquaculture, tourism.
- Undertake sustainable gender informed value chain development and educational programmes to build skills for careers, inter island trading and livelihoods
- Create employment in reef-first businesses (ecotourism, sustainable fisheries, waste management)

Quick wins:

- Enabled return on investment in at least 10 sustainable businesses out of which 5 will be women owned/managed
- Established a co-management agreement between Fiji Government and a local SPE/LMMAs collecting user fees from tourists to cover management costs for Great Sea Reef MPAs
- Created 1500 jobs for local community
- Established gender responsive local Technical Assistance Facility (TAF)

Longer-term wins:

- Mobilized US\$75M investments towards natural resource and waste management
- Increased Financial/Blue Economy Impact: sustainable fisheries, MPA management is self-financed and gender responsive
- Improved economic opportunities and food security for 70,000 indigenous people
- Increased conservation Impact: Large percent increases in species richness, fish biomass, and coral cover.

The JP creates efficiencies of scale and provides 'turnkey' blended finance solution for investments. It reduces financial burden of MPA management on governments and catalyses revenue generation. By supporting local SPE and TAF, the JP ensures capacity to maintain sustainable and long-term financing. The JP has strong links to Fiji National Development Plan and National Adaptation Plan.

The JP is addressing cross-cutting issues by increasing fisheries production and provision of protein and incomes (SDG 1&2); striving towards achieving gender equality (SDG 5&10) via promotion of jobs and training with specific focus on women and girls. Well-managed MPAs allow sustainable tourism, driving local job creation for women and men (SDG 8&10). They will also improve health of natural ecosystems and protect coastal communities from climate change derived high energy events (SDG13)

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#### **4. Describe the innovative nature of the Joint Programme**

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The strong innovation of our approach stems from the financial standpoint, the applicability to a new sector (protection of coral reefs), attracting new participants, and first-of-its-kind collaboration within the UN system—touching all four pillars of innovation in this call.

The JP foremost targets the blockage in flows of private and public capital to the blue economy. The JP uses two steps to unblock flows: (1) identifying a wider pool of stakeholders (including improving representation of women and girls among stakeholders) and capital targeting coral reefs and blue economy across geographies; and (2) identifying more capital-efficient and results-based models to tie outcomes to finance, through our theory of change.

The supply of market-rate seeking, commercial capital far outpaces the supply of more risk-tolerant concessionary capital and grants. Hence, the JP is taking a blended finance approach, seeking to make investments and grants that target different investment risk profiles.

The blended finance model will use public and philanthropic bodies to take on high-risk and more policy-sensitive tranches of an investment, encouraging private investors to fill the remaining gap at lower risk. Blended finance instruments provide an opportunity for a much wider set of investors to start participating in traditionally challenging asset classes like marine natural capital and emerging markets.

In Fiji, this Programme will build on past and ongoing initiatives, including the following:

- Fiji Ridge to Reef (US\$37M) to preserve biodiversity, ecosystem services sequester carbon, improve climate resilience and livelihoods in Fiji – Limited to Grant
- Pacific Island Oceanic Fisheries Management 2 (US\$10M) to support SIDS in meeting their obligations to implement and enforce regional arrangements for conservation and management of transboundary fisheries – No direct impact on Coral Reef
- My Fiji Shark Initiative to mobilise resources by allowing sponsors to adopt individual sharks in their natural habitat, with revenues generated being used to support existing shark conservation measures and fund research – Not at scale
- The WWF and Matanataki collaboration to support sustainable businesses in getting access to investment capital.
- GEF 5 STAR Fiji Ridge to Reef (US\$7.6M) to improve biodiversity preservation – Requires additional de-risking.

The JP will build on past and ongoing initiatives; but by combining different financial models and a comprehensive approach, will be able to provide first capital and de-risking financing, through an innovative financial structuring and partnership that enables scaling-up to provide greater benefits to the people and nature of Fiji.

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#### **5. Expected added value of the UN and the Joint SDG Fund**

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At the moment no UN Joint Programme for SDG 14 (oceans) exists, let alone for coral reefs. The vision of the GFCR is that the preservation of Fiji's reefs will provide and sustain economic opportunities and food for reef-adjacent communities. The JP, in partnership with the Ministry of Industry, Trade and Tourism, the Ministry of iTaukei Affairs, Blue Finance and Matanataki will combine resources from the Joint SDG Fund with a mix of financing instruments to unlock additional investment for the protection of reefs.

The UN brings together the finest expertise in the world and applies it to LDCs, SIDS and "fragile" states struggling with environmental sustainability, community resilience and climate action. This JP will strengthen and build upon the existing work of Matanataki and Blue Finance while leveraging the combined expertise of UNDP, UNCDF and UNEP across conservation, environment, climate, resilience, and financial innovation.

UNDP, UNCDF and UNEP are powerful institutions for creating enabling environments. This critical work of developing the blue economy sector by providing financial innovation, and convening institutional and private actors, is the bedrock of UN support to developing countries across sectors. In the case of climate finance, UNEP, UNDP and UNCDF are particularly strong, with decades of experience developing national action plans across climate mitigation, adaptation and beyond. This is highly relevant for work in the blue economy setting and is a central pillar of the UN's contribution to the JP.

The Joint SDG Fund is a particularly appropriate tool for such a partnership at the country level, because it fosters and incentivizes UN collaboration and provides much-needed funds for a critical global issue. Without the Joint SDG Fund, the initiative would rely on numerous earmarked small grants, fragmenting initiative elements, further complicating the effort to holistically transform a vital site for Fijians and biodiversity.

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## **6. Leadership and implementation of the Joint Programme**

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A Steering Committee will oversee overall JP implementation. It will be chaired by UNRCO, and include: UNDP; UNCDF; UNEP; Ministry of Economy, Ministry of Industry, Trade and Tourism; Ministry of iTaukei Affairs. A Technical and Advisory Committee will provide technical and scientific support and advice to Steering Committee.

UNDP coordinates implementation, engaging systematically with engage Government through existing relationships.

Additionally, UNDP with UNEP will use partner networks to provide gender responsive technical assistance in:

- Awareness and advocacy in conservation, management, Women's Economic Empowerment;
- Strengthening community-based MPA management wearing gender lenses;
- Conserving traditional knowledge by adapting with modern technologies using locally available resources.

UNCDF will provide technical assistance for financial structuring gender responsive investments, as its capital mandate allows to play a distinct role, working as a hybrid development and finance institution that can issue grants, loans, and guarantees from its own balance sheet. It has internal capacity to manage a variety of investments through a team of impact investment professionals.

Matanataki's role, as partner of WWF and Great Sea Reef Resilience Programme, will support building a pipeline of gender sensitive

investment proposals through identification and capacity building of investment-ready blue economy and sustainable businesses.

Implementing partners include Blue Finance and Uto ni Yalo Trust. Blue Finance will set-up co-management agreement between government and new SPE for MPA management. The agreement will allow SPE to collect and allocate funds from tourism fees, sustainable fisheries, and blue carbon for MPA management activities.

Uto ni Yalo Trust utilizes indigenous traditional voyaging double-hulled oceangoing canoe to carry out technological awareness and advocacy of environmental and social issues including conservation of coral reefs.

Locally Managed Marine Areas (LMMA) Network supports sustainable management of Pacific marine areas. Fiji has been working closely with 466 communities encompassing Marine Protected Areas under traditional leadership.

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## **7. Expected period of implementation**

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The period of implementation should be four years, taking into account the timeline to mobilize co-financing that will sustain the initiative until at least 2030. The four-year implementation period will lay the groundwork for GFCR to mobilize investment capital towards Fiji's pipeline of reef conservation business models.

The goal of the following activities is to ground-truth the data generated under the above-described work through extensive dialogue with key stakeholders and location-specific gender focused research.

Intermediary milestones:

1. Assess the biological health of a reef, legal/regulatory provisions for its restoration, local capacity to conduct restoration work, risks faced by the reef, and factors that could hinder restoration;
  2. Assess the value of environmental services provided by the reef, categorized by industry sector, community group, etc.;
  3. Engage local industry and other groups to assess which parties have an interest in restoring the reef;
  4. Assess local capacity for financial instruments to be deployed, such as the capacity to absorb non-grant financing;
  5. Gather information on tourism revenues and identify other potential funding sources and mechanisms appropriate for the location, taking into consideration local financial practices and culture, including sex-specific differences and other inequalities; and
  6. Confirm investment and reef insurance demand.
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## **8. Cost, co-funding, and co-financing of Joint Programme**

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Joint SDG Amount requested: US\$ 5.34m

Co-Funding by the GFCR: US\$10.4M

Country level co-financing if any: GEF 5 Star Fiji Ridge to Reef Programme – US\$7.6M.

Total Grants: US\$25M

Working Capital leveraged – BNP Paribas: Target of +/- US\$75M

De Risking by the GCF Submission: up to 20% of the working capital

GFCR will be able to match the Joint UN SDG Fund contribution and will mobilize working capital to a ratio of 25% grant to 75% investment. The JP will actualize this through the proposed business models it will source for the pipeline, specifically screening for revenue generation and private finance participation.

A dedicated regional Technical Assistance Facility (TAF) will be created, to ensure high quality project design and execution, to strengthen environmental and social impacts, and to enable the projects to meet the investors' criteria. The TAF will also provide post-investment assistance to projects, so that project developers have greater capacity to implement projects more effectively with increased positive social, economic and environmental impacts. The TAF will also be able to conduct site identification, biodiversity assessments and policy support to government entities. Additionally, communication materials will be produced (e.g., newsletter and website) to promote opportunities for potential impact investors and donors. It is expected that UNDP, UNEP and UNCDF will provide dedicated services based on their respective mandates.

Grant capital will also be deployed through following three modalities:

- 1) A recoverable grant can be applied to the development of a pilot recreation service linked to the reef or an innovative business model. The grant finances the enabling of the new service to test feasibility (may include training, infrastructure, marketing) and, if successful, the grant can be repaid by the fees charged for the services.
- 2) Pay-for-performance can be structured to be revenue-generating, and is part of the new suite of financial products UNDP has in its toolkit. For the blue economy, this financing model may have several applications, including marine biodiversity conservation, and youth employment programmes with a focus on blue economy jobs and training. It can provide a critical function to support investment in less-mature markets.
- 3) Reef insurance: Tried in Mexico, reef insurance is being expanded into South East Asia jointly with UNDP. It is possible not only to have a payout in the case of disasters, but to create a revolving loan vehicle to lend to onshore facilities for disaster proofing, mitigating waste into the ocean.

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## **9. Risk assessment**

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Climate investment risk. Climate change impacts pose a threat to coastal tourism infrastructure and livelihoods. This risk is a direct incentive for all local stakeholders to invest in protection and enhancement of natural coastal protection provided by coral reefs, mangroves and seagrass beds. This will be used to leverage local support for projects.

COVID 19 risks leads to unfavorable investment climate

This project contributes in mitigating climate change, building household resilience through expansion of sustainable development practices, adaptation of indigenous knowledge with modern technologies, resource mobilization for financing sustainability in fisheries, tourism, forestry, ocean and reef management enabling mobilization of green finance for livelihoods diversification opportunities. This project would contribute in recovery as 80% of population live around coastal areas depending on oceans for livelihoods and food security.

Risks from lack of skilled and qualified female and male local employees to work on programmes and manage the project, given

nascent local capacity and limited financial expertise. The risk will be mitigated through a combination of working with existing locally embedded initiatives and blended finance training, and trainings with municipal and national government counterparts on new finance instruments.

Risks from lack of awareness of and resistance to nature-based financial products among women and men in communities, impacting ability to work on reef issues. Risk will be mitigated through ongoing community impact and public awareness campaigns targeting women/girls and men/boys, and stakeholder meetings at community-level with participation of women and men.

Risks from scarcity of investor capital, including domestic investors' lack of familiarity with blended financing structures. Mobilization of international concessional and commercial loans through the GFCR and other financial partners will help attract investors to the unfamiliar market of marine natural capital.

Risk of capital loss for investors. Prospective investors should have ability to understand risks involved and sufficient financial means to bear the loss of their investment. Additionally, losses may be mitigated by financial instruments, such as guarantees brokered through the Global Climate Fund and partnering institutions.

Risk of natural disaster delaying progress/damaging reef. This is difficult to mitigate and may jeopardize reef site. We will raise this risk in discussions with reef-adjacent communities, tourism industry and government to put cultural and financial backstops into place early, and support physical barriers to protect reefs in high risk areas. Additionally, UNCDF is working on new initiative, Pacific Insurance and Climate Adaptation Programme , to address this risk and will align work.

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## **10. Convening the private sector and engaging IFIs/DFIs**

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GFCR's partnership with BNP Paribas, a GCF-accredited commercial bank, will provide access to public and private investment from DFIs. Furthermore, this JP will leverage the existing relationships that UNDP and UNCDF have built with the private sector, such as with various commercial banks, provident funds and insurance companies through the Pacific Financial Inclusion Programme (PFIP). These longstanding relationships date back more than a decade, and will allow the UN to create an enabling environment for private sector marine investments and to support business models that make use of innovation and technology for generating positive impact for women/girls and men/boys in reef-adjacent communities and for reef health and sustainability.

The proposed blended finance solutions are needed to mobilize commercial finance towards the unfamiliar market of marine conservation. This will be achieved through the use of the JP funds to:

- (i) Improve quality of the project design;
- (ii) Accelerate the investment readiness of the projects;
- (iii) Strengthen environmental and social impacts to meet the investor and development institutions' criteria, using UN standards;
- (iv) Reduce the cost of funding for the SPEs (mobilizing co-financing from Green Climate Fund concessional loans); and
- (vii) Help investors to monitor their impacts.

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## **11. Leverage and catalytic function**

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This initiative will yield both impact and commercial returns through:

- (i) Supporting the launch of a waste management facility, sustainable tilapia aquaculture facility, coral reef restoration company, supply chain company for community-produced seafood, plastic recycling facility, dive tourism, and local artisan activities (e.g., artisanal canoe sales)—all of which will improve sustainability of traditional work and increase access to decent work for women and men in reef-adjacent communities.
- (ii) Investments providing financing for SPE's up-front capital needs (vessels, infrastructure, equipment, etc.).

The financing of the pipeline will involve:

- Series-A debt (with different Internal Rate of Returns) from BNP Paribas as the investment Manager of the GFCR;
- Concessionary loans from the Green Climate Fund through BNP Paribas;
- Guarantees to mitigate credit risk by the GCF via BNP Paribas (investment manager for the GFCR).

This blended finance solution targets US\$100M in funding. The proposed breakdown of the different sources of funding is as follows:

- Series A debt instrument: US\$50M (7-10 years term, 4%-8% IRR target return with potential upside) from impact investors, asset managers and family offices (SOF/BNP Paribas to provide the co-financing);
- Concessional debt instruments: US\$25M (7-10 years term, <4% IRR, grace period) from the Green Climate Fund or other Development Financial Institutions (DFIs);
- Catalytic capital (Grants): US\$25M from the Joint UN SDG Fund, GEF and the GFCR;

The proposed balance among the different sources of financing is 60% commercial, 20% concessional and 20% catalytic. This mix allows the risk-return profile of the portfolio projects to be addressed, offers a balanced and sustainable risk allocation between development and commercial parties, and reduces the financial burden for SMEs.

Regarding the Marine Protective Area SPE, the main revenue models are:

- Tourism fees: Visitors pay between US\$3 to US\$25 per day per visitor, depending on the area and activity.
- Mooring fees: Commercial and leisure vessel owners pay a fee to use the moorings in the MPAs.
- Blue carbon credits: The credits are generated and sold to organizations seeking to meet voluntary or regulatory climate mitigation targets.
- Sustainable fisheries
- Biodiversity offset credits.

This proven co-management/SPE approach has been tested in the Caribbean by Blue Finance and will be effectively tailored to the contexts and needs of different sites in Fiji, showing high replicability and the necessary scalability.

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## **12. Technical support and seed funding**

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Up to US\$100,000 is requested for technical support and the deployment of experts/consultants to write the JP document. This would include one expert on coral reef resilience, one expert on MPAs, and one expert on blended finance for a period of up to two months each. Profiles are available upon request.

## Signatures

Signed Signature Form

[SIGNATURE PAGE - Coral Reefs.pdf](#) 83.81 KB

## Government Endorsement

Letter of Endorsement

[Government and Partner Endorsement Letters.pdf](#) 950.37 KB