

## Joint SDG Fund – Component 2 – SDG Financing

Template for the Joint Programme Final Progress Report (preparatory funding)

**Purpose:** to provide the UN Joint SDG Fund’s donors with evidence that preparatory funding provides good value for money - so that we can continue allocate resources to your programming.

**Instructions:** be succinct and to the point; emphasize only results and issues that you want to bring to the attention of the Fund; do not go over the max number of pages.

**Deadline:** January 31<sup>st</sup>, 2021

### Cover page

**Reporting period: June 30 – December 30, 2020**

**Country:** Fiji

**Joint Programme (JP) title:** Investing in Coral Reefs and the Blue Economy

**Short title:** N/P

**List of PUNOs:** UNDP, UNCDF and UNEP

**RC (name):** Sanaka Samarasinha

**Representative of Lead PUNO (name and agency):** Kevin Petrini

**Government JP Focal Point (name and ministry/agency):** Acting Head of Division - Climate Change and International Cooperation Division, Ministry of Economy, Government of Fiji

**RCO JP Focal Point (name):** Mozeem Mohammed

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**Lead Agency JP Focal Point (name):** Kevin Petrini

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**Budget (Joint SDG Fund contribution):** USD 100,000

**Budget Expenditures:** USD 76,097

**Delivery Rate** 76% - *Prep Funding Rate (%)* =  $\frac{\text{Expenditures PUNO}}{\text{Total transferred funds Jan 2020 to December 2020}}$

## Short Description of the Joint Programme (1 paragraph for each section)

*This description will be used to update your country page in our online platform (please scan the website before answering) <https://sdginvest.jointsdgfund.org/proposals>*

*Financial leverage (estimated target in US\$): USD 60m*

### *Challenge:*

*Explain the key challenge(s) the JP aims to tackle with reference to both development and financing challenges and how they interconnect.*

Fijian coral reefs, their biodiversity and the ecosystem services they provide are at risk. The main drivers of coral degradation identified in Fiji are the compounded effects of local impacts from overfishing and coastal development along with climate change stressors (reefresilience.org). Urgent financial resources are required to pursue active adaptation strategies to save the reefs from climate change and multiple local anthropogenic threats. Well managed and financed Marine Protected Areas (MPAs) and blue economy projects are the cornerstones of international efforts to replenish biodiversity and nourish the growing human population. 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 and organizations developing future opportunities, private sector perceived risk of investing in blue natural capital and the resulting high interest rates to get blue economy businesses operationalized. Development finance is a scarce and precious resource, so the mobilization of additional funds from commercial investors into marine conservation is indispensable for Fiji in its efforts to meet the financing needs of the 2030 Agenda.

### *Innovation (financial instrument/mechanism/approach):*

*Summarize the financial mechanism(s) proposed and why the approach is different from conventional and/or alternative approaches and how it is fit for purpose to address the challenge described above.*

The JP will construct a pipeline of bankable projects providing a blend of technical assistance, performance-based grants and concessional loans for de-risking. This blend of support will leverage finance from private investors and other financing facilities. The JP's innovative nature stems from its unique public-private partnerships that brings together a local investment manager and conservation actors, financial institutions (Althelia and BNP Paribas through GFCR), the local government and other UN funds (GFCR). With these joined resources, technical capacity and expertise, the JP can deploy innovative blended finance instruments to catalyze the private sector role in the relatively untapped blue economy sector.

The JP's approach is to target the highest leverage effect by taking the financial risk that the private sector cannot take. This allows the JP to participate in providing recyclable, but higher risk capital to crowd in private sector investors to investments that would otherwise be too risky.

### *SDG Impact:*

*Please describe the development impact the JP aims to achieve. Do not list the SDGs.*

Coral reef ecosystems provide important cross-cutting SDG co-benefits for local communities through entry points such as coral reef tourism, food security, shoreline protection, and human health and wellbeing. The JP will work to create a pipeline of investable deals/projects to accelerate flows of impact investment focused on protection and enhancement of the marine and coastal natural capital that plays a critical role in contributing to human rights and the SDGs. Specifically, the JP will help to underpin the human development challenge by working for and with women and men in reef-adjacent communities, as well as their 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 to the JP's central SDGs of 14, 8 and 17.

Partners:

*Please list key partners involved in implementation as well as secured investors. Do not mention more than 4-5 partners. Do not mention generic stakeholders (e.g. Government, private sector), but only specific institutions/partners.*

1. Global Fund for Coral Reefs
2. Government of Fiji, Ministry of Economy - Climate Change and International Cooperation Division
3. Matanataki
4. Blue Finance
5. Sustainable Ocean Fund

## Final Progress Report (MAX 3 PAGES)

### 1.1. Progress achieved

Provide brief description of the project's developments, results and achievements during the preparatory phase including 1) financial vehicle design; 2) market assessment; 3) feasibility study; 4) pipeline assessment; 5) legal assessment; 6) investor mapping and matching; 7) others. Please list the names of strategic documents developed (if any).

During the preparatory phase the JP proposal team was supported by blended finance experts that screened a strong pipeline of bankable projects from the two project development partners; Blue Finance and Matanataki. Screening was done based on various criteria, such as: Financial model, contractual structure and project maturity, local need, SDG impact and thematic alignment with SDG 14 and the added value from a UN intervention.

Out of this pipeline three investment ready projects were selected:

1. LMMA
2. Sanitary Landfill and Waste Management
3. Fertile Factory

For each of these three projects market assessments and business plans were already developed or in a very advance stage. Furthermore various reports and impact studies have already been done prior to the proposal development (see annex 9 to 12 of the proposal document which contains a lot of detailed information derived from these reports.) These have been reviewed by the JP team and UNCDF's blended finance team and "sharpened" where needed.

During the development of the JP commitments for additional capital investments were obtained from both the Global Fund for Coral Reefs as well as from the Sustainable Ocean Fund.

### 1.2. Challenges faced

Did the UNCT face any major challenges in the preparatory phase? Briefly explain the challenges, their impacts, and how you overcame those.

No major challenges, however the management of wide range of stakeholders involved could be considered as a challenge:

- Engagement with implementation partners, such as Matanataki, Blue Finance and the UN agencies involved as well as the GFCR team took place through regular online calls/meetings to ensure alignment and progress was managed.
- At government level we managed to have the buy-in from one of the most important ministries in Fiji (MoE) through which other government stakeholders were managed.
- Other stakeholders that were not key decision makers, but may be influential at implementation stage, such as NGO's, were informed at an early stage of the proposal development through stakeholder consultation meetings.

### 1.3 Partnerships leveraged

Did you leverage new partnerships during the preparatory phase (e.g. government, private investors, IFIs, bilateral/multilateral banks, etc.)?

- Yes  
 No

Provide in bullet points the main highlights on strategic partnerships and with whom.

New partnerships established with the following partners:

- Matanataki and Blue Finance as project developers to build pipeline for new potential investments

- Government of Fiji – Ministry of Economy, as anchor partner for government relationships pertaining private sector investments in blue economy
- ADB as potential senior lender, or for potential exit (e.g. Western Landfill project)

1.4. Co-funding mobilized

Did you secure additional funding or in-kind support for the proposal during the preparatory phase?

- Yes  
 No

If yes, please include amounts committed during the prep-phase.

| Source of funding | Yes                                 | No                                  | Type? | Name of organization            | Amount (USD) | Comments   |
|-------------------|-------------------------------------|-------------------------------------|-------|---------------------------------|--------------|--|
| Government        | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |       |                                 |              |  |
| Donors/IFIs       | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | \$    | Global Fund for Coral Reefs     | USD 4.7m     |  |
| Private sector    | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | \$    | Local sponsors                  | USD 4.1m     | 3.5m HG Leach<br>0.3m Waste Clear<br>0.3m LMMA local investors |
| UN/PUNOs          | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |       |                                 |              |  |
| Other partners    | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | \$    | Mirova / Sustainable Ocean Fund | USD 13.3m    |  |

1.5. Budget changes (if relevant)

If there were changes in the actual budget from the one shared as part of the Fund Transfer Request, please briefly justify these changes.

Please, explain briefly:

N/A