



**ANNUAL NARRATIVE REPORT:**  
**Investing in Coral Reefs and Blue Economy – Fiji**  
**Programme**  
**January – December 2022**

**Report submitted by:**

United Nations Development Programme

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## Programme Overview

Programme Title & Project Number		Programme Duration
<b>Programme Title:</b> Fiji - Investing in Coral Reef and the Blue Economy (ICRBE)	<b>Start Date:</b> March 2021 <b>End Date:</b> March 2030	
<b>Programme Number:</b> 00126455		
Programme Location	Co-recipient Organisation/s and Implementing Partners	
<b>Country/ies:</b> Fiji	<b>Co-recipient Organisation/s:</b> 1. UNDP 2. UNCDF 3. UNEP	
<b>Priority Coral Reef Site/s:</b>  1. Great Sea (Cakaulevu) Reef 2. Shark Reef Marine Reserve (SRMR) 3. Korolevu-i-Wai/Koro-i-Nasau 4. Beqa Lagoon 5. Kuata Lagoon	<b>Implementing Partner/s:</b> 1. Matanataki 2. Blue Finance 3. Beqa Adventure Divers (BAD)	
Total Approved Budget		
<b>Total GFCR Budget:</b>  UNDP (CA): USD 927,585 UNCDF: USD 4,236,746 UNEP: Nil (this was funded by Joint SDG Fund)		
<b>Total Approved co-financing from other sources:</b> Joint SDG Fund: USD 5,339,438 Fiji Government: USD 110,000 (Coral Reef Insurance Initiative)		
<b>GFCR Preparatory Grant awarded from proposal development:</b> N (USD \$100,000 from JSDGF)		
Programme-Level Indicators	Targets	2022 Progress
<b>Reef Fish Biomass</b>	20% increase biomass and abundance by 2024 in area of intervention as opposed to unmanaged areas	BAD Benthic survey analysis as baseline and to be interpreted in Q2 2023.
<b>Live Coral Cover</b>	tbd% increase hard coral cover by 2024 in area of intervention as opposed to unmanaged areas.	<b>Data at SRMR:</b> Source: Shark Reef Marine Reserve (SRMR) Benthic Biodiversity Assessments, Serua, Viti Levu, Fiji. Helen Sykes , Marine Ecology Consulting, September 2022 - On the SRMR Front Reef 1, at the feed site, live hard coral (orange) remained between 40 and 60% cover, with higher cover always on the shallower section (5m).

		<p>- On the SRMR Back Reef. coral cover was very high, between 51 and 63%, with a slight drop from 2014 to 2022 at 10m and a slight rise from 2014 and 2022 at 5m but was not majorly changed over the eight year period.</p> <p>- On the SRMR Front Reef 2, remote from the feed site, coral cover was lower than the other sites over both survey periods, although the coral cover at 10m was slightly higher in 2022 than seen in 2014.</p>
<b>Proportion and Area (Ha) of reefs in associated ecosystems with effective management</b>	<p>2 MPAs with METT score &gt;70</p> <p>30,000 ha by 2024 covering 30 MMAs (10,000 ha for first 10 MMAs)</p>	<p>Total of 200 ha are managed by BAD (gazetted as MPA)– of which 100 ha designated as no-take-zone.</p> <p>Another 50 -70 ha are expected to be add by mid 2023 from the Kuata Reef System</p>
<b>Investment capital leveraged</b>		USD 392,000 as cash and equity contribution from TFFC
<b>Grant co-financing leveraged</b>	<p>USD 50M</p> <p>1:5 ratio as per Prodoc</p>	<p>Joint SDG Fund: USD 5,339,438</p> <p>Blue Bond: USD 2,000,000</p>
<b>Beneficiaries</b>	<p>(&gt;70,000 beneficiaries) and coral reefs, of which 50% will be women and youth respectively.</p>	<p>BAD</p> <p>Households benefitted from goodwill payment to the village which benefits the whole village with more than 50% being women and youth.</p> <p>1112 villagers of which more than 50% are women and youth</p> <p>Employment of villagers as Divers in BAD</p> <p>Other projects targets are TBD</p>
<b>Coral-positive Enterprises</b>	10	4
<b>Livelihoods Impacted</b>	<p>The LMMA project is expected to generate of +100 community jobs benefiting large number of women (e.g. resource monitoring, eco-tours, animal care taker) within LMMA Network jobs by 2025.</p> <p>Other projects targets are TBD</p>	

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## • Executive Summary

### 1. Introduction

The Investing in Coral Reef and the Blue Economy (ICRBE) seeks to create a blended finance facility and build capacity to mobilize private and public investment capital for initiatives that have a positive impact on Fijian coral reefs and the communities that rely on them. The ICRBE is meant to construct a pipeline of bankable projects providing a blend of technical assistance, performance grants and concessional capital for de-risking. The ICRBE focuses on supporting reef positive initiatives in and around the biosphere of the Great Sea (Cakaulevu) Reef, the Shark Reef Marine Reserve, Korolevu-i-Wai reef system, Beqa Lagoon reef system, and Kuata Lagoon reef system. Map on locations at **Annex A**

### 2. Baseline Assessments, Target Setting and Gaps

Increased coordination between, UNEP, the convening agent and the Implementing Partners resulted in baseline assessments and surveys conducted. UNEP was able to hire a technical consultant who has made two trips to Fiji in addition to working remotely from Australia and will finalize the M&E Framework by March 2023.

The Implementing Partners along with technical advisors such as WWF Fiji and WCS Fiji have expressed the need for increased finance of data, research and innovation for coral biodiversity.

### 3. Important Progress and Achievements

#### *Beqa Adventure Divers (BAD): Outcome 1*

- The completion of two baseline milestones, the Fish Count Study and the Benthic Biodiversity Survey at the Shark Reef Marine Reserve (SRMR), will assist in identifying key drivers of reef degradation in and around two priority coral reef sites i.e. Beqa Lagoon and Korolevu-i-Wai LMMA. The study and survey will feed into baseline setting and better inform ecosystem level approach to increasing the target reefs' resilience.
- BAD has also been consistent with its poaching patrols to educate and deter would-be poachers. The work ensures that conservation, protection and maintaining shark species and marine organisms and coral within the Marine Protected Area (MPA).
- The construction of the new Dive Base & Conservation Lab has continued and is nearing completion despite increase in Covid cases and Ukraine War. Even though the challenge of increasing prices due to geopolitical events, the project is on target to be completed by early Q2, 2023.

#### *Korolevu-i-Wai (KiW): Outcome 1*

- Further to MPA and LMMA management work under the Fiji programme, the Special Purpose Entity (SPE) work at Korolevu-i-Wai (KiW) progressed slowly in 2022. The project is being conducted in the Customary Fishing Ground of the Vanua Davutukia, in the Korolevu-i-wai District of Nadroga/Navosa Province, Fiji Islands.
- Important feasibility work, marine conservation enhancement, Korolevu-I-Wai & Resource Management Plan review and relevant training (Fish Warden) was completed with the full active participation of the local community.
- However, there is no willingness from the community to engage in tourism activities that Blue Finance is suggesting and no interest in having Blue Finance play an active role in the management of such tourism activities. This is not aligning well with Blue Finance's business principles and investors which has resulted in Korolevu-i-Wai being deemed not fit for investment anytime soon. PUNOs have tried the best to seek a mutual way forward but the entire Blue Finance business model is not being accepted by the community, largely due to limited business acumen, an existing eco-tourism business in the village that is feeling threatened and not wanting to work with Blue Finance and strong push back from multinational

hotels who do not want to partner with a new community owned business. The risk was foreseen at design stage but the level of engagement could be something to learn from.

- Blue Finance is now focussing on new investment opportunities with boutique hotels who already have strong LMMA and MPA activities on-going but are in need of sustainable investment financing. In this regard, pre-feasibility studies for Beqa Lagoon Resort ([Pacific Blue Foundation](#)) and Barefoot Kuata Island Resort (Barefoot Foundation). Convening Agent will take a more hands on approach to support deal structuring.

#### *The Fertile Factor Company (TFFC): Outcome 2*

- TFFC became the second business to secure financing from the ICRBE's lending facility. Waste Clear Fiji PTE Limited and its equity investors have agreed to the commercial terms of a USD 750,000 debt financing through UNCDF. This is expected to catalyse the commencement of TFFC facility construction by quarter three of 2023 as there is still some minor issues around finalising land lease for the Naboro Landfill.
- The Environment Impact Assessment has been cleared and approved by the Department of Environment (DoE) with certain conditions that need to be met before land lease can be approved by the Department of Lands.
- Two successful high-level meetings were organised to get Government officials and the Implementing Partners to agree on a mutually amicable way forward in commencing construction works. Meetings have also been held with the new Fiji Government in December consisting of productive discussions with the Fiji Prime Minister and the Minister for Trade and Commerce.
- Soil samples for the watershed trials have been sent to Australia for baseline trials. These trials will help ascertain the actual viability of TFFC projects in reducing agricultural runoffs that harm coral reefs. The Convening Agent and Matanataki has been awaiting replenishment funds from GFCR to commence detailed work on the trials.

#### *Technical Assistance Facility (TAF): Outcome 2*

- Matanataki was able to refine its investment criteria and processes with excellent inputs from the GFCR Secretariat and Pegasus/Systemic and the Joint SDG fund to select the most appropriate deals to meet global KPIs of both the GFCR Secretariat and the joint SDG fund.
- Each of the 7 businesses identified by Matanataki needed to prove their relation to reef positive solutions and how they are connected to each other. In this regard, Matanataki also created an "Investment Bible" which provides a financing roadmap and intervention templates for all TAF deals. This created better understanding amongst Fiji programme stakeholders.
- Investment readiness of four business to go eventually go through pre-assessment by UNCDF is on final stages with critical activities undertaken in the last quarter of 2022 to complete the process. This includes presentation to the local development bank to secure co-financing, financial guarantors from the iTaukei Development Trust Fund (local indigenous financier mandated by Fiji Government), vision boarding with resource owners, finalization of business models, business plan and pitch decks, and technical trials and monitoring on Sea Cucumber and Seaweed Farming.
- Two projects are now entering into pre-assessment stage of potentially receiving funding from the ICRBE's debt financing component – these businesses are Mango Fish Aquaculture Project and the Sealink Sustainable Fisheries distribution business.
- Mango Fish Aquaculture Project is now a strong contender for receiving co-financing from Tranche 1 of Fiji's blue bond issuance. The Convening Agent is brokering deal structuring between Kelton Group (parent business owners of Mango Fish Project) and the Fiji Government estimated to be around US 2 million.
- Sealink, a women led business, has secured partial credit guarantee from the iTaukei Development Trust Fund which has helped to secure better lending terms to secure a loan of US 500,000 from the HFC Bank (Fiji owned bank) – however, HFC has a low risk appetite and discussions are now being held between

UNCDF and FDB to use TAF funds to top up the credit guarantee from the iTaukei Development Trust Fund up to 80 - 85% of the total lending amount. This approach could demonstrate a more innovative way of unlocking domestic financing for reef positive businesses.

#### *Western Landfill (Vulavulasara) Project: Outcome 2*

- Depending on the project progress with the Fiji Government, the project will be investment ready by February 2024. Matanataki expects to have the project financial model, business plan and pitch deck ready by 15th May 2023. They will present this to the Ministry of Local Government, who will commence their independent business case review. Matanataki will also be overseeing the strategic and economic case review, which will be lead by Tonkin and Taylor and will take us, Government, investors and stakeholders through a guided process which we hope will result in a contractual agreement with Government. UNDP, through the ICRBE, will be providing finance for this work and the Government's independent business case review.
- Regular meeting updates have been held with stakeholders from relevant government ministries. The Fijian Government agreed to an independent business case review approach, as opposed to a tender process proposed earlier for the Sanitary Landfill project (Vulavulasara Project). Further discussions with the new government need to be carried out in 2023 – this is being arranged by the Convening Agent.
- Matanataki team is now working towards delivering on investment readiness. It will deliver a high-level investment ready concept as per its UNCDF grant agreement in early 2023.
- Matanataki has also sought a reimbursable grant from the GFCR in order to develop a comprehensive preliminary business case. This will involve the onboarding of consortium partners which will provide a level of granularity on the financial detail and concept design.
- Matanataki has selected a site and its landfill EPC contractor, HG Leach, has noted that the site is highly suitable. The technical details (powerline clearance, road dust management, drainage formation/bunding/leachate control, adjacent land use) will be ironed out at the preliminary and detailed design stages.
- A waste stream audit and the first draft of the transport and materials recycling concept has been completed. Matanataki is about to commission a drone topographical land survey.

Overall, 2022 has been a fruitful year with various milestones achieved in all quarters of the Programme's interventions. The ICRBE has completed its Communications Strategy and will be commencing the development of a Gender, Equity, and Social Inclusion (GESI) Action Plan that aligns to the M&E Framework – TOR for GESI work has been developed and will be advertised in April 2023. There are aspects of the Programme's workplan which needs to be pursued aggressively in 2023 while some indicator targets may need to be repurposed as they are not aligned to the reality of implementation on the ground – this will be further discussed with the GFCR UNEP team and JSDGF team once the deliverables of the UNEP technical consultant are ready in March 2023.

#### **4. 2023 Outlook**

Building on the strong momentum of 2022, the ICRBE has the following key ambitions for 2023:

- Finalise the Programme level M&E Framework and develop rapid partnerships with existing data collection partners to begin consistent monitoring of critical indicators.
- Complete the ICRBE GESI Action Plan and have it incorporated into the ICRBE's data collection priorities.
- Learning from the shortfalls of KiW, the Convening Agent to have a more involved role in structuring the two new LMMA deals by Blue Finance. Plan is to hire local engagement partner called Fiji Locally Managed Area Network (FLMMA) to be a local counterpart for Blue Finance, help navigate complex traditional approval processes, and ensure community buy-in for Blue Finance's approach. This is expected to negate the issues of limited on ground presence of Blue Finance. Funds (USD 40,000) initially

earmarked for Environment Impact Assessment of KiW will now be used for this purpose subject to concurrence from the GFCR Secretariat.

- Leverage on all time high levels of domestic liquidity to unlock co-financing from domestic financiers for the BAD, TAF and Western Landfill projects. The intention is to leverage domestic financing to attract niche foreign investments into these businesses. The implementing partners are ready to take on this challenge and the PUNOs are lining up former international investment brokers to assist these businesses.
- Establish a more seamless process to secure Environment Impact Clearances. Work with Investment Fiji and the newly establish Fiji Investment Facilitation Committee<sup>1</sup>
- Secure co-financing for projects from the Fiji Blue Bond and finalise the Fiji Reef Insurance product with Willis Towers Watson.

#### 5. **Link to Programme Page**

- <https://www.undp.org/pacific/projects/investing-coral-reefs-and-blue-economy>

## I. **Programme Objectives**

The ICRBE seeks to create a blended finance facility and build capacity to mobilize private and public investment capital for initiatives that have a positive impact on Fijian coral reefs and the communities that rely on them. The ICRBE is meant to construct a pipeline of bankable projects providing a blend of technical assistance, performance grants and concessional capital for de-risking.

Projects will leverage finance from private investors and other financing facilities. The ICRBE's expected results include:

1. Private sector investment in a US\$10M blended finance facility for effective management of 30 Locally Managed Marine Areas (LMMAs) in Fiji. The ICRBE will accelerate the short-term investment readiness of a pipeline of 10 LMMA projects (US\$3.1M target) and bring the wider pipeline to market (US\$10M target). Business model include reef-first businesses such as eco-tourism, visitor center, sustainable fisheries and blue carbon credits.
2. Private sector investment in a US\$14M blended finance facility for sanitary landfill project before replicating the approach to other landfill projects in the country.
3. Private sector investment in an eco-fertilizer factory before replicating the approach to other 5 reef-first SME projects in the pipeline.
4. Established an operational gender responsive Technical Assistance Facility (TAF) for blue economy Small and Medium Enterprises (SMEs) and financial instruments. The TAF will:
  - a) Bring expertise during the pre-investment and post-investment life cycle of the Blue Economy SMEs
  - b) Aggregate and pool the investments and other financial instruments reducing transaction costs and reducing risk profile
  - c) Work with the government to improve regulatory framework
  - d) Fundraise development and private finance
5. Leveraged a total US\$50M in public and private investments in reef-first SMEs and financial instruments.
6. Measurement and verification of positive economic and environmental impacts to vulnerable coastal communities (>70,000 beneficiaries) and coral reefs, of which 50% will be women and youth respectively.

### **Outcomes**

Outcome 1: Protection and effective management of Fijian priority coral reef sites and climate change-affected refugia are sustainably financed

<sup>1</sup> <https://www.fijitimes.com/committee-highlights-key-focus-areas/>



- Output 1.1: Increased area of new climate refugia and priority sites designated as MPAs or LMMAs
- Output 1.2: Established SPEs financed by revenue generation activities within and around LMMAs and a blended finance facility with high leverage potential for the private sector
- Output 1.3: Strengthened management, enforcement and monitoring systems of LMMAs by SPEs.
- Output 1.4: Established coral reef and ridge to reef conservation legal and regulatory frameworks to promote protection and mitigation of local threats.

#### Outcome 2: Transforming the livelihoods of coral reef-dependent communities

- Output 2.1: Established Technical Assistance Facility, managed by local investment manager Matanataki, supported by UNCDF to develop a pipeline of investment ready reef-positive sustainable businesses and projects with an emphasis on employing local community members, especially women and youth
- Output 2.2: Mobilized public and private investment in priority sustainable initiatives related to addressing coral reef degradation drivers
- Output 2.3: Strengthened and harmonized policies, strategies, plans and financing from the government of Fiji for improved environmental biodiversity protection
- Output 2.4: Establish recognition, rewards and monitoring systems to incentivize the private sector to act sustainably

## II. Programme Implementation & Results

### A. Programme Results Overview

#### **Outcome 1: Protection and effective management of Fijian priority coral reef sites and climate change-affected refugia are sustainably financed.**

##### **Beqa Adventure Diver (BAD)**

Both initiatives will inform the achievement of the following short-term outcomes (1-4 years):

Justification for establishing MMAs need to be robust as it entails overcoming issue around temporarily foregoing customary fishing rights. Solid data and information such as the survey and count will give much needed impetus for more LMMAs to be established with specific interventions that address the biodiversity issues identified. Ultimately, such interventions will support food security priorities and ensure sustainable sources of fishing income for coastal communities. Such science based marine spatial decision making can ultimately be replicated around the country and result in achieving Outcome 1 in a systematic, inclusive and consultative manner.

ICRBE funding has enabled BAD to bounce back stronger after COVID-19 and re-hire staff. More jobs are expected to be created (approximately 5 more in 2023). The conservation lab is expected to create a research hub which can be leveraged to attract investment from philanthropies seeking to invest in Fiji's Marine Spatial Planning ambitions – investor has been earmarked and will be engaged once construction works and operational modalities for the lab is completed.

BAD also made a FJD 10k payment as partial compensation for the lack of Shark Reef Marine Reserve (SRMR) levy revenue due to the pandemic. The FJD 10K payment was disbursed as follows: \$1k to each Mataqali (clan) for a total of \$5k; a further \$5k inclusive of a new brush cutter (as per direct request by the Village) to the Village Account.

##### **Korolevu-i-Wai (KiW)**

Despite the KiW project not going ahead due to differences in investment and management perspectives, the development of a LMMA Resource Management Plan sets the foundation for the Convening Agent to look for a more fit for purpose investor lead as a substitute for Blue Finance. The PUNOs agree that there has been significant work put into designing an SPE at KiW which should not go to waste. If implemented

well, the KiW LMMAs and the two new sites will inform the achievement of the following short-term outcomes (1-4 years):

The two new LMMA is estimated to have 16 individual LMMAs which will add to this short-term target. The exact hectares of sea space is not known yet but it will definitely add towards the outcome targets.

The two new LMMAS have already up financing from overseas investors through Blue Finance. The Fiji Government is also establishing a Blue Investment Fund under its Blue Bond issuance which will provide additional concessional credit line to the LMMA businesses. The Blue Investment Fund is currently being designed following a comprehensive feasibility study and will be delivered through the Fiji Development Bank and the HFC Bank. The two new LMMAS are already employing local hotel staff. With the establishment of the SPEs, Blue Finance is already pushing to recruit a local MPA manager, guides and part time divers.

Learning from the two new LMMAs and that from KiW will be used to inform commercial activities in the [Lau Seascape](#) which cover 33,500,000 ha of ocean space in Fiji. The Convening Agent is already working with Conservation International, technical leads for the Lau Seascape, to exchange knowledge and ideas for innovative financing models for LMMAs and MPAs. This initiative alone is expected to add drastically to the overall Outcome in the long term.

## **Outcome 2: Transforming the livelihoods of coral reef-dependent communities**

### **The Fertile Factory Company (TFFC)**

The Blue Bridge facility approved a loan of USD 750,000 to TFFC in September 2022. The loan will be used to start-up the operations including: purchasing equipment, building the composting facilities, and for working capital. In addition to the loan, the sponsors is contributing USD 278,000 in cash and USD 114,000 worth of equipment. There was uncertainty during the investment due diligence process whether the Department of Environment (DoE) would approve the Environmental Impact Assessment (EIA) though the deadline for a verdict had passed the statutory 21 working days for review – it ultimately took 221 days to get the EIA done. A number of follow-ups were done by both the sponsor and UNDP with DOE. The Investment Committee, the EIA for TFFC was approved with two major conditions which included : 1) TFFC to sign contract with HG Leach, the existing landfill operator of Naboro Landfill where TFFC is also expected to operate (issue being that diversion of green waste may reduce the funds being paid back by HG Leach to Government per tonne of waste landfilled. Given that TFFC will divert green waste from Naboro Landfill, this may have revenue implications 2) TFFC to sign contract with DOE as a separate contractor to operate the site. As of December 2022, the contracts with TFFC are both with HG Leach and DOE respectively. HG Leach is seeking formal approval from DOE to enter into MOU with TFFC. The conditions need to be met urgently as TFFC would otherwise not be able to secure the land from Department of Lands though the land designation, subdivision and allocation have already been completed by the Department. The Convening Agent is closely following up with Matanataki, and respective government parties to find a breakthrough. Other than the project proponent's own contribution, no immediate leverage is expected from TFFC until it starts its operations and demonstrates proof of concept.

Matanataki also runs training for farmers. The mission of Vakabula Vanua: Soil School is to support sustainable and inclusive livelihoods, food security and community wellbeing through the teaching of regenerative agricultural practices, respecting island peoples' religious, economic, and cultural roots. The educators share their extensive knowledge on Regenerative Farming; empowering farmers with stewardship tools to preserve and enhance their environments and support the earth's natural resources.

To date, the ICRBE project has supported Matanataki to : 1) mentor TFFC management team on market awareness & validation , business planning and organisational set-up; 2) negotiating terms with Blue Bridge team; 3) conducting Environmental Impact Assessment and following-up on DOE requirements; 4) designing a watershed trial to assess the impact of TFFC's fertilizer on reducing pollutant run-off into waterways.

*If implemented well, the TFFC will inform the achievement of the short-term outcomes (1-4 years) in Outcome 2:*

1. A number of temporary local jobs to be created (to be determined upon final business planning)  
The TFFC Project is already lining up employing at least 7 local staff to run the factory immediately. This expected to grow to 20 once the factory is in a year of operation. The number of indirect jobs to be created is not determined yet.
2. The establishment of an ESG methodology linking avoided runoff from agricultural chemical fertiliser in the Sugar Industry Sugar Industry to coral reef protection

There are already two comprehensive trials already designed and partially begun. Trial methodologies have been shared with GFCR team and reviewed by UNEP for quality assurance. These trials are expected to prove that the TFFC product minimizes agricultural runoff and is a more nutrient rich source of increasing crop yield. The approach can be replicated for the scale up of TFFC through TFFC 2.0.

Employment creation by TFFC during construction, initial operation and scale up is expected to add to the overall Outcome. It will also help improve farm yields and protect the marine biosphere resulting in better agricultural returns, increased sustainable farming and healthier reefs over a long period of time as a key driver of degradation will be reduced.

*If implemented well, the WSL will inform the achievement of the short-term outcomes (1-4 years):*

1. A number of temporary local jobs to be created (to be determined on final assessment of EPC arrangements)  
The WSL project is expected to create approximately 50 direct jobs. In addition, it is expected to create over 100 indirect jobs through the Material Recycling Facility for waster pickers who are currently working informally.
2. The establishment of an ESG methodology linking avoided waste to landfill to coral reef protection  
Not much progress has been made in this regard as the project is still in early development

#### **Technical Assistance Facility (TAF)**

1. TAF is established and operational managed by Matanataki and 4 pipeline projects are further developed and investment ready  
The TAF is already up and running with substantial inputs and technical backstopping from Matanataki. Over 15 business are already in the pipeline which is in line with the long-term target but these will need to be developed further. Two businesses are already undergoing pre-assessments and are expected to receive funding from the ICRBE debt financing components by quarter 3 of 2023 and another two by early 2024.

#### ***Sanitary Landfill Project – 'Vulavulasara'***

Matanataki will deliver a high-level investment ready concept as per its UNCDF grant agreement in the coming months. Matanataki has also sought a reimbursable grant from the GFCR through UNCDF in order to develop a comprehensive preliminary business case. This will involve the onboarding of consortium partners which will provide a level of granularity on the financial detail and concept design. Matanataki has selected a site and its landfill EPC contractor, HG Leach, has noted that the site is highly suitable. The technical details (powerline clearance, road dust management, drainage formation/bunding/leachate control, adjacent land use) can be ironed out at the preliminary and detailed design stages. A waste stream audit and the first draft of the

transport and materials recycling concept has been completed. Matanataki is about to commission a drone topographical land survey.

### Coral Reef Insurance

Discussions also progressed well on co-funding of US \$150,000 from the Rapid Response Facility of the UN (multiple bilateral donors) to develop coral reef insurance for all coral reefs being covered by the Investing in Coral Reef and Blue Economy Programme. Funding is being provided under the Blue Accelerator Grant Scheme and is expected to be implemented by Willis Towers Watson (WTW) with strong potential funding from the InsuResilience Solutions Fund (ISF) and the Ocean Risk and Resilience Action Alliance (ORRAA) which will be brokered by WTW over the next 12 months during the design and implementation of the coral reef insurance product in Fiji.

Through this project, WTW is expected to conduct reef modelling exercises on selected reef systems of high priority in Fiji and pilot the reef insurance product. The Fijian Government, in collaboration with UNDP, WTW and other partners are expected to raise funds for premium support to help scale up this innovative insurance mechanism. Target buyers of this insurance are expected to be hotel operators, community cooperative, philanthropies, and other stakeholders seeking to protect and conserve coral reefs.

WTW has complete an Initial Scoping Study and Concept Designs for a parametric insurance model for reefs and communities dependent on reef systems.

### MPA Management Interruption

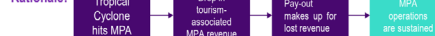
Initial Fiji Case Study Idea: MPA in the Yasawas

#### Overview:

Parametric insurance for the MPA management body to ensure that immediate, sufficient financing is available to sustain MPA operations, and replace / repair critical assets and infrastructure, following a cyclone event.



#### Rationale:



#### Key Considerations:

Variable	Details
Parameter(s)	• Cyclone intensity (e.g., peak windspeed)
Data Source(s)	• Wind "footprints" for analysis and product structuring • Tropical cyclone data from the RSMC Nadi for real-time monitoring of triggering events
Pay-out Use Case(s)	• Finance for the continued operational costs of the MPA • Finance to repair physical damage to assets (e.g., tour boats)
Potential Policyholder(s)	• Barefoot Foundation • Blue Finance
Response Capacity	• MPA is still under development but capacity to deploy pay-out effectively expected once MPA is fully operational
Premium Financing	• The policyholder or one of its investors (e.g., Blue Finance) would pay for the annual premium

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The next steps are as follows:

### Immediate Next Steps

- Building on the initial use case ideas, we will continue to engage with potential policyholders and other relevant stakeholders as we design the most promising parametric insurance concepts (Output 2).
- Current concepts under consideration:

Use Case Concepts	Sites	Potential Policyholder(s)	Data Sources
<b>MPA Management Interruption</b>	• Yasawas	• Barefoot Foundation • Blue Finance	• Wind footprints from KAC
<b>Tourism Sector Protection</b>	• Lomaiviti	• Leleuvia Resort	• Wind footprints from KAC • Reef data
<b>Marine Heatwaves</b>	• Korolevu • Tavua • Macuata	• Reef Explorer Fiji • Ministry of Fisheries • FLMMMA	• SST data from NOAA Coral Reef Watch • Reef data

As of end 2022, two investments have been approved (BAD, TFFC). Two businesses\* (Mango Fish, Sealink) have business plans and financial models ready for assessment for Blue Bridge Funding. Five more businesses will have business plans and financial models ready by mid 2023 (one LMMA, two cooperatives in sustainable fisheries, one food processing co, one landfill).

\*One additional business is ready however we have not received the documents therefore not included in the count of businesses that are investment ready.

	Progress Made in 2022	2023-2024/2024-2025 Targets
Sustainable livelihood opportunities created	<p>BAD has been able to reemploy 20 workers post COVID-19 of which 4 are females.</p> <p>Matanataki has employed 4 staff to develop its projects. The ICRBE considers this as progress made towards jobs created.</p> <p>Total: 24 jobs created – the overall ICRBE target is +100 jobs in the short term (by 2025 – 4 yrs) and +300 in the long term (by 2031 – 10 yrs). 40-50% should comprise of women.</p>	<p>TFFC is expected to create at least 15 green jobs by end of 2023 once the TFFC facility is completed.</p> <p>WSL is expected to create at least 50 jobs that include formally employing currently informal waste pickers by end of 2025.</p> <p>TAF projects are expected to create at least 10 jobs per project. Assuming four projects being fully financed and implemented by 2025, there will be 40 additional jobs created.</p> <p>Total: 105 jobs are expected to be created.</p>
Number of businesses identified and incubated	<p>Matanataki has identified and incubated TFFC which has become the second project under the ICRBE to sign a lending agreement with UNCDF – publicity will be made once the land lease issue is solved.</p> <p>TAF has been able to identify and incubate 5 highly promising projects of which 2 are in the pre-assessment stage for financing from the ICRBE's lending facility.</p> <p>Total: Minimum of 6 businesses have been identified and incubated = Short term target is 4 business and long-term target is +15 businesses.</p>	<p>The two new LMMAs are very promising investments given that it is expected to be run by a SPE that has members from the private sector – similar to the BAD model. Blue Finance is expected to finalise investments for both by early 2024 = 2 businesses.</p> <p>Matanataki already has +15 businesses in the pipeline and will be able to incubate at least 6 of them by 2025 (separate from the 6 mentioned in the previous column).</p> <p>The Convening Agent through its Blue Accelerator Grant Scheme (BAGS) is incubating 8 reef positive businesses through a separate Blue Bond support project. At least 4 are expected to be investment ready by 2025.</p> <p>Total: 12 businesses identified and incubated by 2025.</p>
Sustainable financing mechanisms (i.e., blue carbon, reef insurance, bonds, etc.)	<p>The ICRBE has been working on structuring Fiji's Blue Bond issuance in collaboration with the Fiji Government. The change in Government has delayed issuance of the Blue Bond but it is expected to be issued in the August to September 2023. The current co-financing available for the ICRBE portfolio is for two projects in different durations. Approximately USD 1,000,000 for the Mango Fish project as it aligns to tranche 1 priority</p>	<p>The second ICRBE project expected to be financed by the Blue Bond is the WSL with at least USD 1,000,000 as co-financing to derisk non-profitable part of the investment such as rehabilitation of existing dump sites into Material Recycling Facilities (MRF) – to be part of the tranche 2 issuance in 2024-2025 Bond issuance.</p>

	<p>area of aquaculture – to be part of the 2023-2024 Bond issuance.</p> <p>Reef insurance has been explained above.</p> <p>No specific target or KPI in ICRBE Pro Doc</p>	<p>By 2025 have a fully functioning multi-use case reef insurance product that support at least 30 LMMAs. This is expected to build reef resilience and financial security for reef dependent communities.</p> <p>No specific target or KPI in ICRBE Pro Doc</p>
Coordination mechanisms (i.e., steering committees, regular stakeholder engagements, entrepreneur training platforms, etc.)	<p>2 project steering committee meetings held with high level attendance from government agencies, implementing partners and all PUNOs.</p> <p>At least 57 individual consultations with stakeholders by PUNOs and Implementing Partners with multiple government and non-government stakeholders.</p>	N/A
Technical Assistance Facilities and/or Special Purpose Entities	<p>Matanataki has identified and incubated TFFC which has become the second project under the ICRBE to sign a lending agreement with UNCDF – publicity will be made once the land lease issue is solved.</p> <p>TAF has been able to identify and incubate 5 highly promising projects of which 2 are in the pre-assessment stage for financing from the ICRBE's lending facility.</p> <p>Total: Minimum of 6 businesses have been identified and incubated = Short term target is 4 business and long-term target is +15 businesses.</p>	<p>The two new LMMAs are very promising investments given that it is expected to be run by a SPE that has members from the private sector – similar to the BAD model. Blue Finance is expected to finalise investments for both by early 2024 = 2 businesses.</p> <p>Matanataki already has +15 businesses in the pipeline and will be able to incubate at least 6 of them by 2025 (separate from the 6 mentioned in the previous column).</p> <p>The Convening Agent through its Blue Accelerator Grant Scheme (BAGS) is incubating 8 reef positive businesses through a separate Blue Bond support project. At least 4 are expected to be investment ready by 2025.</p> <p>Total: 12 businesses identified and incubated by 2025.</p>
Practitioners trained (e.g., entrepreneurs, farmers, fisher, MPA managers, park rangers, etc.)	<p>At least 20 farmers trained on using TFFC type fertilisers through farmer schools.</p> <p>No specific target or KPI in ICRBE Pro Doc</p>	<p>Following the completion of TFFC trials, PUNOs will seek funding support from partners for Matanataki/ TFFC to conduct more farmer training in 2023, 2024 and 2025 to enable uptake of TFFC products and build sustainable farming knowledge amongst farmers particularly in the Dreketi areas.</p> <p>No specific long term target or KPI in ICRBE Pro Doc</p>



<p>Agreements with e.g. local authorities or fishing cooperatives to manage LMMAs / OECMs</p>	<p>Two agreements are being worked on by Blue Finance for the two new LMMAs. These could have up to 14 sub-agreements with different mataqalis (clans).</p> <p>Blue Finance had also brokered an LMMA agreement with KiW villages, unfortunately, the business modalities could not be agreed and Blue Finance has exited this deal.</p> <p>Matanataki is working on few agreements as part of the WSL and TAF businesses but these are not firm up and will not be counted as 2022 achievement.</p> <p>Total: 3 agreements (all by Blue Finance) 80% finalised by end of 2022. Short term target is 30 LMMAs</p>	<p>At least 30 agreements completed by 2025 based on the initial site identification pre-feasibility study done by Blue Finance.</p> <p>No specific long term target or KPI in ICRBE Pro Doc</p>
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## B. Monitoring and Evaluation

### ***The Fertile Factory Company. Watershed Trials***

A yield and impact measurement trial are already underway. The TFFC transition blend products are organic, and calcium based, rich in available Phosphorus, Calcium, Silica, Organic Carbon, and a high CEC (Cation Exchange Capacity). GFCR has approved the research grant funding to TFFC to conduct a watershed trial near the Dreketi River and this will assist in the development of the impact framework for the whole Monitoring and Evaluation Impact Framework Strategy for the Fiji Programme.

### ***BAD – Benthic Survey and Fish Count***

Benthic Biodiversity Assessment and Fish Count - Beqa Adventure Divers (BAD) has consulted and successfully completed the Benthic Biodiversity Assessment by an external Consultant. The Fish Count has also been completed with Hawaiian Ichthyologist team. The full Report of the Survey and the Fish Count will be submitted in early 2023. The two Reports will form the framework for impact assessments in other LMMA and MPA identified in this project. The Fish Count Report includes a comprehensive checklist of all fish species observed at SRMR compiled over the course of 18 years of diving activities and summarizes qualitative comparisons of the fish assemblages documented during surveys before and after the COVID-19 global pandemic.

### ***M&E Impact Framework Strategy***

The Monitoring and Evaluation will measure socio-economic, management and ecological impacts of project activities. A consultant hired by UNEP is already working with different stakeholders, IPs and PUNOs to finalize the Framework. The Framework should be ready by Q2, 2023.

The monitoring framework builds on the output of the initial testing of the indicators' feasibility where all GCFR, SDGF and project document indicators are longlisted and tested based on relevance/causality, data availability, and capacities and resources to monitor the indicators, as a result, a total of 17 indicators are assessed to be feasible (including proxy indicators) for the specific case of the ICRBE. The framework also defines data collection plan including responsibilities, frequency and methods of data collection.

### C. Protected Areas Management Effectiveness

#### ***BAD's Innovative Approach to Protecting MPAs***

With support from the ICRBE, BAD has been able to drastically increase its MPA patrol in collaboration with Ministry of Fisheries in and around the 200 ha SRMR. To date, BAD has conducted a total of 68 poaching patrols both at daytime and night-time. Patrolling and monitoring efforts helps to deter poachers from targeting vulnerable fish populations and can also help to identify and prosecute individuals who engage in illegal fishing. In addition to enforcement efforts, poaching patrols also involve community outreach and education to raise awareness about the importance of protecting MPAs and to encourage local communities to report illegal activities. BAD continue to train its employees on business operation and in particular poaching patrols efforts. These initiatives by BAD is possible through a unique public-private partnership between the Fiji Government and BAD which, under the Fiji Fisheries Act of 1942 (Cap 158), enables BAD to act as a custodian of the SRMR MPA while being able to conduct its sustainable dive operations. BAD take it a step further by incorporating a community benefit sharing component through which the customary fishing owners/village receives periodic pay outs from BAD's profits. The ICRBE was able to support this pay out during COVID-19 with over US \$20,000 allocated for community pay outs – it prevented the village from encroaching into SRMR MPA when the need for subsistence and commercial fishing had increased substantially. BAD's commercial mindset with a strong awareness on the need to conserve the marine biodiversity for its business operations is an excellent example of how commercial interests can be leveraged to protect and conserve coral reefs.

#### ***Blue Finance's Replications of BAD Model in Beqa and Kuata Reef Systems***

With Blue Finance deciding to not invest in KiW due to operational disagreements with the community regarding the proposed SPE, there is a need to recalibrate the ICRBE's activities and focus sites to ensure Outcome 1 is still achieved. In this regard, the pivot towards replicating BAD's successes by working with existing private sector boutique hotels is supported by the PUNOs. Both Beqa Lagoon Resort and Barefoot Kuata Resort already have a private foundation operating to protect the marine biodiversity around the resorts, maximise traditional community involvement and attract sustainable revenue streams to continue conservation initiatives. The foundations can relatively easily be set up as SPEs with daily operational involvement of Blue Finance. Working with a private sector foundation avoids the need to go through complex communal and traditional processes of setting up a community owned SPE – a hard learned lessons for the PUNOs and Blue Finance with the KiW experience.

The significance of working on Beqa and Kuata lagoons in collaboration with the Fiji Locally Managed Marine Area Network are as follows:

#### ***Beqa Lagoon***



*Beqa Lagoon <https://youtu.be/HtfZXrhVEoU> was recognised as one of the Fiji Islands Marine Eco-regions and was considered as a national Priority Conservation Area in 2003. More recently, in 2018, Beqa Lagoon was afforded the highest level of recognition by Fiji's Protected Area Committee as a 'Biophysically Special and Unique Marine Area in Fiji'.*

*Beqa Lagoon is the largest enclosed lagoon in Fiji and consists of over 440 square kilometres (44,000 ha) of clear waters surrounded by the protection of over 70 kilometres of barrier reef. Within this ecosystem are exceptional coral reefs, productive mangrove forests*

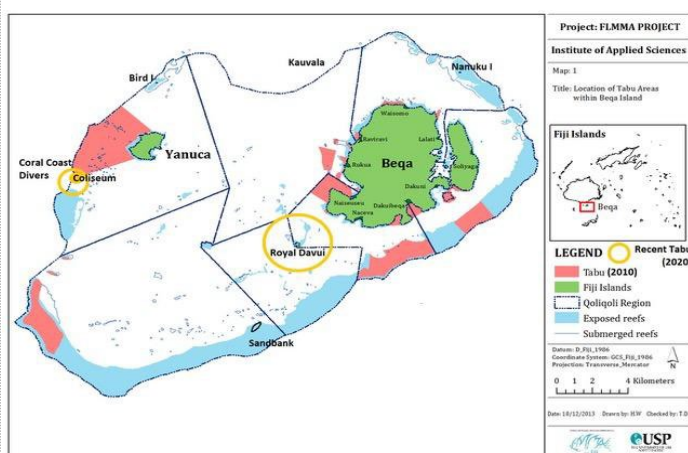


and seagrass meadows, harbouring a rich biodiversity including charismatic megafauna (such as sharks, marine turtles and whales) and culturally rich indigenous communities.

Beqa Lagoon contains six islands, inhabited by ~1,500 community members across 10 villages nestled within tropical rainforest on the coastlines of Beqa and Yanuca islands. The Beqa Lagoon people have traditions embedded in the surrounding lands and waters, where fisheries and farming provide the main sources of food and income security for them.

The four resorts in Beqa Lagoon, which employ about 10% of Beqa's population, draw thousands of tourists annually to the lagoon's natural and cultural attractions such as the renowned firewalkers and the legend of the shark god, Dakuwaqa.

### Beqa Lagoon – Under threat



*The need to achieve long-term, self-sustaining and financially stable social-ecological solutions for remote Pacific Island communities has never been higher. Changing attitudes towards food consumption, the growing efficiency of fishing techniques and a developmental shift away from subsistence living to an income-based society has modified the way people use natural resources.*

Marine ecosystems of Beqa Lagoon are threatened by destructive and illegal fishing

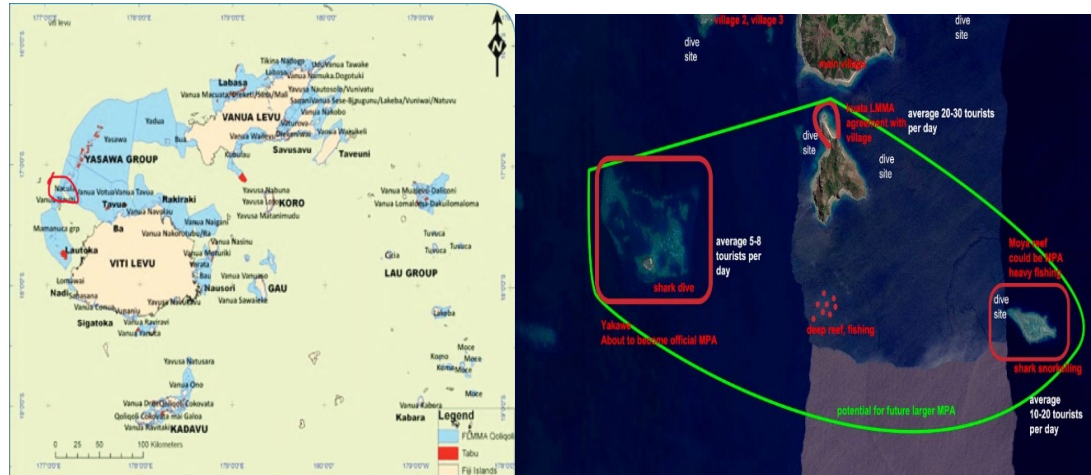
- vessel and anchor damage to coral reefs
- mangrove and terrestrial vegetation clearing
- unsustainable farming practices
- mass algal blooms and frequent Crown of Thorn Starfish (COTS) outbreaks
- poor waste disposal and management practices polluting waterways, coastlines and lagoon habitats.

If these pressures remain unmanaged, climate change resilience will be compromised, coral reef ecosystems will collapse, fishing/agriculture will be less profitable and poverty will worsen. As a consequence of these impacts, families will have to relocate to mainland urban areas due to scarcity in natural resources, to seek alternative income. This would be a massive loss to Beqa Lagoon's community identity and create further disconnection from traditional ways of life.

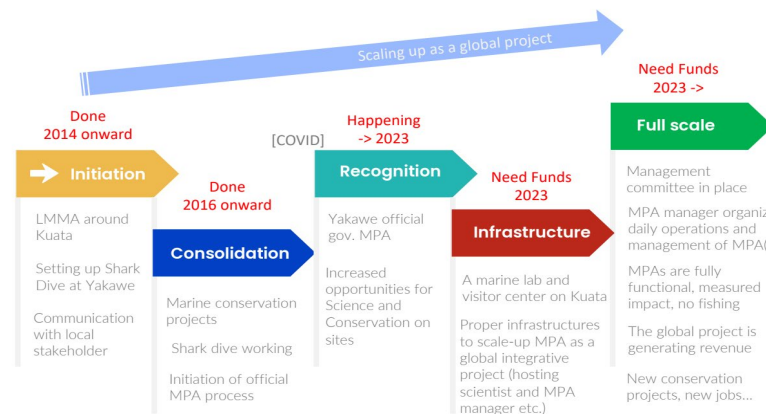
### Kuata Lagoon

Working with Barefoot Kuata Island Resort, Blue Finance seeks to set up an SPE that would leverage the existing work done by the Resort's foundation arm to set up LMMAs and begin work on setting up MPAs that are legally recognised under Fiji Law. Kuata Lagoon is part of over 460 LMMAs in Fiji registered under the FLMMMA network. The Resort's foundation arm is a formally recognised member of FLMMMA.

Blue Finance's work in Kuata Lagoon is less developed when compared to Beqa Lagoon.



However, there is a clear strategic direction that the Resort's foundation has set for itself which helps Blue Finance understand from the outset where it can come in with additional support. This is shown in the progression diagram below:



The Convening Agent is expected to have a more involved role in structuring the two new LMMA deals by Blue Finance. Plan is to hire local engagement partner called Fiji Locally Managed Area Network (FLMMA) to be a local counterpart for Blue Finance, help navigate complex traditional approval processes, and ensure community buy-in for Blue Finance's approach. This is expected to negate the issues of limited on ground presence of Blue Finance. Funds (USD 40,000) initially earmarked for Environment Impact Assessment of KiW will now be used for this purpose subject to concurrence from the GFCR Secretariat. The legal agreements for two new LMMAs are expected to follow the BAD model of public private partnership intervention that will not necessarily require customary rights to be signed away.

Altogether, the ICRBE currently supports enhanced protection of 200 ha of coral space which is expected to be increased to be increased to approximately 50,000 ha or more by early 2024 once Beqa and Kuata projects are operationalised. The experiences from BAD and KiW have helped the PUNOs and IPs better understand the 'Dos' and 'Don'ts' of developing LMMA/MPA SPEs.

#### D. Enabling Policy Environment

**Activity 2.3.1** will need to be repurposed from “This activity will use the analytical framework of UNDP’s Development Finance Assessment 3.0 (DFA) applying a modular framework to assess financing options and to inform the design of a financing strategy to mobilize resources, manage risks, such as debt sustainability, and achieve development targets linked to a sustainable blue economy in line with coral reef conservation objectives.” as there is already numerous finance strategies that the Fijian Government has already developed in the climate and oceans space and the DFA work is being handled by UNESCAP under another project in the region.

#### Background

While the Fiji’s Environment Management Act (2005) is in place to safeguard its environment, there is an urgent need to develop supporting regulations that addresses the dynamic natures of environment threats. In this regard, the Department of Environment in Fiji have conveyed the need to develop regulations around coral reefs to better addresses drivers of coral reef degradation. The priority areas of GFCR can easily be reflected in the regulations and new and additional sites for coral conservation can be identified and even demarcated as RAMSAR sites.

#### Narrative for Revised Scope

It is proposed that this activity supports the development of National Regulations for Coral Reef Protection and Conservation under the ambit of Fiji’s Environment Management Act to stop root causes of coral reef degradation. The proposed regulation will enable Department of Environment in Fiji to give stop order notices to businesses operations, developments, etc. that degrade coral reefs. This work would then be operationalized by

- Conducting scientific biological assessments of major coral reef systems so that they can be listed under the RAMSAR just like the Great Sea Reef.
- Each of the new RAMSAR sites would have management plans developed to address root causes of coral reef degradation.

**Progress:** Following discussions with the Department of Environment and the Deputy Prime Minister of Fiji (Hon. Manoa Kamikamica), the proposed way forward for this initiative is to develop an integrated blue town model, known as the Savusavu Blue Town Model (SBTM), that addresses all direct local and indirect drivers of coral reef degradation in a township development as per the GFCR Theory of Change. There are plans under the ‘Integrated Coastal Management Programme (‘Ridge to Reef’) component of the SBTM to preserve marine ecosystems, manage wastewater, and undertake activities that have a positive impact on ocean health by looking at the sources of pollution and reasons for over-fishing and environmental degradation. There are also plans to monito LMMA and liaise with nearby residents on the threats and opportunities associated with these areas The SBTM is national priority for Fiji which is expected to be replicated in all township developments in the next 4 years. The ICRBE funding will be used to develop a SBTM Framework and a SBTM Investment Plan and Package that would be jointly marketed by the Fiji Government and UNDP to philanthropic investors. The development of the National Regulations for Coral Reef Protection and Conservation under the ambit of Fiji’s Environment Management Act will fall within the ambit of the SBTM development spearheaded by the Fiji Deputy Prime Minister.

The Fiji Sovereign Blue Bond Project, also led by UNDP in support of Fiji Government, seeks to invest heavily in modernising Fiji’s coastal communities using a holistic approach to urban development. Through tranche 2 of the Fiji Blue Bond scheduled for issuance in 2024-2025 financial year, the Fiji Government seeks to fund investment projects identified under SBTM. With the help of the GFCR

funding support the following steps have been submitted to Fiji Government for review with tentative approval received. More details to be provided during quarterly calls with the GFCR Secretariat.

	Activity	Timeline
<b>Step 1</b>	Draft Cabinet Paper with MOFA and CCD to have the NBET and the SBTC council established along with its Terms of Reference and initial membership <ul style="list-style-type: none"> <li>NBET to meet in last week of May 2023 to receive update</li> </ul>	May 2023
<b>Step 2</b>	Develop a Blue Town Framework to guide the development of the SBTM <ul style="list-style-type: none"> <li>Get endorsement by NBET for drafts and final version</li> <li>Submit to Cabinet for approval</li> </ul>	May – August 2023
<b>Step 3</b>	Develop a Savusavu Blue Town Master Plan (SBTMP) and thematic Baselines. <ul style="list-style-type: none"> <li>Begin Baseline work with technical partners</li> <li>Conduct consultations for the SBTMP and develop drafts.</li> <li>At least one draft followed by a final draft reviewed by NBET.</li> <li>Cabinet endorsement for the SBTMP.</li> <li>Facilitate fund raising</li> </ul>	September 2023 February 2024

**Activity 2.4.1.1** was initially intended to “...support the Government of Fiji with the development and promotion of an incentive scheme covering regulations, subsidies, and other incentives that can attract private sector investment. These can include reductions in duty and VAT, or offering accelerated depreciation, tax credits, biodiversity offsets and other incentives could be used to encourage investments in protection of coastal eco-systems and the associated blue economy” **however, the Fijian Government has clearly communicated that they will prefer incentive schemes for public private parentships to address the Waste Water Management systems rather than work on broad-based tax, VAT or fiscal incentives. Waste Water Treatment Plants have become a significant driver of coral reef degradation in Fiji according to the Fiji Department of Environment.**

### Background

The vast majority of wastewater in Fiji is either not collected by a centralized system or collected but not treated to optimal standards set out by the Ministry of Environment. In many cases, collected wastewater is far beyond the treatment capacity of wastewater treatment plants operated by the Water Authority of Fiji leading to substantial environmental risks, that particularly affect ocean and coral health. Recent findings by the Ministry of Environment indicate that major Wastewater treatment plants around Fiji is releasing massive amounts of E.coli bacteria and toxins that are rendering marine ecosystems unhealthy – they have labelled this issue as an environmental catastrophe waiting to happen.

### Narrative for Revised Scope

Total upgrade cost for the entire Wastewater Treatment Plant infrastructure in Fiji is estimated to be approximately US \$850 million and it is expected that part of this can be financed through Fiji’s upcoming Sovereign blue bond. Activity 2.4.1.1 can be used to comprehensively analyze business opportunities and existing bottlenecks to unlock transformative public and private sector investments for Waste Water Treatment Plants (WWTPs) operated by the Water Authority of Fiji resulting in robust investment plan or an investment dossier for WWTPs in Fiji.

The Project team hopes to do a preliminary discussion on the strategic directions to be undertaken to ensure the creation of an enabling environment to implement reef-positive activities and attract private sector investment was done with GFCR programme analyst during visit to Fiji and this has been further discussed and strategized by the team. The Project Steering Committee has agreed for a feasibility study to be conducted locally by a local lawyer or firm before a decision on which approach should be explored in terms of impacting the Fiji regulatory frameworks to implement reef-positive activities and attract private sector investment.

**Progress:** The convening agent has already run a procurement process to secure a technical firm that would assess Water Authority of Fiji's Water Treatment Plants and suggest innovative public private partnership solutions supported by environmental regulations that would help shore much needed private capital in Fiji's waste management system. This is expected to become a potential project for funding under Tranche 2 of the Fiji Sovereign Blue Bond Project – this ICRBE work is expected to lay the preliminary ground work for business case development and consideration by the Fiji Government for eventual funding through the blue bonds.

#### **Additional Work by the PUNOs**

There were also organized discussions with the Fiji LMMA network. Founded in 2000, the Fiji Locally Managed Marine Area (FLMMA) is a national network that connects 400+ communities and government, academic institutions. There is a consensus that the approach should be simple and not too abrupt bearing in mind the sensitivity of the issues surrounding the management customary ownership of fishing areas in Fiji. Hence, the programme is working closely with the relevant Ministry and Civil Society Organisations (CSOs) to improve on the current guidelines for LMMA and MPA management, review current regulations and conduct wider consultation if the need to approach or consult for amendments to key legislations that will ensure the protection of coral reefs and its ecosystems and supporting mechanisms that will ensure the blue economy aspirations are achieved in a sustainable way.

The project team is also creating linkages with the Government of Fiji's sovereign blue bond issuance slated for issuance in end 2022 and 2023. In particular, the project has managed to advocate for the Western Sanitary landfill project to be included as a project to be funded through the Blue Bond by way of using the bond proceeds to guarantee the gate-fee while the landfill improves its economics over time.

#### **E. Complementary Initiatives**

Co-funding of US \$150,000 from the Rapid Response Facility of the UN (multiple bilateral donors) to develop coral reef insurance for all coral reefs being covered by the Investing in Coral Reef and Blue Economy Programme. Funding is being provided under the Blue Accelerator Grant Scheme and is expected to be implemented by Willis Towers Watson (WTW) with strong potential funding from the InsuResilience Solutions Fund (ISF) and the Ocean Risk and Resilience Action Alliance (ORRAA) which will be brokered by WTW over the next 12 months during the design and implementation of the coral reef insurance product in Fiji. The project proposal developed by WTW for this work in Fiji can be shared upon request. Funding sources are multilateral, commercial/private and philanthropic.

Conservation International Ventures is currently assessing the potential to setup a Pacific hub in Fiji through the current Conservation International Office in Fiji. The setup would be on the basis of a Memorandum of Agreement (MoA) with UNDP to begin co-funding and supporting the Investing in Coral



Reefs and Blue Economy portfolio. A MoA is currently being drafted and target financial commitments will be finalised in the MoA. Funding source potential is commercial/private.

**Blue Accelerator Grant Scheme (BAGS)** - Recognising the need to unlock the economic potential of Fiji's blue economy and catalyse ocean related private sector development, the Fiji Government, in collaboration with UNDP, successfully commenced the BAGS in June 2022. The BAGS is the first incubator of its kind in Fiji and the Pacific. More info on Bags

The BAGS commenced its first round of project scoping and selection in June 2022 unlocking Fiji's blue economic potential and catalyse ocean-related private sector development. The eight selected projects are receiving tailored technical and financial support through BAGS with an end goal of supporting projects to reach financial maturity and attract additional funding from financial institutions and investors. Eight businesses have been selected and are currently implementing results-based performance grant activities and these are helping in building partnerships between governments, industry, science, and civil society, putting knowledge, technology, and finance into action.

The 8 projects (<https://www.youtube.com/watch?v=rKuPQ5h8Pug>) will receive tailored support from the Drua Incubator, UNDP's Inclusive Growth team, the Accelerator Lab in the Pacific, and key partners from the private sector. The 8 projects information are available at **Annexure B**.

## F. Indicator-Based Performance Assessment (Logical Framework)

OUTCOME	OUTPUT	TARGET INDICATORS (BY PROGRAMME CLOSE)	BASELINE MEASUREMENT (YEAR COLLECTED)	BASELINE SOURCE / COLLECTION METHOD	MILESTONE AS OF DECEMBER 2022	REMARKS
<b>Outcome 1: Protection and effective management of Fijian priority coral reef sites and climate change-affected refugia are sustainably financed</b>	Output 1.1: Increased area of new climate refugia and priority sites designated as MPAs or LMMAs	Area of new climate refugia and priority sites designated as MPAs or LMMAs = 500	2022	Baseline for SRMR: Total of 200 ha are managed by BAD (gazetted as MPA)– of which 100 ha designated as no-take-zone. Baseline for LMMAs: 0 ha supported by the ICRBE. New LMMAs sites are being assessed. At the national level, the Fiji Locally Managed Marine Areas (FLMMA) network included 415 tabu (protected) areas, covering about 96,500 ha as of 2013 and an ongoing UNDP-GEF project is helping to establish additional 13 new LMMAs covering 48,000 ha by 2023.	<ul style="list-style-type: none"> <li>None</li> </ul>	<p>0 ha supported by the ICRBE. New LMMAs sites are being assessed. At the national level, the Fiji Locally Managed Marine Areas (FLMMA) network included 415 tabu (protected) areas, covering about 96,500 ha as of 2013<sup>2</sup> and an ongoing UNDP-GEF project is helping to establish additional 13 new LMMAs covering 48,000 ha by 2023<sup>3</sup>. #s</p> <p>In summary, Output 1.1 is relevant to several SDGs, including SDG 14, SDG 13, SDG 15, and SDG 11.</p>
	Output 1.2: Established SPEs financed by revenue generation activities within and around LMMAs and a blended finance facility with high leverage potential for the private sector	1 SPE	2022	Quarterly Reports	<ul style="list-style-type: none"> <li>1 SPE conceptualized – KiW</li> <li>0 SPEs:</li> <li>Community endorsement of KiW SPE secured &amp; two land sites identified by mid '22, however due to disagreements in who has a say in LMMA management Blue finance has pulled out of KiW</li> </ul>	<p>Relevant SDG: SDG 8, 14, 17</p> <p>SDG 12: Responsible Consumption and Production - This goal aims to</p> <p>In summary, Output 1.2 is relevant to several SDGs, including SDG 14, SDG 12, SDG 8, and SDG 17.</p>

<sup>2</sup> Fiji – National Biodiversity Strategy and Action Plan (NBSAP) 2020-2025.

<sup>3</sup> UNDP/GEF Project document: Strengthening Fiji's network of Locally Managed Marine Areas (LMMAs) to support globally significant marine biodiversity - 2109

					<ul style="list-style-type: none"> <li>Blue finance has been working with two new LMMA sites; one SPE will be ready for investment in mid '23</li> <li>Investors secured for one LMMA project in Fiji through Blue finance's fund</li> </ul>	
	Output 1.3: Strengthened management, enforcement and monitoring systems of LMMAs by SPEs.	30,000 ha overing 30 MMAs (10,000 ha for first 10 MMAs by 2024)	2022		<ul style="list-style-type: none"> <li>Total of 200 ha are managed by BAD (gazetted as MPA)– of which 100 ha designated as no-take-zone.</li> </ul>	In summary, Output 1.3 is relevant to several SDGs, including SDG 14, SDG 16, SDG 13, and SDG 15.
	Output 1.4: Established coral reef and ridge to reef conservation legal and regulatory frameworks to promote protection and mitigation of local threats.	Number of coral reef and ridge to reef conservation related resolutions, declarations and laws passed = 1	Repurposed output	Repurposed output	Repurposed output	Repurposed output In summary, Output 1.4 is relevant to several SDGs, including SDG 14, SDG 15, SDG 16, and SDG 13.
<b>Outcome 2: Transforming the livelihoods of coral reef-dependent communities</b>	Output 2.1: Established Technical Assistance Facility, managed by local investment manager Matanataki, supported by UNCDF to develop a pipeline of investment ready reef-positive sustainable businesses and projects with an emphasis on employing local community members, especially women and youth	Number of TAF incubated blue economy SMEs that become investment ready = 3			Two TAF businesses investment-ready (one additional business ready but documents have not been shared with Blue Bridge)	Business plan and financial model ready for assessment by Blue Bridge team. In summary, Output 2.1 is relevant to several SDGs, including SDG 8, SDG 5, SDG 10, SDG 14, and SDG 17.
	Output 2.2: Mobilized public	Number of new government				



	and private investment in priority sustainable initiatives related to addressing coral reef degradation drivers	strategies and plans to support financing for improved marine biodiversity protection and the blue economy = 1				
	Output 2.3: Strengthened and harmonized policies, strategies, plans and financing from the government of Fiji for improved environmental biodiversity protection	Number of new government strategies and plans to support financing for improved marine biodiversity protection and the blue economy = 1	Repurposed output	Repurposed output	Repurposed output	<b>Repurposed output</b> In summary, Output 2.2 is relevant to several SDGs, including SDG 14, SDG 13, SDG 17, SDG 8, and SDG 9.
	Output 2.4: Establish recognition, rewards and monitoring systems to incentivize the private sector to act sustainably	Number of new government incentives to support financing for improved marine biodiversity protection and the blue economy = 1	Repurposed output	Repurposed output	Repurposed output	<b>Repurposed output</b> In summary, Output 2.4 is relevant to several SDGs, including SDG 12, SDG 17, SDG 8, SDG 9, and SDG 13.

## G. Reef Positive Solution Case Studies

MARINE PROTECTED AREA (MPA) MANAGEMENT	
Programme Solution	Linked Programme Output/s
<p>A concessional loan from the ICRBE's lending facility administered by UNCDF is intended to finance the following capital expenditures, in accordance with the requirements of the Global Fund for Coral Reef (GFCR) and the Joint SDG Fund (JSDG):</p> <ul style="list-style-type: none"> <li>• purchase new engines for boats</li> <li>• construction of a new and sustainable base station for diving and marine research, including a new building.</li> </ul> <p><b>These capital expenditures are meant</b> to enhance the management and ecological monitoring of the Marine Protected Area (MPA) and will further be used to build onsite accommodations for welcoming guests on site.</p> <p>The Grant component of the ICRBEs support involves the finalization of the Social and Environmental Screening Management Action Plan with UNDP and UNEP, regular meetings with village to explain about the SRMR and voluntary payments by BAD, completion of SRMR Benthic Biodiversity survey and Fish Count, collaboration with Projects Abroad on management of mangrove nursery, coral farm, clam nursery, citizen science project and indicator species data analysis.</p>	<ul style="list-style-type: none"> <li>• Output 1.1: Increased area of new climate refugia and priority sites designated as MPAs or LMMAs</li> <li>• Output 1.2: Established SPEs financed by revenue generation activities within and around LMMAs and a blended finance facility with high leverage potential for the private sector</li> <li>• Output 1.3: Strengthened management, enforcement and monitoring systems of LMMAs by SPEs.</li> <li>• Output 1.4: Established coral reef and ridge to reef conservation legal and regulatory frameworks to promote protection and mitigation of local threats.</li> </ul>
Location Implemented	Implementing Partner/s
Shark Reef Marine Reserve (Galoa, Serua)	Beqa Adventure Divers, Projects Abroad (Fiji)
Driver/s of Degradation	Target Stakeholder/s or Beneficiary/ies
Actual Result/s to Date	
<p>Continuation of MPA Surveillance</p> <p>BAD has also been consistent with its poaching patrols to educate and deter would-be poachers. The work ensures that conservation, protection and maintaining shark species and marine organisms and coral within the MPA. By reducing poaching and other illegal fishing activities, poaching patrols can help to protect coral reefs and promote their recovery. This can in turn help to support the health of marine ecosystems and the many communities that depend on them for food, income, and other resources.</p> <p>Overall, effective poaching patrols are an important tool in the fight against coral reef degradation, and their implementation and enforcement are essential for ensuring the long-term health and sustainability of these vital ecosystems. Due to its core business, BAD has consistently being present on the reef and this assists in deterring</p>	

## MARINE PROTECTED AREA (MPA) MANAGEMENT

poachers as well. BAD continues to work with the Ministry of Fisheries on joint patrols and collaboration in the management of the MPA.

BAD also made a FJD 10k payment as partial compensation for the lack of Shark Reef Marine Reserve (SRMR) levy revenue due to the pandemic. The FJD 10K payment was disbursed as follows: \$1k to each Mataqali (clan). for a total of \$5k; a further \$5k inclusive of a new brush cutter (as per direct request by the Village) to the Village Account.

### Poaching Patrols

Quarter 1 - Total 15 - 7 Daytime; 8 Night-time

Quarter 2 - Total 13 - 8 Daytime; 5 Night-time

Quarter 3 - Total 6 - 3 Daytime; 3 Night-time

Quarter 4 - Total 19 - 8 Daytime; 11 Night-time

### Construction of Conservation Lab

The construction of the new Dive Base & Conservation Lab has continued despite increase in Covid cases and Ukraine War. This has led to increase in the prices and shortage of building materials. The Lab has been progressing well and BAD is looking at early Quarter 2, 2003 to open its doors. The facility will allow scientists and researchers to word and study about ways to protect coral reefs. This will also allow them to study coral reefs to understand their ecology, biology, and behavior. They may collect data on coral populations, water quality, and other environmental factors to better understand how coral reefs function and what threats they face. Based on their research, scientists in a coral conservation lab will develop conservation strategies to protect coral reefs. This could involve developing new approaches to coral reef restoration or identifying new areas for marine protected areas. The coral conservation labs may also work to educate the public about the importance of coral reefs and the threats they face. They may host tours, workshops, and other events to engage local communities and raise awareness about the need for conservation.

BAD employs 20 people of which 4 women.

The regular poaching patrols by BAD helps ensure there is no overfishing and the SRMR as a MPA will be a place of no take and no fishing for locals and communities around the Galoa community. This will help ensure the protection and effective management of Fijian priority coral reef sites and climate change-affected refugia. The grant and concessional loan from the programme ensure the management, research and close collaboration with relevant ministries of government, non-government organisations and the local community is sustainable and contributes to transforming the livelihoods of coral reef-dependent communities.

### Expected Results and Outlook

The completion of the lab funded by the Fiji Programme loan will ensure the collection of data on coral populations, water quality, and other environmental factors to better understand how coral reefs function and what threats they face. This will allow scientists and practitioners in a coral conservation lab to develop conservation strategies to protect coral reefs. This could involve developing new approaches to coral reef restoration or identifying new areas for marine protected areas. The coral conservation labs may also work to educate the public about the importance of coral reefs and the threats they face. They may host tours, workshops, and other events to engage local communities and raise awareness about the need for conservation.

Poaching patrols has created a lot of awareness to the communities on the importance of preserving the MPA. The regular poaching patrols by BAD has educated and deterred would-be poachers. During several occasions BAD encountered, and/or surprised groups of poachers. BAD often informed and educated them on the status of the SRMR, prohibited activities and boundaries in addition to issuing warnings of future apprehension and penalties for continued illegal activity. BAD is also gradually transitioning to conducting joint patrols with Fisheries and the Navy and the focus is shifting to enforcement and apprehension

## MARINE PROTECTED AREA (MPA) MANAGEMENT

The next steps to drive the intervention forward could focus on multiple areas of intervention focussed on the above and MPA management and initiatives including:

1. **Develop a management plan:** A clear management plan is essential to guide the management and operations of the SRMR MPA apart from ongoing patrols. The plan should include specific goals, objectives, and strategies for achieving those goals and this could be used to plan for further interventions for coral reef monitoring, preservation.
2. **Involve local communities:** With continued support complimented with growing business, the ICRBE could look into ensuring more jobs are created and livelihoods supported through various initiatives.
3. **Use adaptive management:** With the completion of the Benthic survey and Fish count in 2022, the analysis from those two surveys are triggers for an adaptive management approach, which involves ongoing monitoring and evaluation of management strategies and the development of new strategies in response to changing conditions. This will ensure the long-term sustainability of marine protected areas.

### Stakeholder Testimonials

#### Related Initiatives

There are several synergies in coral reef conservation and management under the Fiji Programme that benefit both the environment and local communities in collaboration with initiatives locally and regionally

1. Great Sea Reef Resilience Programme
2. GEF 5 STAR Fiji Ridge to Reef
3. My Fiji Shark Initiative
4. Governance for Resilience (Gov4Res)
5. Building Back Blue

#### Co-Financing and Capital

BADs successful approach has inspired Blue Finance to repurpose its focus under the ICRBE towards privately owned boutique resorts that actively manage its LMMAs in coordination with communities. In this regard, Blue Finance is structuring SPEs for investment readiness with soft commitments amounting to USD 2,500,000 line up from potential investors.

Following the successful structuring of the two new LMMAs in Beqa and Kuata, the PUNOs have planned to work with Blue Finance to develop an LMMA portfolio level pitch document/deck to raise financing from foreign impact investors.

### Best Practices and Lessons Learned

BAD's Business Approach in managing the MPA (Shark Reef Marine Reserve)

Managing Marine Protected Areas (MPAs) uses a business approach that focuses on sustainability, efficiency, and innovation. Here are some key elements of a successful business approach that was observed throughout 2022 in relation to BAD's MPA management and we can consider makes it a success story:

- **There is clear Goals and Objectives of running BAD and its close link with conservation.** This is due partly to the strong experience of the BAD management and the business approach taken as BAD is already an established business working in an environment of conservation and the coral reef ecosystem. This is further strengthened by the legal gazetting of the SRMR as an MPA. Baseline studies and monitoring is critical to MPA management. BAD has been conducting their own over the last decade. BAD has completed the Benthic survey and Fish count which is helpful and is a huge milestone. By providing critical information about the health and status of coral reefs, these surveys can support conservation and management efforts, scientific research, and public education and awareness.
- **Stakeholder Engagement:** BAD has been regularly engaging stakeholders, including local communities, fishers, conservation groups, and government agencies, which is essential for effective MPA management. This involves developing relationships with stakeholders, listening to their concerns, and incorporating their perspectives into management decisions.
- **Financial Planning:** A business approach to MPA management requires sound financial planning, including identifying and securing funding sources, developing budgets, and monitoring expenditures. BAD's innovative financing mechanisms, such as public-private partnerships, ecotourism, and conservation trusts blends well with the ICRBE programme.

## MARINE PROTECTED AREA (MPA) MANAGEMENT

- Technology and Innovation: Technology and innovation can play an important role in MPA management, such as using remote sensing to monitor marine ecosystems, implementing new fishing gear designs to reduce bycatch, or developing new sustainable seafood products. It is important to keep abreast of new developments and incorporate them into management strategies as appropriate.
- Rising building material and shipping costs caused the research facility/centre construction to slow down as materials are up to three times more expensive pre COVID-19 and materials are in short supply due to a construction boom. BAD has managed this challenge well by delaying construction in anticipation of short-term fluctuating prices, redirect funds to more cheaper materials but durable and fits plan, tight monitoring of contracts of constructing companies to ensure much was achieved by end of 2022. These measures will ensure that completion of the of a new and sustainable base station for diving and marine research, including a new building is completed by EARLY Quarter 2, 2023.
- Apart from the BAD best practices and learnings, the engagement with locals in Korolevu-i-wai should be taken as learnings for the ICRBE. Learning from the shortfalls of KiW, the Convening Agent to have a more involved role in structuring the two new LLMA deals by Blue Finance. Plan is to hire local engagement partner called Fiji Locally Managed Area Network (FLMMA) to be a local counterpart for Blue Finance, help navigate complex traditional approval processes, and ensure community buy-in for Blue Finance's approach. This is expected to negate the issues of limited on ground presence of Blue Finance. Funds (USD 40,000) initially earmarked for Environment Impact Assessment of KiW will now be used for this purpose subject to concurrence from the GFCR Secretariat.
- From a knowledge management perspective – good practices and lessons and documented, analysed, discussed to inform decisions. The updating of the Risk Register through UNDP new online platform 'Quantum' allows risks identified through the different interventions to be captured, analysed and presented in dashboards. Learnings from these case studies are used for adaptive measure as ICRBE undertakes engagement for upcoming LLMA projects in particular with Blue Finance. With adapted approach, Implementing Partners are also informed and consulted on the new perspectives which derives from lessons learned. This applies to all the projects under the ICRBE.

### Links to supporting media

A deep dive: Where the blue economy meets the circular economy, mobilizing action and resources for coral reef survival in Fiji: <http://ow.ly/5Yh050HSjXB>

- Corresponding UN Gallery: <https://news.un.org/en/gallery/745412>

## H. Gender Mainstreaming

### Overall

Gender responsive reef positive solutions are a cornerstone of the ICRBE. The PUNOs are working on finalising the ICRBE M&E Framework by March 2023 after which a gender consultant will be hired to develop the ICRBE's GESI Action Plan. The TOR for the GESI Action Plan has been reviewed by UN Women, UNDP Gender experts and a local women's group that is a beneficiary of a separate UNDP initiative. Consultant is to be recruited by end of April 2023 and GESI report completed within eight weeks (by June 2023). The GESI Action Plan is expected to guide the PUNOs and IPs to better incorporate and monitor gender, youth and disability considerations and knowledge management that lead to inclusive ICRBE outcomes.

### Employment Creation

The ICRBE is seeking to support rural communities, particularly the marginalise, through at least the creation of +100 job in the short term and in the short term (by 2025 – 4 yrs) and +300 in the long term (by 2031 – 10 yrs) under Outcome 1 through the BAD and KiW/Beqa Lagoon and Kuata Lagoon projects. Under Outcome 2, TFFC is expected to create at least 15 green jobs by end of 2023 once the TFFC facility is completed. WSL is expected to create at least 50 jobs that include formally employing currently informal waste pickers by end of

2025. TAF projects are expected to create at least 10 jobs per project. Assuming four projects being fully financed and implemented by 2025, there will be 40 additional jobs created.

Total: 120 jobs are expected to be created by 2025 of which at least 45% should be or females.

### ***Women Entrepreneurship***

The ICRBE is working with Matanataki to empower women led business development. Of the 2 businesses earmarked for financing via the TAF and currently undergoing pre-assessments by UNCDF, one is a women lead marine and agricultural logistics business called Sealink, that supports women fishers in coastal communities to transport their produce freshly to markets. While investment due diligence by UNCDF remains impartial of gender, the PUNOs have been working with Matanataki to provide tailored support to Sealink to have it investment ready. The Convening Agent is working on signing an MoU with Women in Fisheries, an NGO that looks at supporting women fishers and businesses, to identify promising businesses that can be referred to Matanataki or other parallel initiatives run by the Convening Agent such as the Blue Accelerator Grant Scheme.

Linked Programme Outcome	Objective	Action	Indicator	Milestone – 2022	Remarks
<b>Outcome 1: Protection and effective management of Fijian priority coral reef sites and climate change-affected refugia are sustainably financed</b>	Strengthen women's participation in MPA management and ensure that all resource users' needs, ideas and priorities are reflected in plans.	Invite networks of local groups to help disseminate information and strengthen participation of women in communities, making information and communications materials appropriate and accessible	No. of women and men reporting awareness and understanding of MPA plans, rules and regulations (existing and expansion plans) in areas/sites supported by the ICRBE.	As of Dec. 2022, 50% of people in consultations held by local consultants under BF to draw up conservation plans and decide on the on the best options for their SPE model and eco-tourism activities are women.	
	Ensuring that women are involved in decision-making processes related to the establishment and management of LMMAs and MPAs.	This includes promoting women's representation in MPA committees and ensuring that their voices are heard in decision-making processes.	No. of women in Committees involved in decision making processes regarding LMMAs and MPAs in areas/sites supported by the ICRBE.	Korolevu-i-Wai and Galoa Village Village committees are made up of 45%.	There is also a need to ensure youth and disabled representatives in these committees
	Recognizing and addressing the gender-specific impacts of MPA management measures on women and men.	Women should not be disproportionately affected by restrictions on fishing activities as they are often responsible for collecting and selling fish.	Number of locals (total # of individuals) and women (# of women) employed in targeted businesses (supported by the ICRBE) with a direct or indirect positive impact on coral reefs and associated ecosystems vs. baseline (t=0)	BAD has 4 women employed.  Total women employed end of 2022: 4 women.	Data collection and methods to be included in and guided by the M&E Framework and the GESI Action due in March 2023 and June 2023, respectively.
<b>Outcome 2: Transforming the</b>	Recognizing and addressing the	Women should not be disproportionately	Number of locals (total # of	TFCC has 1 woman employed.	Data collection and methods to be included in and guided

livelihoods of coral reef-dependent communities	gender-specific impacts of MPA management measures on women and men.	affected by restrictions on fishing activities as they are often responsible for collecting and selling fish.	individuals) and women (# of women) employed in targeted businesses (supported by the ICRBE) with a direct or indirect positive impact on coral reefs and associated ecosystems vs. baseline (t=0)	Sealink directly employs two women and indirectly employs at least 15 community based women fishers.  Total women employed in 2022: 16 women.	by the M&E Framework and the GESI Action due in March 2023 and June 2023, respectively.
	Providing gender-sensitive training and capacity building to women in fisheries	Women led business and aspiring female workers in the fisheries sector need specialised support to understand and utilise opportunities for enhanced revenue generation in reef positive activities.	No. of relevant training targeting women and youth capacity building opportunities that address the specific needs of women and youth in coastal communities.	Financial awareness training conducted in Galoa Village for KiW of which 45% were women attendees.	There are multiple trainings targeting women in KiW and Galoa implemented by Government and other NGOs. A <a href="#">Markets for Change</a> project with UNDP also conducted 'Money Minded' trainings and handout tools for farming to communities in KiW in 2022

### III. Programme Governance & Management

#### A. Programme Governance

##### National Level

The ICRBE's Steering Committee has been kept abreast of implementation achievements, challenges and proposed way forward to help them make informed decisions and provide guidance where needed. The ICRBE's Steering Committee was convened once in 2022. The first meeting in May 2022 ensured the Committee is updated on the 2021 Annual Progress Report and intentions of the next 18-month Budget and workplan. The Steering Committee endorsed the 18-month Budget and Workplan, directed the PUNOs to develop a Communications Strategy to better market the ICRBE, re-consider the need to do a tender process for the Western Sanitary Landfill and conduct a legal review of opportunities to strengthen enabling environment for starting reef positive businesses.

The meeting was attended by the GFCR's UN Global Team (Maxime Phillip) who presented on the priorities and focus for the GFCR. The meeting also agreed on the expedition of the UNEP M&E consultant to develop the M&E Framework for the Fiji Programme and the development of clear investment flows, financing roadmap for the five subprojects for review.

##### Global Level

Another key milestone in terms of key decisions or resolutions endorsed or rejected by the programme's governing body is the decision made by the 7<sup>th</sup> GFCR Executive Board Meeting on October 2022.

The Executive Board:

- Approved an additional request from Decision #0107 of USD 529,310, for a total allocation of USD4,154,786 (USD 745,150 to UNDP and USD 3,409,636 to UNCDF) as a replenishment to continue implementation efforts on the approved ICRBE programme;



- Requested the Convening Agent to seek the balance of the additional amount requested, USD 0.7M, from other funding sources exercising a good faith effort to obtain co-financing;
- Requested the Convening Agent continue to engage with the GFCR Investment Fund, to complement GFCR grant support for the programme's pipeline; and,
- Requested the Convening Agent to update the GFCR Global Team on the status of the Monitoring and Evaluation workstream of the programme and prioritize the collection and harmonisation of baseline assessments in alignment with the finalized GFCR Results Framework.

## B. Programme Management

The programme has taken learnings from accelerated project implementation and intensive and regular consultations with IPs to course correct and ensure outputs are achieved. Throughout 2022, a number of change requests during the course of the project and with the constraints of time, budget and quality, effort was made to request for replenishment to ensure the objectives of the interventions will be achieved.

The new Budget request in 2022 was focussed not on isolated or new activities but to support pre-approved activities that need to be reinforced to suit the evolving space in which the Fiji programme operates.

Additional fund request was made to conduct Environmental Impact Assessment for KiW LMMA. This request is based on the fact that the Department of Environment in Fiji has requested that all projects under the Fiji GFCR Programme will need to undergo an EIA screening. Given that the KiW project will be proposing activities that will frequently, but sustainably, interact with the marine biodiversity, initial discussions with the Department of Environment indicate the very high likelihood for an EIA to be conducted. The project will definitely not be moving ahead if the EIA is not completed. This is in line with Activity 1.2.3 on Concessional debt and other blended finance instruments to the SPE for investment in Korolevu-i-wai MMA, and Shark Reef Marine Reserve.

Further replenishments were due to required market assessments on TAF deals and tax (VAT) repayments for grants received by the programme and charged to IPs. A reef/watershed impact trial of the TFFC product is needed and yield impact studies need to be updated since the last one was done pre-2010. These are unforeseen costs that were not budgeted for in the initial Programme design but are crucial for measuring the efficacy of TFFC fertilizer in preventing sedimentation and nutrient run-off (drivers of coral reef degradation) and setting baselines. The design of the reef impact/watershed trials and the yield trials are completed and seeks additional grant funding. A total of US \$183,674 is requested as **additional** grant budget under Activity 2.2.1.

The Fijian Government agreed to an independent business case review approach, as opposed to a tender process proposed earlier for the Sanitary Landfill project (Vulavulasara Project). Further discussions with the new government need to be carried out in 2023 – this is being arranged by the Convening Agent.

While the overall need for the project is clear for all stakeholders, there was a need to develop thorough and informed Strategic and Economic case to support decision making for the Fijian Government as they commit to the project on a long-term basis. In particular, Strategic and Economic cases will help secure financing from Fiji's upcoming blue bond issuance for which the WLP project has been tentatively confirmed as a priority project. However, the development of the Cases is not budgeted even though it is



a crucial enabler to secure Government buy-in and financial support/leverage there was further request for a total of US \$218,103 to be utilized as additional grant budget.

### C. Programme Operations

Adjustments in team composition, people and performance management, and hiring practices have significant impacts on the success of the Fiji Programme. 2002 started with a high note with all the three Programme staff (Manager, Monitoring and Reporting and Finance staff) already recruited in November and December 2021. To assist with capacity development and retention, the team underwent training and career development opportunities that help employees grow and advance within the organization.

The team attended and completed most UNDP core trainings to ensure they can undertake their roles efficiently with the current systems and processes in place. By investing in their professional growth, employees are more likely to feel valued and committed to their employer and ensure that the Fiji Programme outcomes are achieved with the assistance of the GFCR's UN Global Team, IPs and relevant stakeholders. Additionally, creating a positive work environment and fostering open communication also help a positive working environment fostered by clear communication with all partners. The addition of an extra personnel (SGD Finance Manager) also assisted the team greatly in leveraging and guiding the team through the core four central investments of the Programme.

The processes, procedures, systems and technologies used at UNDP really helps the team in terms of efficiency, consistency, risk management, accountability and innovation. With clear processes and procedures, UNDP has streamline operations and improve efficiency which contributes to Programme outputs. This helps in reducing waste, minimize errors, and increase productivity. This together with guidance from the Governing body (Steering Committee) and the GFCR Global team, ensures that key milestones are delivered in 2022.

Even though the effect of Covid –19 was heavily felt in Fiji, certain important measures were taken in 2022 to ensure that projects work effectively. This include having clear objectives hat are well-defined and agreed upon by all stakeholders. This has helped to ensure that everyone involved in the project is working towards the same goal. Planning and re-scheduling with IPs help to ensure that the project is completed on time and within budget. This continues to be the case with all the four key central investments of the Fiji Programme. Regular communication has been established between all stakeholders, IPs and the Project team tries its best to ensure that communication channels are open and transparent. These are also made possible through learnings from 2021 working together as a team and with different stakeholders. Projects are also closely monitored and regular sync-up calls and meetings held to ensure the Project team is updated and problems are identified early and allow for corrective action to be taken. This also allows for continuous improvement and lessons learned are applied to future approaches to improve project outcomes.

## IV. Resource Mobilisation

### A. Resource Mobilisation Efforts - Grants

ICBRE's grant funding (USD 10.5M) is leveraging USD 305K from WWF (MFAT ) and Matanataki to do more extensive technical trials for the community based seaweed and seacucumber farming trials and marine spatial planning. Additionally, USD 2,000,000 of funding is leveraged through UNDP's Building Back Blue funds which is used to advise the Government of Fiji in the incubation of projects to be funded by the Blue Bond. A feasibility study has been conducted for aquaculture, blue shipping, and

Blue Investment Fund. The Blue Bond is increasing continuity / sustainability of the Coral reef project because it 1) provides additional investible pipeline for Blue Bridge and Equity Fund 2) builds the capacity of local financial institutions to lend to the blue economy thus expanding the financing options for TAF businesses 3) advocating for co-financing to selected Blue Bridge investees such as the landfill and tilapia aquaculture project. Furthermore, the Fiji team is in discussions with the EU Delegation on the expansion of the TA Facility and Blue Bridge in Fiji, Vanuatu, PNG, Solomon Islands, Timor-Leste. Potential funding amount can be from USD 10M to 20M.

Grant co-financing	Use	Amount	Note
WWF - MFAT & Matanataki own funds	technical trials (including proof-of-concept spawning in a private hatchery) and marine spatial planning.	\$ 305,500.00	Secured
Blue Bond	PM time and aquaculture feasibility study	\$ 2,000,000.00	Secured – subject to two outputs completed by ICRBE project.
Donor - EU	To contribute to Blue Bridge set up by GFCR , expansion to other countries 4 additional countries in the Pacific	\$ 10,683,402.00	Aspiring
		\$ 12,988,902.00	
	<b>GFCR+JointSDGF contribution Total</b>	<b>Total</b>	Leverage
	\$ 9,978,876.00	\$ 12,988,902.00	\$ 1.30

## B. Resource Mobilisation Efforts - Investment

As of 2022, a 1:3 leverage is expected based on the pipeline invested so far and businesses that are ready for investment due diligence. Fiji has the potential to raise financing domestically either through local banks or through Government co-financing, through the issuance of the blue bond. The feasibility studies financed through the Blue Bond TA project funded through the UNDP Building Back Blue Project and the regular advocacy role that UNDP plays is crucial in getting these projects shaped up into a PPP financing arrangement (landfill, tilapia aquaculture). Additionally, UNCDF is working closely with two local banks to build their capacity on lending to sustainable blue businesses through the Blue Bond project. This too improves the chances of more TAF businesses to be considered for investment by these banks.

Source of funding	Project	Amount	Note	Status
Private	TFFC	\$ 350,000.00	Sponsor's own equity (cash & equipment)	Actual
Government	Tilapia aquaculture co-funding through Blue Bond	\$ 4,500,000.00	USD 4.5M is what the sponsor is looking for in equity investment	TBD - based on business case presentation to GoF and Pegasus
Private	Tilapia aquaculture - sponsor's own land	\$ 2,500,000.00		TBD - based on investment due diligence of UN & fundraising rest of project

Private	Tilapia aquaculture - sponsor's working capital debt	\$ 700,000.00		TBD - sourced internally or borrowed (300K cofunding from UNCDF)
Private	Sealink - seafood processing ; sustainable sourcing	\$ 50,000.00		TBD - sponsor's own equity
Private	Sealink - seafood processing ; sustainable sourcing	\$ 850,000.00		TBD - lending from HFC
Government	Landfill co-funding	\$ 1,250,000.00		TBD - based on business case presentation to GoF
Government	Landfill co-funding	\$ 12,750,000.00		TBD - based on business case presentation to Pegasus/Australia Infra Facility
		<b>\$ 22,950,000.00</b>		
	<b>GFCR+JointSDGF investment readiness + investment capital</b>	<b>Total co-financing potential</b>	<b>Leverage</b>	
	\$ 7,608,000.00	\$ 22,950,000.00	3.016561514	

### C. Resource Mobilisation Efforts - Revenue

Beqa Adventure Divers earned overall USD 600,000 in 2022, out of which USD 26,000 is being generated through the tourist levy and the MyFiji Shark project to raise public awareness about the share species inhabiting the marine reserve.

Indicate the target yearly revenue for all solutions of the programme and for the total programme lifetime.

## V. Communications and Visibility

### A. Communications

#### Key spokespersons

Our primary engagements were with relevant ministries and other government agencies. Most notably Ministries of Economy, Fisheries, Local Government, Environment, Rural and Maritime Development, Waterways and Environment, Agriculture, as well as Tourism Fiji and Investment Fiji.

The Ministry of Economy was the primary conduit for the Joint Programme's relationship with the Fijian Government.

#### Target audience

As we refined our internal and external target audiences in 2022, there was an explicit objective to build strong partnerships across government ministries and departments, but also with civil society, NGO's operating in the

climate change space, donors, regional bodies, local communities, fishing and agricultural sector, scientists and the private sector.

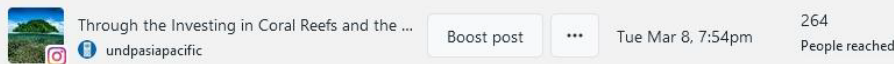
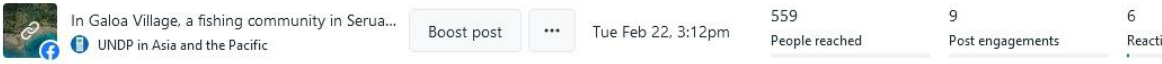
Detailed in the 2022 Comms Strategy: Audience (**Annex C**)

**Key shareable communication products created and/or posted during the reporting period:** Detailed below in the relevant analytics.

**Primary communications platforms used:** *UNDP HQ channels, UNDPClimate, UNDPAsiaPac, UNDP Pacific, (Twitter, Flickr, Instagram, Facebook, LinkedIn, etc.)*

### Relevant analytics to reveal audience reach:

#### Overall stats – 1 January 2022 – 31 December 2022

<b>Twitter</b>	Gathering stats manually from @UNDPClimate, @UNDP, @UNDP_Pacific, @UNDPAsiaPac, @UN_News_Centre and @GlobalFundCoral
260+	Number of tweets (this includes all Fiji-related promotion that I have supported in 2022 – including BAGS and blue economy work)
≈320k	Tweet impressions
440	Mentions ( <i>N.B. I can only assess this figure from UNDPClimate and UNDPAsiaPac</i> )
692+	Retweets
+2.2k	Likes ( <i>N.B. I can only assess this figure from UNDPClimate and UNDPAsiaPac</i> )
≈2k	Profile engagements ( <i>N.B. I can only assess this figure from UNDPClimate and UNDPAsiaPac</i> )
<b>LinkedIn</b>	@UNDPAsiaPac
17	Number of posts
1,628	Clicks
25,700	Impressions
350	Likes
.93	Engagement rate
<b>Instagram</b>	@UNDPAsiaPac
17	Number of posts
765	Likes and reactions
13,328 people reached	
<b>Facebook</b>	UNDPAsiaPac
9,503 people reached	
184	Likes and reactions

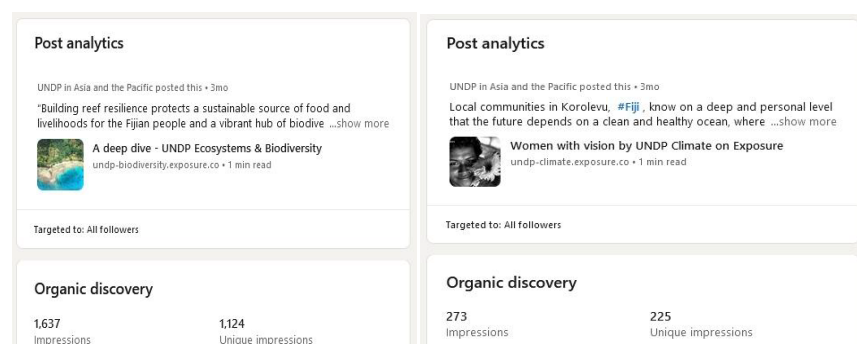
The following is the 2022 M&E report detailing information from UNDPAsiaPac Twitter, LinkedIn, Facebook and Instagram, and UNDPClimate Hootsuite (spreadsheets and .pdfs can be shared) – e.g. top tweets/posts, engagement, impressions, views, etc. and also detailing ideas for improving engagement. To note, this does not capture all promotion since our promotion includes multiple channels rendering comprehensive collation difficult.

#### LinkedIn:

<https://www.linkedin.com/feed/update/urn:li:activity:7028969769982713857>

<https://www.linkedin.com/feed/update/urn:li:activity:7018362903649013761>

<https://www.linkedin.com/feed/update/urn:li:activity:7008652707284598784>  
<https://www.linkedin.com/feed/update/urn:li:activity:7002783609468174336>  
<https://www.linkedin.com/feed/update/urn:li:activity:6997667398598238208>  
<https://www.linkedin.com/feed/update/urn:li:activity:6995533710695555072>  
<https://www.linkedin.com/feed/update/urn:li:activity:6995511320292851712>  
<https://www.linkedin.com/feed/update/urn:li:activity:6963598866038362112>  
<https://www.linkedin.com/feed/update/urn:li:activity:6940805982708989953>  
<https://www.linkedin.com/feed/update/urn:li:activity:6940006200683958272>  
<https://www.linkedin.com/feed/update/urn:li:activity:6937513534624800768>  
<https://www.linkedin.com/feed/update/urn:li:activity:6937112861282316289>  
<https://www.linkedin.com/feed/update/urn:li:activity:6934225580355649536>  
<https://www.linkedin.com/feed/update/urn:li:activity:6932091654170406912>  
<https://www.linkedin.com/feed/update/urn:li:activity:6917340121419694080>  
<https://www.linkedin.com/feed/update/urn:li:activity:6915516967391039488>  
<https://www.linkedin.com/feed/update/urn:li:activity:6906802493213298688>  
<https://www.linkedin.com/feed/update/urn:li:activity:6904678506869985280>



[Link to primary and updated online programme overview page](#)

## B. Visibility

### External Media Coverage

#### External media (with more detailed below):

<https://www.fijitimes.com/fiji-calls-for-international-support-for-the-global-fund-for-coral-reefs/>

<https://www.fbcnews.com.fj/news/exploring-blue-investment-opportunities/>

<https://cfi.co/middleeast/2023/02/uncdf-cop27-pledges-biodiversity-finance-to-boost-climate-change-resilience/>

#### Photo Essays:

A deep dive: Where the blue economy meets the circular economy, mobilizing action and resources for coral reef survival in Fiji: <http://ow.ly/5Yh050HSjXB>

- Corresponding UN Gallery: <https://news.un.org/en/gallery/745412>

Women with vision: Enhancing coral reef conservation in rural Fiji, these women show how our shared future is blue: <https://undp-climate.exposure.co/women-with-vision>

Namada's Armada: Protecting Fiji's Coral Coast in partnership with the community in Namada village:

<https://undp-biodiversity.exposure.co/namadas-armada>

- Corresponding UN Gallery: <https://news.un.org/en/gallery/766172>

[A good ancestor to future generations: In Fiji, youth are fighting for a sustainable future, learning from their elders, and enhancing coral reef conservation: https://undp-biodiversity.exposure.co/a-good-ancestor-to-future-generations](https://undp-biodiversity.exposure.co/a-good-ancestor-to-future-generations)

- Fiji marine conservation story in partnership with the UNSDG team and featured on the UNSDG website in [English](#), [Arabic](#), [Chinese](#) and [Spanish](#), [Russian](#) and [French](#).
- UN News highlight: <https://news.un.org/en/story/2022/08/1124512>

The Future is Blue: <https://undp-biodiversity.exposure.co/the-future-is-blue> - UNDP Pacific Office in Fiji highlight: <https://www.undp.org/pacific/stories/future-blue>

**COMBINED PHOTO ESSAY VIEW COUNT** (N.B. The figure does not include UN News stats or UNDP Pacific Office duplicate stats): 25,825 views / 3,210 enjoys (as of 22 Feb 2023)

**Additional outputs:**

**Webcast:** UNDP Ecosystems and Biodiversity team collaboration between [EBD and Business and HR team to prepare a Biodiversity Webcast series](#) explicitly referenced GFCR Fiji project and also used b-roll footage to highlight work - posted December 7 and included part of COP15 promotion

**Sustainable Blue Bonds:**

- Link to publication <https://fijiclimatchangeportal.gov.fj/documents/fijian-sustainable-development-bond-framework>
- Press Release is here: [www.undp.org/pacific/press-releases/fijian-sustainable-development-bond-framework-launched-cop27](http://www.undp.org/pacific/press-releases/fijian-sustainable-development-bond-framework-launched-cop27)
- And the event in Egypt launching the publication was a great success: <https://twitter.com/UNDPClimate/status/1590838769716203523>
- Great to see this news article too: <https://www.fbcnews.com.fj/news/climate-change/sustainable-bond-framework-launched-at-cop-27>

**Building Back Blue and the Investing in Coral Reef and Blue Economy projects**

**UNDP Page:** [Building Back Blue - Blue Accelerator Grant Scheme | United Nations Development Programme \(undp.org\)](#)

**CCICD Page:** <https://fijiclimatchangeportal.gov.fj/eoi-blue-accelerator-grant-scheme/>

- **Social media promotion:** UNDP\_Pacific tweet [https://twitter.com/UNDP\\_Pacific/status/1531739320310444033](https://twitter.com/UNDP_Pacific/status/1531739320310444033) from UNDPAsiaPac.
- UNDPClimate: <https://twitter.com/UNDPClimate/status/1531744373913821186>
- Tailored posts on IG, FB and LinkedIn:
- <https://www.instagram.com/undpasiapacific/>
- <https://www.facebook.com/undpasiapac/>
- <https://www.linkedin.com/company/undp-in-asia-and-the-pacific/>

**BAGS Launch** - UNDP Pacific Press Release: <https://www.undp.org/pacific/press-releases/blue-accelerator-grant-scheme-launch-investment-ready-projects-fiji>

Media	Headline	Link
FBC News	New Grant Introduced	<u><a href="https://www.fbcnews.com.fj/news/new-grant-introduced/">https://www.fbcnews.com.fj/news/new-grant-introduced/</a></u>

	Partnership plays a crucial role, says Gavoka	<a href="https://www.fbcnews.com.fj/news/partnership-plays-a-crucial-role-says-gavoka/">https://www.fbcnews.com.fj/news/partnership-plays-a-crucial-role-says-gavoka/</a>
<b>Fiji Village</b>	Blue economy holds enormous potential for development of various industries – Manoa Kamikamica	<a href="https://www.fijivillage.com/news/Blue-economy-holds-enormous-potential-for-development-of-various-industries-Manoa-Kamikamica-8x45fr/">https://www.fijivillage.com/news/Blue-economy-holds-enormous-potential-for-development-of-various-industries-Manoa-Kamikamica-8x45fr/</a>
<b>Fiji One News Bulletin:</b>	08/02/2023 Youtube (10:50 – 14:42)	<a href="https://www.youtube.com/watch?v=7I5kU_96">https://www.youtube.com/watch?v=7I5kU_96</a>

#### Strategic dates when our content was promoted:

Our Ocean Conference Palau (13-14) April	World Reef Awareness Day (June 1)
World Environment Day (June 5)	World Oceans Day (June 8)
UN Oceans Conference (June 27 – July 1)	International Youth Day
Sustainable Blue Bonds Launch	COP27
COP15	BAGS launch

#### Published Programme Content

All of our planned events were added to the UNDP Global NCE and [NCE-AP Trello](#) boards. We closely monitored other events/key dates posted on the [UNDP Social Media Calendar 2022](#). Links to relevant materials have been added to the [GFCR Trello board](#).

#### Reef Positive Solutions Case Studies

Supportive visuals have been added to [Trello](#) – e.g. Flickr albums, links to photo essays, suggested social media guidance, etc.

Launch events for the Building Back Blue and the Investing in Coral Reef and Blue Economy projects. The Communication Strategy and Implementation plan was completed in 2022. The Strategy will support promotion of the planned UNDP Fiji Purchase Order for products for 2022 and beyond (e.g., financing SDGs, GFC, Blue Recovery, and Fiji Blue Bonds) and is aligned with global, regional and in-country communication strategies.

#### 2023 Communications Strategy at **Annex D**

## VI. Risk Management and Mitigation

Event / Risk	Cause	Impact/s	Risk Category	Risk Level	Mitigation / Management Measures
<b>CONTEXTUAL - Global or domestic climate, economic and/or fiscal shocks will divert government and PUNO attention and priority away from the ICRBE.</b>	Global or domestic climate, economic and/or fiscal shocks	Divert government and PUNO attention and priority away from the ICRBE)	2. FINANCIAL (2.4. Fluctuation in credit rate, market, currency) - UNDP Risk Appetite: MINIMAL TO CAUTIOUS	Medium  Risk Treatment Owner:UNDP Government and Implementing Partners	Risk Treatment 1.1: Discussions and negotiations with government and implementing partners on flexibility of implementation. Assessment and revisions of the programme in response to any relevant changes in the implementing environment
<b>CONTEXTUAL - Risks from COVID 19 leads to unfavourable investment climate</b>	Covid-19 and restrictions	Unfavourable investment climate	SOCIAL AND ENVIRONMENTAL (1.6. Community health, safety and security) -	Likelihood: 4 - Highly likely	This is a global pandemic and will be managed as per the WHO/IMF, National Government and Central bank policies.



			UNDP Risk Appetite: CAUTIOUS	Impact: 4 - Extensive  Risk level: SUBSTANTIAL (equates to a risk appetite of OPEN)	However, the project, if approved, contributes in mitigating climate change, building household level resilience through adoption and expansion of sustainable development practices, adaptation of indigenous knowledge with modern technologies, mobilization of additional resources for financing sustainable practices in fisheries, tourism, forestry, ocean and reef management enabling mobilization of green finance which will help to create new jobs and open options for the diversification of livelihoods opportunities in the targeted communities. In this context, this project, if approved would contribute in COVID 19 recovery as more than 80% of the population in Fiji live in and around coastal areas and depend on the oceans for livelihoods and food security.
<b>CONTEXTUAL - Climate investment risk</b>	Impacts of climate change	It leads to conditions under which economies are less productive – and productivity growth is a key driver of economic growth, which drives the expected return on many financial assets.	2. FINANCIAL (2.4. Fluctuation in credit rate, market, currency) - UNDP Risk Appetite: MINIMAL TO CAUTIOUS	Likelihood: 3 - Moderately likely Impact: 3 - Intermediate Risk level: MODERATE (equates to a risk appetite of EXPLORATORY)	The impacts of climate change pose a direct threat to coastal tourism infrastructure and livelihoods. However, this risk is also a direct incentive for all female and male local stakeholders to invest in the protection and enhancement of the natural coastal protection provided by the coral reefs, mangroves and seagrass beds, and this will be used to leverage local support for the projects.
<b>CONTEXTUAL - Risk of major natural disaster in the project area delaying progress and/or damaging/destroying the reef.</b>	Natural disasters	Destruction of the reef and reef ecosystem. Leaching that disastrous to water quality and reef. Project delay and increase in cost.	1. SOCIAL AND ENVIRONMENTAL (1.5. Climate change and disaster risks) - UNDP Risk Appetite: CAUTIOUS	Likelihood: 4 - Highly likely Impact: 3 - Intermediate Risk level: MODERATE (equates to a risk appetite of EXPLORATORY)	This risk is difficult to mitigate and may in fact jeopardize the site if the reef is destroyed. We will raise this risk in discussions with women and men in reef adjacent communities, the tourism industry and the government to put cultural and financial backstops into place early, as well as to support physical barriers to protect the reefs which may be available in high risk areas. Additionally, UNCDF is already working on a new programme initiative, the Pacific Insurance and Climate Adaptation Programme, to specifically address this risk and will align their work with this initiative.
<b>CONTEXTUAL - Pandemic affecting MPA revenues from tourism sector.</b>	Pandemic	Pandemic	1. SOCIAL AND ENVIRONMENTAL (1.6. Community health, safety and security) -	Likelihood: 4 - Highly likely Impact: 3 - Intermediate Risk level:	The recovery period has been estimated for the different MPA sites. The recovery period is the period before tourism visitation becomes stable again



During recovery period post Covid-19. The present Covid-19 context has an important impact on tourism sector due to the drop in the visitations.			UNDP Risk Appetite: CAUTIOUS	MODERATE (equates to a risk appetite of EXPLORATORY)	Our mitigation relies on the following aspects: <ul style="list-style-type: none"> <li>• The SPE business model does not rely on any revenues from user fees paid by tourists until end 2021. That is expected to leave adequate time for the sector to fully recover. The working capital comes from the blended up-front financing.</li> <li>• Past extreme events (e.g. Hurricanes in the region) have proven the resilience of the sector with a quick recovery after the crisis. This is even more visible for all-inclusive hotels, dominant in Fiji.</li> <li>• Diversified sources of revenues are developed in each pilot sites and will limit exposure to this risk (e.g., Blue carbon, fishery/aquaculture licenses, biodiversity credits, nature based solutions)</li> <li>• Insurance companies have been contacted to develop a business interruption coverage insurance for our MPAs. The objective is to cover critical operational expenditures (i.e. staff, surveillance &amp; compliance) during up to 6 months. The insurance will be triggered by any extreme events (e.g., climate, health, political) affecting regular MPA revenue streams. High level estimates of premium costs (less than US\$8k p.a.) are acceptable.</li> <li>• Investors have been contacted since the Covid-19 crisis and have confirmed their support to the project. They have confidence in the resiliency of the tourism sector and at any rate, have a loan guarantee in case of default of payments.</li> </ul>
<b>PROGRAMMATIC - Political opposition, coordination gaps and overlaps in mandates and programs. Risks could arise from fiscal austerity drives proposed by IFIs or from internal non-alignment between GoF ministries or agencies</b>	Political opposition fiscal austerity	Impact on timely deliverables and virement of project costs to meeting standards and regulations.	6. REGULATORY (6.1. Changes in the regulatory framework within the country of operation) - UNDP Risk Appetite: CAUTIOUS	Likelihood:2 - Low likelihood Impact: 3 - Intermediate Risk level: MODERATE (equates to a risk appetite of EXPLORATORY)	Working in partnership with government; investment in coordination mechanisms and establishment of national steering committee; local, regional and international partnership strategy, and communication strategy developed. In case one of the investments would fall through because of this risk (e.g., Landfill or LMMA) the funds originally allocated for this investment would flow into the TA and Blended Finance Facility (activity 2.1.1 and 2.2.3)
<b>PROGRAMMATIC - Risks arising from lack of awareness of and resistance to</b>	Lack of awareness	Lack of support from local communities in ensuring the reef ecosystem	1. SOCIAL AND ENVIRONMENTAL (1.12. Stakeholder engagement) - UNDP	Likelihood:3 - Moderately likely Impact: 2 - Minor Risk	Risk will be mitigated through ongoing community impact and public awareness campaigns targeting women/girls and men/boys, and stakeholder

nature-based financial products among women and men in communities, impacting the ability to work on the reef issues.		is protected and participating in monitoring and enforcement.	Risk Appetite: CAUTIOUS	level:LOW (equates to a risk appetite of CAUTIOUS)	meetings at the community-level with participation of women and men.
<b>PROGRAMMATIC -</b> Risks arising from scarcity of investor capital, including domestic investors' lack of familiarity with blended financing structures.	Scarcity of investor capita	Lack of interest and commitment of capital towards reef positive business	2. FINANCIAL (2.6. Budget availability and cash flow) - UNDP Risk Appetite: MINIMAL TO CAUTIOUS	Likelihood:2 - Low likelihood Impact: 3 - Intermediate Risk level: MODERATE (equates to a risk appetite of EXPLORATORY)	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.
<b>INSTITUTIONAL - HR</b> related risks arising from the lack of skilled and qualified potential female and male local employees to work on the programmes and manage the project.	HR related risks	Deliverables not being achieved.	3. OPERATIONAL (3.8. Capacities of the partners) - UNDP Risk Appetite: EXPLORATORY TO OPEN	Likelihood:3 - Moderately likely Impact: 2 - Minor Risk level: LOW (equates to a risk appetite of CAUTIOUS)	Given the 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 for women and men, as well as trainings with municipal and national government counterparts on these new finance instruments.
<b>FIDUCIARY -</b> Unintended effects on costs and prices, project cost over-runs, misutilization of funds or resource capture at national or subnational levels	Project costs fluctuations	Increasing cost of doing business and intended outputs and outcomes of projects not achieved.	2. FINANCIAL (2.6. Budget availability and cash flow) - UNDP Risk Appetite: MINIMAL TO CAUTIOUS	Likelihood:1 - Not likely Impact: 2 - Minor Risk level: LOW (equates to a risk appetite of MINIMAL)	Careful financial planning, milestones and reporting developed to ensure financial accountability and accurate expenditure throughout the programme. Programme manager in place to oversee the functioning of the ICRBE.
<b>FIDUCIARY - Risk of capital loss for investors</b>	Capital loss for investors	Reputation loss for reef positive investment.	2. FINANCIAL (2.1. Cost recovery) - UNDP Risk Appetite: MINIMAL TO CAUTIOUS	Likelihood:3 - Moderately likely Impact: 3 - Intermediate Risk level: MODERATE (equates to a risk appetite of EXPLORATORY)	Prospective investors should have the ability to understand the risks involved as well as 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 deployed by UNCDF.

## VII. Adaptive Management

Learning from the shortfalls of KiW, the Convening Agent to have a more involved role in structuring the two new LMMA deals by Blue Finance. Plan is to hire local engagement partner called Fiji Locally Managed Area Network (FLMMA) to be a local counterpart for Blue Finance, help navigate complex traditional approval processes, and ensure community buy-in for Blue Finance's approach. This is expected to negate the issues of limited on ground presence of Blue Finance. Funds (USD 40,000) initially

earmarked for Environment Impact Assessment of KiW will now be used for this purpose subject to concurrence from the GFCR Secretariat.

**Governance:** Effective governance structures are critical for the success of the Fiji Programme. There is a need to have regular meetings with governing body & Fund secretariat to ensure that decision-making processes are transparent and participatory. Although this is not a major challenge in 2022, there could be opportunities in ensuring that these meetings are regular (3-4) in 2023 to ensure oversight and critical decisions are arrived at for effective implementations of the Fiji Programme projects.

It is important to ensure that M&E data is available from the beginning in particular baselines and relevant data collected yearly to be used to inform program decision-making. With continued discussions on this with UNEP, GFCR Global team and the Fiji Resident Coordinator office, a consultant was hired and should be completing the work on the M&E Framework for the Fiji Programme by April 2023. The framework provides a structured approach to track progress, measure performance, and evaluate the impact of the projects under the Fiji Programme.

IPs with the assistance of the convening agencies can do better by fostering and consolidate their partnership with government and statutory bodies in Fiji which will help in ensuring timely implementation and progressing project deliverables. Matanataki implements most of the projects under the Fiji Program and face a couple of barriers in 2022 in particular with regulating government agencies. Establishing a good reputation and fostering close and beneficial relationship with the Government will ensure activities are implemented on time. The Project team has also learned to be adaptable and flexible, as unexpected challenges may arise during implementation. It is important to be prepared to adjust program activities and strategies as necessary to ensure program success.

#### Detail Challenges and Mitigation – TFFC

- There were delays in having the EIA processed and approved by the Fijian Government. This has been resolved and as mentioned above, tentative clearance has been received in August 2022 by the Fijian Government to commence TFFC work.
- Delay in agreeing to the term sheet for the debt investment through the Blue Bridge. This has been resolved and as mentioned above, submission has been made to the UNCDF Internal Investment Committee for review and the term sheet was approved by the Committee on 17 September.
- A reef/watershed impact trial of the TFFC product is needed and yield impact studies need to be updated since the last one was done pre-2010. These are unforeseen costs that were not budgeted for in the initial Programme design but are crucial for measuring the efficacy of TFFC fertilizer in preventing sedimentation and nutrient run-off (drivers of coral reef degradation) and setting baselines. The additional grant funding US \$183,674 was requested as additional grant budget.

#### Detail Challenges and Mitigation – Western Landfill (Vulavula Sara) Project (WLP)

- Fijian Government EOI process: after a comprehensive programme steering committee meeting, the Fijian Government decided to not undertake an EOI process as it will be too time consuming and affect project development. Prior to this decision, almost 6 months was lost deciding on the proposed way forward by the Fijian Government. All stakeholders are now on the same page and have agreed to move forward under a Public Private Partnership model.
- Absence of well-articulated rationale: while the overall need for this project is clear for all stakeholders, there is a need to develop thorough and informed Strategic and Economic Case to

support decision making for the Fijian Government as they commit to the project on a long-term basis. In particular, Strategic and Economic Cases will help secure financing from Fiji's upcoming blue bond issuance for which the WLP project has been tentatively confirmed as a priority project. However, the development of the Cases is not budgeted even though it is a crucial enabler to secure Government buy-in and financial support/leverage – Therefore, a total of US \$218,103 is requested as additional grant budget.

#### Detail Challenges and Mitigation – Technical Assistance Facility (TAF) – Incubation of Reef Positive

- It took some time to finalise the investment identification, screening and approval process for the TAF as GFCR and Joint SDG Fund priorities/M&E indicators needed to be included in the entire project incubation cycle of the TAF.
- There was a long list of over 20 projects which needed to go through preliminary screening, data collections, analytical scrutiny to narrow down the projects to 5 that were mutually reinforcing and that could easily be merged into one or two large group of investments.
- The Fijian Government has made it completely clear during the last Programme Steering Committee meeting that all TAF projects need to have complete EIAs done. This requires the development of comprehensive process and procedure documents to secure EIA clearance. This was a major hurdle for the TFFC project. A total of US \$344,006 was requested from either the GFCR in a future board meeting or from the Blue Bridge should the technical assistance component be adopted by the GFCR Executive Board in November.
- The most viable business investment that is ready to proceed is the Kelton Group: Mango Fish project. However, Pegasus has requested that a market assessment be done for the project before they can offer an investment term sheet. It is suggested that the market assessment be financed through the ICRBE Programme. In this regard, a total of US \$10,905 was requested as additional grant budget support and an additional US \$10,500 to support payment of 15% Value-Added Tax (VAT).

#### Detail Challenges and Mitigation – BAD

- Rising building material and shipping costs are causing the research facility/center construction to slow down as materials are up to three times more expensive pre COVID-19 and materials are in short supply due to a construction boom.
- Delay in getting technical experts into the country to conduct Benthic surveys. However, this was eventually completed, and the report will be sent by next month.
- No clear prosecution mechanisms in place to take legal action against poachers found during patrols. It has been found the Fiji Police are not aware of how to prosecute such cases.

## VIII. Joint SDG Fund Reporting

### ***GUIDANCE***

Please fill out the online form for the Joint SDG Fund here at <https://forms.office.com/e/yNf3S0V27R>. These questions focus specifically on the financial mechanisms of your joint programme, and in combination with this completed report and its annexes will make up your complete annual reporting for both the Global Fund for Coral Reefs and the Joint SDG Fund. Note that the form should be completed by the RCO on behalf of all the UN entities and can only be completed by colleagues using their un.org email address.

- Annexes

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- Annex A – Reef Positive Initiatives Locations Map
- Annex B - BAGS 8 Projects
- Annex C - 2022 Comms Strategy Audience
- Annex D - Communication Strategy