



GLOBAL FUND FOR  
**CORAL REEFS**

# **ANNUAL NARRATIVE REPORT: GUPLA SOLWARA, GUPLA BISNIS**

January – December 2022

**Report submitted by:**

United Nations Development Programme

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## Programme Overview

Programme Title & Project Number		Programme Duration	
Programme Title: Gupla Solwara, Gupla Bisnis Programme Number: 00138062		Start Date: January 2022 End Date: December 2025	
Programme Location		Co-recipient Organisation/s and Implementing Partners	
Country/ies: Papua New Guinea  Priority Coral Reef Site/s: Kimbe Bay		Co-recipient Organisation/s: United Nations Capital Development Fund, United Nations Development Programme  Implementing Partner/s: Conservation and Environment Protection Authority	
Total Approved Budget			

Total GFCR Budget: 4,493,024.00  
UNDP: US\$3,010,000  
UNCDF Blue Bridge: US\$1,484,248

**Total Approved co-financing from other sources:**  
Joint SDG Fund: USD \$724,400  
GEF: USD \$4,775,000  
National Biodiversity and Climate Fund: USD \$2,000,000

**GFCR Preparatory Grant awarded from proposal development: N**

Programme-Level Indicators	Targets	2022 Progress
Coral and fish species richness in MPAs	120	N/A
Live Coral Cover	23,286	0
Proportion and Area (Ha) of reefs in associated ecosystems with effective management	23,286	0
Investment capital leveraged	750,000	0
Grant co-financing leveraged	1:4	0
Beneficiaries	10,000	N/A
Coral-positive Enterprises	10	0
Livelihoods Impacted	250	0



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## ● Executive Summary

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Papua New Guinea (PNG) is classified as one of seventeen “megadiverse” countries in the world and its marine ecosystems are of international significance. Kimbe Bay, the first pilot site of the “Gupla Solwara, Gupla Bisnis” (GSGB) UNDP/UNCDF joint programme (JP) has recorded presence of over half of the world’s recorded coral species. These reefs are under tremendous threat – not only indirectly from anthropogenic climate change and bleaching events, but also population pressures and unsustainable practices from widespread palm oil blocks lining the coasts.

With a few exceptions, there is no revenue being generated by marine protected areas in PNG for active conservation management and little incentive to manage natural resources sustainably. At the same time, local communities lack the skills, knowledge and finance to develop conservation-first business models connected to the marine and coastal environment, which could provide both livelihoods and conservation outcomes. Kimbe Bay’s 14 Locally Managed Marine Areas (LMMAs) are under-resourced and threatened without effective protection, education, and enforcement measures in place.

Putting the health of the reef can demonstrate the viability of the blue economy, which is nascent in PNG. In 2022, the JP worked to establish the groundwork for a women-focused Blue Economy Enterprise Incubation Facility (BE-EIF) to accelerate sustainable livelihoods opportunities for women and marginalized groups linked to the marine environment in Kimbe Bay. The BE-EIF will demonstrate proof of concept for the blue economy in Papua New Guinea, particularly the potential to offer transformative livelihoods to MSMEs which can employ women, youths, and marginalized groups.

In 2022, although the JP faced delays due to national general elections-related violence, land tenure issues at the pilot sites, and slow establishment of the project management unit, the PMU was able to progress constructive workshops, consultations and inception meetings with key stakeholders. This included securing office space with the provincial government in Kimbe as a part of a co-financing commitment and progressing consultations with key stakeholders at the national, provincial, and community level. Furthermore, the National Biodiversity and Climate Fund (BCF) was successfully launched in September 2022 alongside the BE-EIF. The BCF, which will be incubated by UNDP for the first two years of implementation before becoming a legally independent institution, will provide an important vehicle for fundraising future iterations of the BE-EIF technical assistance and financial incubation facilities. The BCF has already programmed the first round of grants targeted towards supporting business management plans for protected areas.

Papua New Guinea recently adopted the National Oceans Policy, which is the first mention in the country of integrating blue economy principles into its ocean management. In 2022, the JP made significant progress by securing high-level buy-in with implementing partners through a wide consultative process. This includes the National Oceans Office (NOO), a new government department established in 2022 as a result of the National Oceans Policy. The NOO coordinates the National Oceans Committee (NOC), a committee of 19 national government departments which have jurisdiction and mandates over PNG’s Exclusive Economic Zone. The JP has been invited to present at the NOC meeting in mid-2023 to present the project and the draft Blue Investment Strategy for circulation and endorsement.

From the business investment side the national Investment Promotion Authority and SME Corporation have shown a high level of interest in the project, particularly as the establishment of the BE-EIF in Kimbe Bay occurs in parallel with the nation's first government-supported provincial SME incubation facility in West New Britain. The SME Incubation Facility will assist businesses in registration and payroll and conduct trainings targeted towards terrestrial commodities. Therefore, the JP's BE-EIF will complement by assisting businesses in learning about the blue and green transition, particularly in parallel with the women's blue business network.

The key ambitions for the next year of implementation will be to identify and incubate 5 Micro, Small, Medium or Enterprise (MSME) businesses in Kimbe Bay through the BE-EIF Technical Assistance facility. The JP will seek to increase awareness of the blue economy nationally, including by holding a Blue Economy / Blue Demo Day event falling on or close to World Oceans Day, June 8<sup>th</sup> 2023. As the consultations have shown relatively little awareness about the blue economy both at the partner and community level, the JP will also seek to publish a communication campaign to highlight the value of a "blue" approach in PNG's business trajectory. Finally, the JP will look to select the second pilot site which will host both the second cohort of the BE-EIF 'Blue Accelerator' program and seek innovative financing instruments to develop a new MPA or LMMA.

## I. Programme Objectives

### Key expected results:

- 23,286 hectares of coral reef under protection
- More than 1.33M hectares of marine space under protection
- More than 250 local sustainable ocean-based jobs created
- At least 5 new women-led blue economy initiatives demonstrating proof of concept
- At least \$180,000 yearly in private revenue generation for management operations of the two MPAs

### Outcome 1: Financing ecosystem is in place which supports sustainable and scalable blue livelihoods from cradle to exit in Kimbe Bay.

- Output 1.1: Oceans Policy is operationalised through a Blue Investment Strategy
- Output 1.2: Blue economy enterprise incubation facility is established to incubate BE businesses that pilot the Strategy
- Output 1.3: BE-EIF identifies and delivers targeted TA and financial support services to blue enterprises

### Outcome 2: Protection of coral reefs and the marine environment is strengthened

- Output 2.1: Area of new sites under formal MPA protection
- Output 2.2: Management plans are developed and being implemented
- Output 2.3: M&E Strategy and reporting

### Outcome 3: Women access technical and financial assistance for transformative "blue" livelihoods in accordance with local value systems

- Output 3.1: High-quality TA delivered in support of transformative blue livelihoods

- Output 3.2: Financial products for women in business developed

**Outcome 4: Private sector capital is crowded-in to scale-up investment in conservation and reef-first business models connected to the blue economy**

- Output 4.1: Raise awareness of blue economy investment opportunity in PNG

## II. Programme Implementation & Results

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### A. Programme Results Overview

In 2022, UNDP recruited its core Project Management Unit (PMU), consisting of a Technical Advisor and Project Manager, who will drive the project implementation and activity delivery. As the PMU was not fully established until November 2022 it was difficult to contribute meaningfully to the intended workplan in the remainder of 2022. Whilst a consultant was brought onboard to help develop ToRs and conduct preparatory activities in August 2022, without access to budget lines and expenditures it was challenging to implement activities without proper mandate or consultation of implementing partners.

This, alongside the news of the sale of the Conflicts Islands and National General Election violence, both discussed throughout this report, delayed timely implementation of the JP's activities in 2022.

Nonetheless, progress has been made on several activities. A consultant was hired to develop the national Blue Economy Investment Strategy (Output 1.1) and conducted a two-week mission in November 2022. This mission served dual purpose as the PMU also consulted with provincial and national government, private sector, civil society and community-based organizations in Port Moresby and Kimbe. Some of the stakeholders had been consulted about the project originally in 2021 during the proposal process but felt left out of the implementation process, largely due to the long delay between pre-proposal and implementation, delays in the PMU establishment and inability to travel to project sites during the election period. Other had not been consulted, largely because of COVID restrictions and the short field mission allocated for pre-proposal interviews, and were greatly interested by the new 'blue economy' concept and requested regular progress updates to the project.

During these consultations the JP was able to gain a more nuanced perspective of the blue economy in Papua New Guinea, particularly pertaining to how the potential investment pipeline varies between different provinces depending on the presence of large-scale industry and local culture, and how best to implement the establishment of the BE-EIF and the blue credit guarantee. In Kimbe specifically, many women are only informally engaged in fishing for protein and rely largely on their smallholder oil palm blocks and terrestrial commodities for income when needed.

The PMU also visited Kimbe to provide an official presentation on the JP to the West New Britain (WNB) Provincial Administrator, who has endorsed the project pilot site in Kimbe. As a part of its co-financing commitment, the WNB Provincial Administrator offered office space to the JP. The provincial government also noted a lack of an official Inception Meeting to launch the project, which the PMU committed to holding in early 2023. This has paved the way for the establishment of the local hub of the BE-EIF (Output 1.2) and consultations were also held with women's business and groups, including the Women in Fisheries cooperative to start to develop a 'long-list' of women's blue business

opportunities (Output 1.3 and 3.1). Over 40 women were consulted who were actors in the informal and formal economy, and the JP also held a session for over 15 provincial government counterparts to discuss the challenges and opportunities in the blue economy in Kimbe Bay. This included representatives from Community Development, Tourism Promotion, Environment and Climate Change, Fisheries, and Commerce and Industry.

A monitoring and evaluation consultant was brought onboard to validate the GFCR monitoring & evaluation framework (Output 2.3) locally and comparatively to the planned activities and ongoing work with the Kimbe Bay LMMAs and the Wildlife Conservation Society under GEF-6.

A project board and Local Project Appraisal Committee (LPAC) was formed, however, due to mission blackouts imposed by UNDP country office the Board Meeting was not held until December 6, 2022. Due to several members being out of the country and unable to join virtually, the board did not make quorum. This was rescheduled to Q1 2023.

Throughout the entirety of the programme, the following feasibility studies and planning activities are planned:

- **National Blue Economy Investment Strategy.** This is in draft as of Q1 2023, with a plan to seek endorsement from government and publish in late 2023.
- **Gender-sensitive 5-year business and revenue plan for the BE-EIF.** This will be completed in mid-2023.
- **Prospectuses for 5 blue MSMEs.** These will be developed based on the first 5 MSMEs incubated in Kimbe Bay, mid-late 2023.

**MPA gazettal plans.** UNDP and CEPA will scope potential pilot sites and develop a report detailing recommendations, for the review of both the JP board and GFCR. The report will include potential avenues for sustainable financing through private sector investment, likely needing to be channelled through an implementing partner until the BCF is legally independent. Revenues generated for the BE-EIF will support the management of the MPA and the technical facility for women-focused SMEs and MSMEs.

As 2022 is the first year of implementation, the only indicator with a hard target as per programme Annex 2 is “Number of incubated blue economy SMEs” (3). In 2022, scoping missions in Kimbe identified potential investments for inclusion in the BE-EIF Technical Assistance Facility. For future targets, the following strategies and updates are relevant for the purpose of annual reporting:

- **Sustainable livelihood opportunities created (i.e., jobs).** The target for 2023 is 75, and the target for 2024 is 150. As the first cohort in 2023’s BE-EIF will look to provide support for 5 businesses, trickle-down positive impacts for 75 people is highly feasible.
- **The number of businesses identified and incubated.** A firm will be hired in early 2023 to short-list 5 women-led blue MSMEs in Kimbe Bay, and provide incubation through the BE-EIF ‘Blue Accelerator’ program. By 2025, 10 businesses will be incubated across the 2 pilots sites.
- **Sustainable financing mechanisms:** UNCDF will begin groundwork on the blue risk guarantee in 2023, with a view that disbursement will begin in 2024.
- **Coordination mechanisms (i.e., steering committees, regular stakeholder engagements, entrepreneur training platforms, etc.):** 3 workshops for women in blue enterprise every year starting in 2023. This will be managed through the establishment of the blue business network in Kimbe, and the first cohort of the Technical Assistance Facility. Steering committees held bi-annually, and regular public facing engagement through the Blue Demo Day.



- **Technical Assistance Facilities and/or Special Purpose Entities.** The BE-EIF Technical Assistance Facility will run its first cohort of the 'Blue Accelerator' program in 2023.
- **Practitioners trained (e.g., entrepreneurs, farmers, fisher, MPA managers, park rangers, etc.).** UNDP plans to contract Mahonia Na Dari to provide reef-safe fishing practices to the women's business network in 2023. Furthermore, the women's business network will also receive basic financial literacy on savings and book keeping. Gender-disaggregated data will be collected throughout 2023 in order to provide coherent numbers of direct project beneficiaries in the next reporting period.
- **Agreements with e.g. local authorities or fishing cooperatives to manage LMMAs / OECMs.** MPAs will be discussed with relevant authorities in 2023. The target is 23,500 hectares of coral reefs under protection and 1.3 million hectares of ocean space under protection. Largely, being able to develop the MPA is based on the approval of the Protected Area Bill through PNG parliament, which is out of control of the PMU however is expected to pass in 2023.

## B. Monitoring and Evaluation

As the monitoring and evaluation framework has grown considerably since project proposal stage, the project team assessed the indicators in the context of the Kimbe Bay pilot site. Whilst WCS is the global lead for the monitoring and evaluation framework, nationally WCS has noted that they do not have the capacity or ability to increase their capacity to work with the GPGB JP. WCS is currently stretched between three marine programs in three separate provinces in PNG, including in Kimbe Bay with GEF-6. Unfortunately, this has led to a lot of confusion particularly for provincial government and stakeholders as the GEF-6 project has a sustainable livelihoods element associated with the Locally Managed Marine Areas (LMMAs) which can be conflated with the BE-EIF. Of relevance, WCS is also conducting training for communities on basic coral and fish catch monitoring, which could further lead to confusion should the GSGB project need to conduct similar monitoring and evaluation in neighbouring communities to support the JP.

In terms of challenges, clarity has not been found on the applicability of the monitoring and evaluation framework to each pilot site. For example, in Kimbe Bay pilot site the JP is funding the BE-EIF, with MPA development co-financed and managed under GEF-6 and implementing partners WCS. It was not clear whether both the business-related and biodiversity-related indicators then needed to be monitored in the Kimbe Bay pilot site.

To address these challenges, a M&E consultant was hired in December 2022 to draft the monitoring and evaluation framework, including consulting with WCS and other local partners who may be capable of carrying out the biodiversity monitoring at the pilot sites, and providing oversight to the collection of baseline/Year 1 data in 2023. As this consultant is also engaged with the Fiji programme for M&E, it is hoped that the JP in PNG will be able to learn from the best practices and lessons learned from Fiji's monitoring framework, to provide a more coherent picture to the GFCR Executive Board at the global level. Biodiversity-related monitoring can be conducted by alternative partners, including the Seawomen of Melanesia, a local NGO consisting of women in marine conservation who conduct coral reef awareness and monitoring across PNG, or by the research team at the James Cook University, who have a 20-year history of coral studies in Kimbe Bay.



For the identification of climate refugia, the Blue Economy Investment Strategy (Output 1.1) will include a mapping analysis of threats and key ecosystems across PNG, including coral reefs and key marine ecosystems, shipping lanes and port activity, sites of land-based pollution, and estimated coral reef fisheries catch. This mapping analysis will assist in identifying areas of climate refugia and will be used as criteria in the selection of the second pilot site. The GIS data will be made available on the PNG Biodiversity and Climate Geoportal: [www.png-geoportal.org](http://www.png-geoportal.org)

### C. Protected Areas Management Effectiveness

In Kimbe, PNG-METT-2's are being conducted by WCS in 2022 – 2023 to assess changes since initial evaluations in 2019. Original METT's for the LMMA network are available on the PNG Protected Area Toolkit: [www.pngbiodiversity.org](http://www.pngbiodiversity.org).

As no second pilot site has been selected, the PNG-METT-2s have not been conducted by the GSGB JP. This will be assessed by the M&E consultant and the PNG-METT-2 baselines will be recorded once an implementing partner has been contracted.

### D. Enabling Policy Environment

Whilst significant challenges arose in 2022, UNDP was still able to progress action towards supporting an enabling policy environment to catalyse the blue economy in PNG.

The upheaval associated with the national general elections began during the campaign period starting in Q1 until Q3 2022, due to the long periods of contestation. Whilst the dominant parties remained in power, the uncertainty during this period made it difficult to engage with government partners in a meaningful way, especially regarding decisions on JP work. Furthermore, although there was no significant changes in the West New Britain government, the security situation in Kimbe - historically quiet - has kept deteriorating since the elections. WCS field staff in Kimbe have noted that in Q3 and Q4 of 2022, violent roadblocks on rural roads and intercommunal violence have been frequently reported, delaying community entries for GEF-6 work.

Despite the challenges posed by the elections and government change, the Biodiversity and Climate Fund was established in September 2022, with an independent board consisting of private, public, government, and development actors. The BCF is the first of its kind in the Pacific, and signals a new era of transparent fundraising and accountability for environment and climate projects in Papua New Guinea. The Government of PNG promoted the BCF at the Biodiversity COP in Montreal in December 2022, and historically has announced that proceeds from round-log tax exports will now be diverted into the BCF. These funds will likely be ringfenced for forestry and terrestrial projects, signalling that similar structuring could be negotiated for marine conservation and blue economy.

The consultation process for the national Blue Economy Investment Strategy (Output 1.1) started in Q4 2022. The national Strategy will assist in operationalizing the Papua New Guinea Oceans Policy and demonstrate the feasibility of blue economy business for potential enterprises and domestic and

international investors. The Strategy is intended to be a high-level policy document which provides a brief overview of BE subsectors in PNG, the challenges and opportunities, and outlines the establishment of the BE-EIF to stimulate the growth of viable blue business options in Kimbe Bay and other locations. The assessment will create criteria for approved 'blue business', scanning of business options, financial and technical needs, market demand assessment and prioritised pipeline.

In parallel, SDG Investment Mapping will chart the opportunities of national blue economy towards achievement of the blue aspects 2030 Sustainable Development Agenda.

The Strategy will also provide a narrow case study on Kimbe Bay, the first pilot site. Whilst planned for completion in 2022, the Strategy will likely be made public in late 2023 based on consultations and endorsement and revisions by the National Oceans Committee members. By the end of the 2023, it is envisioned that project stakeholders will understand the Blue Economy Investment Strategy and its key findings, and endorsement will be sought from at least two government agencies.

## E. Complementary Initiatives

### Sustainable Finance of Papua New Guinea's Protected Area Network (UNDP/GEF-6)

The programme created and launched PNG's first National Biodiversity and Climate Fund in 2022, which will receive and channel donor funds and innovative finance to PNG's protected area network (terrestrial and marine). The joint programme will create a subsidiary of this Fund (the Blue Enterprise Incubation Facility) which will target blue livelihoods development by 2025. The project also funds the Kimbe Bay LMMA gazettal and sustainable livelihood development with implementing partner Wildlife Conservation Society. Thus, the GEF-6 project is an important source of co-financing and collaboration for the JP, including collection of METT baselines and progress in Kimbe Bay LMMAs, the provision of a provincial coordinator position in Kimbe, and assisting in developing the enabling environment for the blue economy in Kimbe Bay. The Biodiversity and Climate Fund

### UNDP Management Effectiveness Tracking Tool

In 2022, the PNG-METT-2 was finalized, and a toolkit for protected areas was published on [www.pngbiodiversity.org](http://www.pngbiodiversity.org). The new tools under development through this activity provide local communities with the ability to share information and knowledge to sustainably manage protected areas. This will help ensure that marine areas can be well managed which will, in turn, help sustainable blue livelihoods development and enterprise.

### UNDP Sustainable Finance Hub

The UNDP Global Sustainable Finance Hub offers a comprehensive package of methods and tools in support of the organization's SDG Integration offer to enable governments, the private sector and international financial institutions to accelerate financing for the SDGs. This includes the development of SDG Investment Maps at the country level, Integrated National Financing Frameworks, and negotiating SDG Bonds and Enterprises. In 2023 the PMU was invited to attend a training on "Unlocking Private Sector Finance for the SDGs" and will work with the UNDP Sustainable Finance Hub on the methodology and potential for a "blue" SDG Investor Map in PNG. Core UNDP funding is being sought to finance this activity.

A.

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

OUTCOME	OUTPUT	TARGET INDICATORS by 2025	BASELINE MEASUREMENT IN 2021	BASELINE SOURCE / COLLECTION METHOD	MILESTONE AS OF DECEMBER 2022	REMARKS
<b>Outcome 1:</b> Financing ecosystem is in place which supports sustainable and scalable blue livelihoods from cradle to exit in Kimbe Bay and Conflict Group (Joint SDG Fund Y1-2 / GFCR Years 3-4)	Output 1.1: Oceans Policy is operationalised through a Blue Investment Strategy	<ul style="list-style-type: none"> <li>1 new government strategies and plans to support financing for improved marine biodiversity protection and the blue economy</li> </ul>	<ul style="list-style-type: none"> <li>0</li> </ul>	<ul style="list-style-type: none"> <li>Reporting from UNDP and CEPA</li> </ul>	<ul style="list-style-type: none"> <li>First draft completed</li> </ul>	Consultant hired to draft Blue Economy Investment Strategy.
	Output 1.2: Blue economy enterprise incubation facility is established to incubate BE businesses that pilot the Strategy	<ul style="list-style-type: none"> <li>10 incubated blue economy SMES</li> </ul>	<ul style="list-style-type: none"> <li>0</li> </ul>	<ul style="list-style-type: none"> <li>Annual reporting from the BE-EIF consultancy firm</li> <li>Reporting from UNDP and CEPA</li> </ul>	N/A – Interventions not yet started	ToR developed for the Technical Assistance Facility of the Blue Economy Enterprise Incubation Facility. Project office space acquired. Stakeholders consulted.
	Output 1.3: BE-EIF identifies and delivers targeted TA and financial support services to blue enterprises	<ul style="list-style-type: none"> <li>5 businesses that receive financial support through the BE-EIF</li> </ul>	<ul style="list-style-type: none"> <li>0</li> </ul>	<ul style="list-style-type: none"> <li>Reporting from UNDP and CEPA</li> </ul>	N/A – Interventions not yet started	ToR developed for Blue Economy Enterprise Incubation Facility. Project office space acquired. Stakeholders consulted.
<b>Outcome 2:</b> Protection of coral reefs and the marine environment is	Output 2.1: Area under formal protection	<ul style="list-style-type: none"> <li>1.33 million hectares of new sites under formal MPA protection</li> </ul>	<ul style="list-style-type: none"> <li>0</li> </ul>	<ul style="list-style-type: none"> <li>MPA registration documentation submitted to CEPA</li> </ul>	N/A – Interventions not yet started	Conflict Islands could not be included in project – too high risk. Under GEF-6, the

strengthened. (GFCR)						Kimbe Bay MPA component has been scaled down and will not meet the estimated target of 1.3 million hectares by 2025. JP will identify second pilot site in 2023.
	Output 2.2: Management plans are development and being implemented	<ul style="list-style-type: none"> <li>Management Effectiveness of MPAs - 2 MPAs with scores &gt;60</li> <li>Coral and fish species richness in MPAs - 120</li> </ul>	<ul style="list-style-type: none"> <li>Initial METT score as baseline</li> <li>Actual species richness = 100</li> </ul>	<ul style="list-style-type: none"> <li>Management Effectiveness Tracking Tool (METT)</li> <li>Biomass of commercially significant fish (g/100m2)</li> <li>% Live Coral Cover</li> </ul>	N/A – Interventions not yet started	As above.
	Output 2.3: M&E Strategy and reporting	<ul style="list-style-type: none"> <li>1 M&amp;E strategy developed</li> </ul>	<ul style="list-style-type: none"> <li>0</li> </ul>	<ul style="list-style-type: none"> <li>UNDP Reporting</li> </ul>	<ul style="list-style-type: none"> <li>M&amp;E Strategy in draft</li> </ul>	M&E consultant hired to draft M&E framework.
<b>Outcome 3: Women access appropriate technical and financial support to develop transformative blue livelihoods (Joint SDG Fund and GFCR)</b>	Output 3.1: High-quality TA delivered in support of transformative blue livelihoods	<ul style="list-style-type: none"> <li>250 locals/entrepreneurs and women employed in businesses with a positive impact on coral reefs</li> </ul>	<ul style="list-style-type: none"> <li>0</li> </ul>	<ul style="list-style-type: none"> <li>BE-EIF annual reporting</li> <li>Pre- and post-training questionnaires (qualitative and quantitative)</li> </ul>	N/A – Interventions not yet started	ToR developed for Blue Economy Enterprise Incubation Facility
	Output 3.2: Financial products for women in business developed	<ul style="list-style-type: none"> <li>3 training workshops delivered for women in blue enterprise</li> </ul>	<ul style="list-style-type: none"> <li>0</li> </ul>	<ul style="list-style-type: none"> <li>UNCDF reporting</li> </ul>	<ul style="list-style-type: none"> <li>0</li> </ul>	Trainings planned in 2023.

		<ul style="list-style-type: none"> <li>• 2 commercial financial products lines committed for blue enterprise development</li> </ul>				
<b>Outcome 4: Private sector capital is crowded-in to scale-up investment in conservation and reef-first business models connected to the blue economy</b>	Output 4.1: Raise awareness of blue economy investment opportunity in PNG	<ul style="list-style-type: none"> <li>• 2 financial sector training workshops on blue economy investment opportunity</li> <li>• Annual blue economy business and knowledge forum</li> <li>• Website developed</li> </ul>	<ul style="list-style-type: none"> <li>• 0</li> </ul>	<ul style="list-style-type: none"> <li>• UNDP and UNCDF reporting</li> </ul>	N/A	ToR developed for communications and outreach.

## G. Reef Positive Solution Case Studies

Case Study #1	
<b>Programme Solution</b>	<b>Linked Programme Output/s</b>
Blue Economy Enterprise Incubation Facility	<p><b>Outcome 1: Financing ecosystem is in place which supports sustainable and scalable blue livelihoods from cradle to exit in Kimbe Bay.</b></p> <p><b>Output 1.2: Blue economy enterprise incubation facility is established to incubate BE businesses that pilot the Strategy</b></p>
<b>Location Implemented</b>	<b>Implementing Partner/s</b>
Kimbe Bay	UNDP is leading this solution. UNCDF will support businesses with the blue credit guarantee.
<b>Driver/s of Degradation</b>	<b>Target Stakeholder/s or Beneficiary/ies</b>
<p>The Blue Economy Enterprise Incubation Facility will seek to catalyze transformative blue livelihoods for women, youths, and marginalized groups through a Technical Assistance (TA) Facility and a Financial Incubation (FI) Facility. The TA Facility will include a “Blue Accelerator” program for blue reef-positive SMEs, in which deployable national and international experts will mentor the selected initiatives, and support them in applying for financial support from the FI Facility, managed by both UNDP and UNCDF.</p> <p>By supporting reef-positive SMEs, blue business models will be verified for scaling across PNG, reducing coral reef degradation in coastal and maritime provinces.</p>	The BE-EIF seeks to incubate 10 blue SMEs throughout the project lifespan, 5 of which will be selected from Kimbe Bay. It seeks to impact or create at least 250 “reef-positive” jobs, at least 50% of which will be for women, youths, and marginalized groups.
<b>Actual Result/s to Date</b>	
Thus far, community level consultations have taken place across Kimbe Bay to introduce the concept of the blue economy, and also create a “long-list” of blue-related SMEs which have the potential for incubation through the BE-EIF. The most observable change is the increase in knowledge and awareness at both the community and provincial administration level of the concept of “blue” economy, and how it can be linked to positive outcomes for coral reefs.	
<b>Expected Results and Outlook</b>	
The BE-EIF will seek to identify and begin an incubation program for 5 women-focused SMEs in mid-2023. The criteria for these SMEs have been developed, presented, and verified by the JP	

Case Study #1	
stakeholders and board. The immediate steps forward will be the release of an Expression of Interest for applying to the BE-EIF TA Facility “Blue Accelerator”.	
<b>Stakeholder Testimonials</b>	
In 2022, no stakeholder quotes are available due to the early and private nature of most consultations. However, in early 2023 a podcast episode was produced by UNDP PNG which includes stakeholder testimonies.	
<b>Related Initiatives</b>	<b>Co-Financing and Capital</b>
The BE-EIF will provide a proof of concept for the blue economy, catalyzing on the National Oceans Policy to promote new blue business models. It will promote the Conservation and Environment Protection Authority (CEPA)’s Marine Program and CEPA’s work towards the Coral Triangle Initiative to which it is a partner.	This solution is co-financed by the GEF-6 work implemented in Kimbe Bay to formalize the Locally Managed Marine Areas. In 2022, this support would amount to about \$150,000 USD. As the GEF-6 livelihood component will not start until 2023, no revenue is being generated at the LMMA level for reporting in 2022.
<b>Best Practices and Lessons Learned</b>	
At this early stage it is challenging to accurately document best practices and lessons learned. UNDP notes that the development of a pipeline of potential SME investments, which in the pre-proposal work for the BE-EIF would have been helpful	
<b>Links to supporting media</b>	
A press release was developed on the launch of the BE-EIF in September 2022: <a href="https://www.undp.org/papua-new-guinea/news/project-support-blue-economy-businesses-launched-papua-new-guinea">https://www.undp.org/papua-new-guinea/news/project-support-blue-economy-businesses-launched-papua-new-guinea</a>	

## H. Gender Mainstreaming

The BE-EIF aims to catalyze transformative livelihoods for women, youths, and marginalized groups through the incubation of blue business models, at the MSME and SME level. As the JP is a Gender 3 on the UNDP Atlas Gender marker scale, 80% of programme resources are intended to support gender-sensitive programming. To meet this target, the JP will promote women’s empowerment throughout the activities of the BE-EIF, including through supporting women entrepreneurs in their leadership journey through the ‘Blue Accelerator’ technical assistance facility, and developing a women’s ‘blue business’ network, specifically targeted at women who engage in informal or micro-scale activities in the blue sector. The JP will also collect gender-disaggregated data at workshops and output-level activities, and conduct gender sensitivity training for stakeholders and investees.

Women, both in Kimbe Bay and across Papua New Guinea, face unique challenges in establishing businesses and accessing coral reefs which vary greatly by geography and culture. For example, in some communities women may be prevented from accessing coral reefs and marine resources due to cultural practices. In others, women may be the sole providers of protein for their families and may lack the capacity to practice safe fishing practices to meet basic needs – resorting to using poison rope or medical supplies for fish nets, destroying corals for lime, or overfishing in order to gain a small livelihood at the market.



A critical element of Gen3 projects is understanding these above-mentioned gender dynamics deeply in the pilot sites, collecting gender disaggregated data, ensuring that the monitoring and evaluation and social and environmental safeguards encapsulate gender appropriately, and all outputs have a gender-sensitive lens. A Gender Action and Analysis Plan will be completed, aligned with the GFCR Gender Policy and UNDP Social Environmental Safeguards Policies, in 2023 alongside community consultations with women living along Kimbe Bay. Any scoping for secondary pilot sites will also take a gender-sensitive focus, ensuring that the challenges of women, youth, and marginalized groups are understood as a whole and individually.

The Blue Credit Facility, under development by UNCDF, and financial incubation support by UNDP will be gender-sensitive and aim to support women and marginalized groups who may not have access to traditional finance. Trainings in financial literacy and safe fishing practices will get women in coastal communities to both learn more about reef-safe practices, while advancing their ability to conduct financial transactions and access the Blue Credit Facility.

Although the contracting process for SES and Gender consultants started in Q4 2022, due to procurement delays this was pushed into Q1 2022, with community entries and consultations intended to start directly after the Inception Meeting in Kimbe.

### III. Programme Governance & Management

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#### A. Programme Governance

Despite the significant delays, the PMU was successful in conducting broad consultations with stakeholders (many of whom had not been updated since the pre-proposal work, or not at all largely due to pre-proposal work taking place during COVID restrictions) to introduce the project at the national and provincial level. From a governance perspective, important political networks were established to facilitate the success of the project, including with the implementing partner, national Conservation and Environment Protection Authority (CEPA). UNDP has also committed to providing quarterly updates to CEPA to ensure full disclosure of all activities, planned missions, and synergies between the GSGB team and the CEPA Marine Program. A full list of BE Stakeholders that were consulted with or contacted during Q4 2022 are available as an Annex 1.

This included consultations to develop the project board, the governing body of the project. The board will be composed of:

- Conservation and Environment Protection Authority (CEPA) – implementing partner and Co-Chair of the project board
- National Fisheries Authority
- National Oceans Office
- Investment Promotion Authority
- West New Britain Provincial Administration

Unfortunately, due to several conflicting events (including the visit of the Assistant UN Secretary-General and the Sydney Mining Conference) the board did not make quorum in December 2022.

Therefore, the Board ToR was not signed and the AWP for 2023 was not endorsed. The Board ToR is available as Annex 2.

The PMU has made the best effort to keep the GFCR and Joint SDG fund focal points fully informed and aware of implementation delays and challenges.

## B. Programme Management

Several significant challenges arose throughout the year which have caused changes to programme management and work plan. The financial delivery was very low compared to the target delivery, mostly targeted towards establishing the BE-EIF facilities in Kimbe Bay and the PMU. As there was no one managing the JP before the UNDP PMU was established in Q4 2022 and no engagement from UNCDF, it was difficult to contribute meaningfully to the target activities and expenditures for 2022. Once the PMU was established, important groundwork including contact with stakeholders and establishing the JP governance board was prioritized to ensure that any expenditures were aligned with realities on the ground to ensure GFCR resources would not be misdirected. Activities which were unable to progress in 2022 will accelerate implementation in 2023.

The most significant issue encountered with tracking realities on the ground was that in the project document, the Conflict Islands Conservation Initiative (CICI) was a key partner to facilitate the development of an MPA in the Conflict Islands under Outcome 2. However, the negative [media storm](#) regarding the potential sale of the Conflict Islands to a private buyer in Q3 of 2022 negated the ability of the JP to invest in committing such a site to the protected area network, as any buyer could choose to take the site out of the network if desired. This was accompanied with cautions from the JP's implementing partner, CEPA, who are the regulating government agency for the gazettal and development of protected areas. As gazettal requires support at the community, local level government, district, provincial, and national level, investing resources in a high-risk case could quickly turn into a "worst case example" in the progressing development of MPAs in PNG. The coverage of MPAs nationally is very low – less than 0.05% of PNG's EEZ – and any new MPAs can expect to take years to develop under high levels of scrutiny. The Murat and Lovongai MPAs in New Ireland Province have been under development with WCS since 2017 and still remain ungazetted. Previous to the news of the sale of the Conflict Islands, the PSU had been attempting to perform a micro-assessment of CICI, who were unable to produce mandatory documentation to deliver low-value grants from UNDP.

Without a complete micro-assessment and clarity on the future of the Conflict Islands, with regrets the PMU in agreement with CEPA and oversight provided by GFCR and the Joint SDG Fund, have agreed to search for a new pilot site to conduct consultations and establish the second cohort of the BE-EIF. As the Conflict Islands intervention was also the key source of private sector revenue for the project, it was agreed that any new pilot sites must be assessed for:

- 1) Climate refugia status (i.e high diversity of strong coral reefs and marine ecosystems)
- 2) Existing environmental baseline and potential implanting partner
- 3) Potential to generate revenues for ongoing MPA monitoring and management

Thus far Alotau, Milne Bay; Kavieng, New Ireland; and Port Moresby have been identified as potential second sites which will be assessed in 2023. Thus, the funds identified in Outcome 2 will be re-programmed to a new implementing partner through a low-value grant modality starting in 2023.

The Annual Knowledge Forum was not held in 2022, and this funding under Outcome 4 was re-allocated to 2023 to allow for a larger event and logistics. Furthermore, \$20,000 USD barely covers event rental and audio-visual support for a one-day event, therefore the 2023 Annual Knowledge Forum will utilize a realistic budget to ensure that participants across PNG are supported to come to the event (likely to be held on World Oceans Day 2023) and learn more about blue economy initiatives.

The Annual Knowledge Forum is expected to be an important venue to share information about the blue economy to stakeholders at the national, provincial, and local settings. The PMU will seek to ensure full support and engagement from relevant government focal points and the media, to highlight successful blue initiatives and bring general awareness to the concept of blue economy and where Papua New Guinea stands in terms of marine challenges and opportunities in developing this sector.

### C. Programme Operations

Programme operational challenges in 2022 included the slow recruitment of the PMU, lack of mandatory project document endorsement from stakeholders, and discrepancies between project document workplan and UNDP rules and regulations.

Recruitment of the PMU took over 6 months from drafting of the ToRs to signing of contracts. Thus, the PMU was established in November 2022 under the new UNDP National/International Personnel Services Agreement (NPSA/IPSA) modality. This hampered programme operations due to onboarding of staff late in the year, meaning that all work was targeted towards year-end closure, 2023 annual work planning, and delivery for the country office. It also meant that a lot of “back casting” had to be done as the 2022 budget was set up by the CO and not the PMU.

The PMU is now composed of a Technical Advisor and Project Manager who both have significant experience implementing environmental projects, including in Papua New Guinea, but new to blue economic empowerment. It is planned in 2023 to also add a Driver/Clerk position in Kimbe Bay to support the functioning of the BE-EIF Local Hub, and also cost-share the GEF-6 Provincial Coordinator in Kimbe.

In terms of mitigation of PMU-related delays, in 2023 the PMU will work to catch up on delivery however challenges in catching up on 12 months of delivery are to be expected. As noted in previous LPACs for GEF projects, consultations themselves for projects often take 12 months. Accelerating delivery without ensuring that all stakeholders are adequately informed and consulted could lead to grievances being raised and beneficiaries being left behind. A well-defined Social and Environmental Safeguards Assessment and Plan will be developed in 2023, aligned with UNDP and GFCR standards, to ensure that stakeholders have appropriate grievance mechanisms. The mid-term review will be scheduled in early 2024 and will be an opportunity to revisit implementation timelines and the workplan.

The JP is also struggling to implement activities due to slow procurement times experienced at the country office level, and the project workplan not meeting the requirements of UNDP procurement processes. For example, *Activity 1.3.2: Blue Innovation Grants to foster public private partnerships* is a \$700,000 line for UNDP to award grants to selected business in the BE-EIF project proposal process.

However, UNDP does not have a modality with which to grant to enterprises or business. The Low Value Grant modality (LVG) is used for amounts of up to \$150,000 USD for capacity-building of NGOs, CBOs and academic institutions – not private sector businesses. Performance-based payments are an option to explore in 2023.

It was also raised in November 2022 that no Local Project Appraisal Committee had been held for the project. LPACs are a mandatory process for all UNDP development projects, and the LPAC is convened to review the proposed project's quality and capacity of the implementing partner to deliver *before* project approval. This is typically convened by the UNDP CO Programme Service Unit or UNDP staff delegated by the Resident Representative. After approval of the project document, implementation and expenditures can begin.

Whilst project establishment expenditures such as hiring the PMU, office establishment, and further consultations can be procured in parallel with the LPAC process it was not advised for the PMU to conduct large procurements without the approval of the project board. Thus, large procurements towards the establishment of the BE-EIF were put on hold. As noted above, the PMU will try to catch up on 2022 expenditures following the LPAC approval and Inaugural Project Board meeting in early 2023 but this can be complicated due to the constant follow up and diligence required to push procurement items internally.

## IV. Resource Mobilisation

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### A. Resource Mobilisation Efforts - Grants

#### **Sustainable Finance of Protected Areas:**

Progress was made on the GEF-6 "Sustainable Financing of Protected Areas" work in Kimbe Bay, a key co-financer of the project due to the implementation of MPA-related activities, including collection of PNG-METT-2 assessments. WCS, the implementing partner for GEF-6 in Kimbe, was hampered due to election-related violence in Kimbe but managed to establish their office in September 2022. A four-year work plan was developed for the Kimbe Bay GEF-6 project in August 2022, which provides details for each of the activities that will take place from 2022 to 2025. This will include work at the LMMA level with gazettal and sustainable livelihood development, with at least 65% of project beneficiaries being women or youth. WCS received \$500,000 USD in 2022 for activities implemented for GEF-6.

#### **National Biodiversity and Climate Fund**

Officially launched in September 2022, the first call for proposals went out in late 2022 to support a total of \$250,000 USD (11 grantees) in developing business and management plans for marine and terrestrial gazetted protected areas. The Fund will aim to deliver \$1million USD in 2023 including for protected area development grants of marine protected areas. Therefore co-financing will be provided in-kind through support to marine biodiversity and climate projects across PNG, including in Kimbe Bay. As the Fund has just programmed the first round of disbursements as of Q4 2022, and is still attracting new funding from multiple sources, a quantifiable co-financing number will be calculated for the BCF support to the BE-EIF in 2023.

### **Conservation and Environment Protection Authority**

CEPA is the government implementing partner and will be providing in-kind support by offering an office space to the project team in Port Moresby, and committing to providing policy support through marine staff time commitments.

### **B. Resource Mobilisation Efforts - Investment**

**N/A – NO INVESTMENT CAPITAL LEVERAGED INTO PROGRAMME**

The ambition of the programme strategy is 1:4. The target source has been complicated by the removal of the Conflict Islands from the project and thus the resource mobilisation commitments from the pro-doc. Raising capital in Papua New Guinea is extremely complex and will require time to investigate and cost out. However, conversations have been held about different institutions and funders who would potentially look to support the GFCR activities.

Tourism is unfortunately an underdeveloped industry in Papua New Guinea, due to law and order issues and expensive and unreliable logistics. Whilst it is unlikely that this will change in any substantive way over the next 5-10 years, the increase of cruise and expedition ships travelling from Australia is picking up in the post-COVID period. Marine-based travel, whilst still carrying the same potential for law and order issues, is emerging as the most popular method of travel in Papua New Guinea and one to be explored and regulated. Cruise arrivals now constitute the highest number of visitors in PNG (as of pre-COVID levels in 2019) and the industry is nascent in terms of trickle down effects to marine conservation. Carnival, P&O and Princess cruise lines all have ESG policies which will be explored through contact in 2023. The idea of voluntary contributions for marine conservation was suggested during the scoping assessments for the Blue Investment Strategy.

There is interest from the private sector in PNG to invest in conservation and biodiversity, however several challenges need to be explored and overcome. PNG has several large extractive companies including Newcrest, Total, and Exxon, who are all programming funding into conservation initiatives and biodiversity offsets. Whilst this could be a potential high-value resource for funding for the BE-EIF, there are challenges to be overcome including avoiding 'greenwashing' of PNG's extractive actors, and the low change of these actors to pass UNDP's risk screening assessments. Steamships and SWIRE are the largest maritime businesses in PNG and have their own sustainability programs and community grant schemes. As the both companies have activities in Kimbe port, early stage conversations have been held with sustainable development managers to understand if the community grants could target BE-EIF recipients in the future. This is to be developed in 2023.

Work is also being done at the UN level, led by UNDP PNG, to scope and potentially implement new financing instruments for GoPNG. Based on a request from the GoPNG Treasurer in Q3 2022, briefs and presentations have been delivered to GoPNG on the potential for PNG to implement a debt for nature swap or blue bonds. Internal UNDP funding was successfully fundraised to contract the development of an instrument in 2023 which could assist the GoPNG in achieving and sustainably financing the SDGs. If a blue bond or debt for nature swap could be negotiated, revenues could potentially be ringfenced for the BCF and marine conservation through the technical assistance facility of the BE-EIF. However, this remains to be analyzed in 2023.

Overall, raising resources for the BE-EIF will be extremely challenging as until the BCF is legally independent and separated from UNDP procurement policies, it will be unable to grant or program funding to private-sector enterprises including MSMEs. Therefore, another challenge will be in finding an implementing partner who has the trust of local and national government to program revenues for the BE-EIF Technical Assistance Facility and also program marine conservation area monitoring and enforcement. However, given the massive funding gap for PNG’s protected areas, resource mobilization from new and innovative sources is an incredibly worthy activity to explore through the JP.

**C. Resource Mobilisation Efforts - Revenue**

The only notable challenge here is that the revenue generation that was expected from the Conflict Islands investment (\$720,000 USD one-time, and \$180,000 annually after the completion of the project) towards the management and monitoring of the MPA, now must be removed as project co-financing due to issues discussed in previous sections. New revenue generation streams will be investigated in 2023 with the selection of a new secondary site (as explained in the above section). A more coherent update to this will be planned in 2023, including in regard to the blue credit guarantee under development by UNCDF.

N/A

**V. Communications and Visibility**

**B. Communications**

The JP developed a visibility banner and brand identity in 2022, however, was unable to progress any other communications work through the procurement process due to an intense focus at the Country Office level on delivering existing cases. However, in 2023 it is planned to bring onboard a consultancy which will support the project with diverse communications products, including digital stories, videos, and printed products.

The project was announced through a press release in September 2022 on the UNDP PNG website: <https://www.undp.org/papua-new-guinea/news/project-support-blue-economy-businesses-launched-papua-new-guinea>

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**C. Visibility**

*External Media Coverage*

N/A

*Published Programme Content*

N/A

*Event Features*

**GUIDANCE**

*Primary Creative Assets*

**GUIDANCE**

A banner and slide deck were developed in 2022 to describe project aims. These are available in [Trello](#).

*Reef Positive Solutions Case Studies*

N/A

*Speakers identified and featured as programme Champions*

N/A

*2023 Communications Strategy*



The key goal of 2023 is to bring onboard a communications consultancy to support in developing and implementing a communications plan, and to develop diverse externally-facing communications products including videos, stories, and printed publications. Key deliverables include:

- Development of communications strategy
- Copyediting and web/print layout of the national Blue Investment Strategy
- Event: Blue Investment Strategy Endorsement workshop (Q2 2023)
- A “Blue Economy” awareness video campaign – 5 x 60 second vignettes to raise awareness about what the blue economy is, why coral reefs are important, and the greatest threats facing them today
- Event: Blue Economy Day (to be held on World Oceans Day, June 8<sup>th</sup> 2023)
- Developing stories on the first 5 MSMEs to be incubated in Kimbe Bay – case study awareness and visibility
- Quarterly press releases on project progress

UNDP has a good relationship with local press and media and will ensure they are informed and invited to important launches and events.

## VI. Risk Management and Mitigation

Risks	Risk Level: (Likelihood x Impact)	Likelihood: Certain - 5 Rare - 1	Impact: Essential - 5 Insignificant - 1	Mitigating measures	Responsible	Remarks
<b>Category: Contextual risks</b>						
Political instability and political interference over BE-EIF operations	Medium	1	3	Blue Enterprise Incubation Facility and National Biodiversity and Climate Fund established as legally independent entities with clear transparent accountable governance structure comprised of multiple stakeholders	UNDP	The 2022 national elections, noted to be the most violent in terms of casualties in PNG’s history, had long and lasting impacts on security in Port Moresby and Kimbe Bay. The re-organization of the cabinet also led to instability with the implementing government partner CEPA. UNDP continues to monitor political related violence and operate with strict security

						protocols in place. Political interference in BE-EIF remains uncertain but unlikely.
COVID-19 worsens investment environment	<b>Low</b>	3	3	Significant work with domestic financial institutions to build a high-quality pipeline with a strengthened focus on financial products to de-risk investment. Risk unlikely due to high liquidity in domestic market	UNCDF	Luckily, the COVID situation in PNG reduced considerably over 2022. By October 2022, all COVID-19 restrictions associated with air travel and arriving in PNG were lifted. This has resulted in a resurgence of international business and travel in Port Moresby. This risk has been lowered to Low.
Natural disaster event	Medium	1	3-4	Offer insurance products to investees; work with donors, domestic financial system and National Biodiversity and Climate Fund to ensure emergency liquidity facilities can be extended in a crisis	UNCDF	In 2022, one earthquake of 7.6 magnitude struck PNG in Morobe province. Casualties and damage were relatively low (estimated 21 people died) due to the remoteness of the epicenter. UNDP continues to monitor and respond to events through its Humanitarian Advisory Team, which fulfils the function of OCHA in PNG.
Increase in crime rate in Kimbe Bay lessens attractiveness/incentives to invest	<b>High</b>	2	3	UN teams will work with the national and provincial authorities to ensure that project activities are well supported and protected.	UNDP	2022 saw a marked increase in crime in Kimbe Bay, which has traditionally been known as a quiet area in terms of crime and violence (in comparison with the Highlands or Morobe and Milne

						Bay provinces). WCS, the GEF-6 implementing partner, noted that fieldwork was severely disrupted by a rise in violent crime aimed at vehicles along rural roads. Assaults have led to a few dozen injuries to travelers and several deaths. In response, UNDP will remain flexible and reschedule visits and consultations when necessary to reduce risk to staff and partners as much as possible. This risk has been moved to <b>High</b> .
<b>Programmatic risks</b>						
Blue Enterprise Incubation Facility attracts little interest and is undersubscribed relative to its capital endowment	Medium	2	3	UN teams and partners have identified strong candidates for the initial TA phase. Local consultations have ascertained high levels of local interest. Significant awareness-raising will be carried out	UNDP / UNCDF	UNDP has been conducting consultations to assess the pipeline for TA in the first phase of the “Blue Accelerator” program in Kimbe. It is anticipated that the Facility will be oversubscribed as there is high interest from women-led MSMEs.
Blue Enterprise Incubation Facility struggles to be inclusive (i.e. meet needs of disadvantaged populations, women etc.)	Medium	2	3	Strengthen budget allocated to leadership and skills development programmes for women and work with local women’s associations to understand blockages and	UNDP / UNCDF	As above – early consultations have found a high participation of women in business in Kimbe Bay, although they share fundamental challenges such as business registration the

				deliver targeted technical support		will to innovate is clearly present.
Blue Enterprise Incubation Facility may receive many non-eligible applications (costly to process)	Low	1	1	Local consultations will ensure that the “rules of the game” are clear to potential candidates for support; BE-EIF will also work with local chambers of commerce, women’s associations and state entities to ensure investees with the highest potential are identified and reached	UNDP / UNCDF	As per mitigating measures, local consultations have sought to clarify the eligibility of applicants. This will be tested in 2023 during application period.
Blue Enterprise Incubation Facility cannot source appropriate qualified personnel	Medium	1	3	Unlikely as the National Biodiversity and Climate Fund is being set-up to attract the best national and international staff; in cases where appropriate or where there are vital skills shortages, PUNOs can source highly specific blue economy and gender expertise from their extensive networks	UNDP	In 2022 the BE-EIF has already attracted an experience PMU and experienced consultant to work on the national Blue Economy Investment Strategy.
Delays to operationalisation of the National Biodiversity and Climate Fund	<b>Low</b>	2	3	It is unlikely that the establishment of the National Biodiversity Fund will be delayed as substantial work on the governance and legal structure has already been conducted. However, in such a circumstance, an interim measure to channel funds	UNDP	Biodiversity and Climate Fund was launched in September 2022 and first call for applications already completed by December 2022. This is moved from Medium to a <b>Low</b> risk.

				through the UN MPTO would be an alternative		
National Biodiversity and Climate Fund is not well-capitalised leading to limited capacities to fund protected areas	<b>Low</b>	2	3	A well developed resource mobilization and investment plan has been developed for the Fund. It also has high level political support and donor buy-in. Trust and reputation established over time will help to mitigate this risk	UNDP	The 2022 PNG National Budget has monumentally agreed to fund the BCF with round log export taxes. This shows a high level of political buy in and willingness to innovate for new environmental financing solutions. This is moved from Medium to a <b>Low</b> risk.
Lack of local community buy-in/engagement	Medium	2	3	Work with local organisations and ongoing community education/awareness initiatives to strengthen local knowledge and engagement. Use existing structures.	UNDP UNCDF	/ UNDP is utilizing current structures and partners already in place in Kimbe Bay to reach communities and build engagement, including utilizing the WNB Provincial Government contacts and the GEF-6 provincial coordinator and partners.
<b>Institutional risks</b>						
BE-EIF funds are used for activities that cause environmental or societal harm (or harm to specific individuals)	Medium	1	4	Stringent investment criteria will be in place to ensure this risk is reduced to an absolute minimum. A robust grievance procedure and the highest standards of transparency will also be in place	UNDP	To be tested in 2023.
BE-EIF resources not used by investees for	Medium	1	3	Unlikely due to strong due diligence/pre-screening of prospective	UNDP UNCDF	/ To be tested in 2023.

intended purpose(s)				clients combined with strong ongoing monitoring of investees in partnership with local stakeholders such as women's CSOs with strong community relationships		
<b>Fiduciary risks</b>						
Resources channeled to the National Biodiversity and Climate Fund are not used for the purposes of the BE-EIF private sector window or cannot be accounted for	Medium	1	3	Unlikely due to the strong governance and accountability framework being established for the National Biodiversity and Climate Fund in line with international best practice. PUNOs will monitor use of funds and performance on an ongoing basis.	UNDP	To be tested in 2023.

## VII. Adaptive Management

2022 was the first year of implementation for the JP, which had several challenges to overcome. These included significant changes to the project document due to outdated information (ex. The sale of the Conflict Islands), national general election related violence and unrest in Kimbe, the slow recruitment of the UNDP PMU and leadership vacuum at UNCDF, and the delay in recruitment of the PMU.

Once the PMU was established and onboard late in 2022 it was discovered that no Local Project Appraisal Committee (LPAC) had been conducted. This has hampered the ability of the project to conduct any meaningful delivery and procurement. Attempts to hold the LPAC and project board in December 2023 were thwarted – due to many conflict priorities the meeting did not make quorum.

Additionally, when analysing the original project document there were several discrepancies between results frameworks from section to section. When visiting Kimbe to conduct provincial consultations, community consultations revealed threats to coral reefs which were not considered in the project document (i.e destroying reefs for lime for betelnut chewing). There are very few SMEs operating in the 'blue' space to incubate. The preparatory grant was spent on a socio-economic analysis but no coral reef causal chain analysis was performed.

Therefore, the most important lessons learned can be summarized as:

- **Consultations take time.** Projects should take into account time for consultations at all levels – at least 6 months to ensure that stakeholders who were consulted during the proposal process are adequately informed.
- **Recruitment of the PMU should begin before the project start date** in order to have timely implementation. Budget lines for the positions can be provided simultaneously with funds being received and the project starting.
- **Checks and balances should be in place to ensure all PUNO requirements are fulfilled before moving into implementation.** The PMU inherited a host of issues which were unexpected and not well documented. From a UNDP perspective, there should be a “checklist” to ensure that implementation is endorsed at the CO and stakeholder level within a reasonable timeframe to the project start.
- **M&E Framework should be relevant to the project activities and affordable.** Some of the indicators do not make sense to measure on a 4 year timespan – it is unlikely significant impacts will be noticed in terms of live coral cover. The M&E framework should be achievable and affordable to project teams.
- **Biodiversity and causal chain assessments of coral reefs in pilot sites should be funded and conducted in the preparatory phase.** In Kimbe Bay, the threats facing coral reefs are unique in that reef systems are used almost exclusively for protein by coastal communities with very little sales, and no aquaculture whatsoever. As the causal chain of coral reef degradation was not determined at the project proposal phase, it is still unclear how an MSME approach will actually work to mitigate these threats to coral reefs. In future project site selection, a causal chain will be developed which works backwards from threats facing coral reefs and how an MPA/MSME approach will actually solve these issues.

These lessons learned will hopefully be applied to the next cohort of GFCR-funded initiatives and will certainly be applied in any new marine-related initiatives implemented by UNDP in PNG.



- Annexes

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**D. Annex A: BES Stakeholder Map**

[https://docs.google.com/spreadsheets/d/1-ZWH2if0Y4jstJZnS\\_fHDOKyjf9cl1UJ/edit?usp=sharing&oid=104308037024341504081&rtpof=true&sd=true](https://docs.google.com/spreadsheets/d/1-ZWH2if0Y4jstJZnS_fHDOKyjf9cl1UJ/edit?usp=sharing&oid=104308037024341504081&rtpof=true&sd=true)

**E. Annex B: Project Board ToR**

<https://drive.google.com/file/d/1M89NuvM7xgg46SrDSCyiuXdSzkMkdSbe/view?usp=sharing>

**F. Annex C: Project Theory of Change and Problem Tree Analysis**

[https://docs.google.com/spreadsheets/d/1CaF6fan9DjMDyysm\\_9OuKTdCxpjKTdFd/edit?usp=sharing&oid=104308037024341504081&rtpof=true&sd=true](https://docs.google.com/spreadsheets/d/1CaF6fan9DjMDyysm_9OuKTdCxpjKTdFd/edit?usp=sharing&oid=104308037024341504081&rtpof=true&sd=true)