



ANNUAL NARRATIVE REPORT:

INVESTING IN CORAL REEF AND THE BLUE ECONOMY

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Report submitted by:

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Programme Overview

Programme Title & Project Number		Programme Duration	
Programme Title: Fiji – Investing in Coral Reef and the Blue Economy Programme Number: 00126455 Programme webpage: https://www.undp.org/pacific/projects/investing-coral-reefs-and-blue-economy		Start Date: March 2021 End Date: March 2030	
Programme Location		Co-recipient Organisation/s and Implementing Partners	
Country: Fiji Priority Coral Reef Site/s: Cakaulevu Reef Shark Reef Marine Reserve (SRMR)		Co-recipient Organisation/s: UNDP, UNCDF, UNEP Implementing Partner/s: Beqa Adventure Divers (BAD) Blue Alliance Marine Protected Areas (BAMPA - previously Blue Finance) Matanataki	
Total Approved Budget			
Total GFCR Budget: 2,662,325 [Convening Agent]: United Nation Development Programme (UNDP) - 542,958, United Nation Capital Development Fund (UNCDF) - 2,119,367 <u>GFCR Preparatory Grant awarded for proposal development:</u> Yes from Joint SDG Fund			

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Executive Summary

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 and in 2024 plans to extend this to one of Fiji's largest seascape – the 'Lau Seascape' Map on location is at **Annex D**.

The Project is unique in many facets enabling it to not only have promising development impacts but also face numerous challenges. The dual priorities of coral reef protection and effective financial leveraging do not always gel together especially in the Pacific where viable private sector led solutions are hard to come by in mainstream sectors let alone in the unique blue economy/conservation sector.

Despite the Project Document stating that various work had progressed across the four transactions prior to project commencement (section 2.8 of the Project Document) the project had to curate all transactions from complete scratch, except for the Beqa Adventure Divers (**BAD**) investment which was built around a pre-existing and successful business. This meant that the investment readiness phase assumed in the project document was over ambitious and did not take into consideration the inherently long time needed to establish private sector led or investment centric solutions in Fiji. The Project Document takes little to no consideration of ease of doing business in Fiji which ranks amongst the lowest (102) in the world according to the World Bank Group and places excessive emphasis on foreign investment leveraging for the project without clearly identifying and addressing the domestic barriers of setting up investment ready businesses in Fiji and the Pacific in general.

The Project design severely down plays the customary, political and environmental challenges associated with the four transactions. The Project design does not appropriately account for costs and time delays associated with Environment Impact Assessments and Monitoring and Evaluation needs at the transaction level. Moreover, the selection of the implementing partner Blue Alliance MPA (**BAMPA**), for Outcome 1 is highly questionable given that BAMPA is a Vanuatu registered business based in France with no local presence and context of the high degree of sensitivities surrounding LMMAs and land rights issues in Fiji. The inability of BAMPA to localise itself in Fiji to set up investment ready initiatives further emphasises the poor design of the Project.

Despite these inherent and unfortunate challenges, the Project has been able to show positive progress across all 16 of the 17 project activities as shown in **III Programme Milestones** with 5 activities achieved, 11 partially achieved or on track to be achieved and 1 not achieved needing complete recalibration.

The low utilisation of project funds is largely attributed to two large transactions, namely the Western Landfill Project and the Fertile Factory Project which have not drawn down on the lending finance being handled by UNCDF. The combined total expenditure up to date is 49%. The non-financial considerations behind this are explained in the outcome results report below.

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

With regard to Transaction 1 - SPEs for effective management of Locally Managed Marine Area (**LMMA**) networks, the inability to commercialise an LMMA without proper legal recognition under Fijian law prevents LMMAs from being securitised and financial leveraging to happen. Legal recognition of LMMAs in Fiji requires relinquishment of traditional fishing and access rights of vulnerable coastal communities who remain severely cautious of doing businesses that would take away their traditional rights. The legal reforms needed to create viable investments in the LMMA space in accordance with the Project design will take many years to complete and even more years to implement which are far beyond the scope of the Project. The review of the Fisheries Act (1941), the legislation under which LMMAs can get legal recognition, has been underway for almost a year now with no near-term sight of completion.

Therefore, Outcome 1 deliverables of the project need to be recalibrated to better reflect immediate possibilities of financial leveraging for investments that circumvent the legal recognition issues and directly support community led solutions and solutions that are built around existing businesses/cooperatives. The Project needs to collaborate with existing local NGOs who have been working in the LMMA space for numerous years and are in need of securing financing solutions to implement interventions that can help create community based LMMA protection. The project team has identified and developed the idea of developing credit guarantee or equity grant facility with the Fiji Development Bank (**FDB**) targeted towards fisher folks and coastal communities with well developed LMMA structures or and existing businesses looking to pivot into reef-positive solutions but need financial support to thrive. A tripartite financial solution between the Project, the FDB and a locally based NGO partner working in the LMMA space can be a quick win high impact solution that puts Outcome 1 deliverables on track without changing the overall theory of change for the Project.

The Project has been able to test two very important approaches in this regard providing valuable lessons. The very successful Beqa Adventure Divers transaction shows that reef positive solutions built around pre-existing businesses have a higher propensity to succeed as the governance and institutional modalities of a business are already in place and funding support from the Project can be a catalytic boost rather than an optimistic seed capital. The unsuccessful Korolevu-i-wai transaction demonstrates how a business should not be forced onto a community that is already extremely cautious about losing its traditional access rights to their LMMAs. Moreover, complex financial transactions, no matter how catalytic or transformative, are not feasible in a community that has very limited knowledge of doing business. The Korolevu-i-wai transaction wanted to develop a complicated Special Purpose Entity (**SPE**) that would establish a sea sensorium along with other complex tourist ventures that the community had no prior experience in. The community reluctantly agreed to the transaction but wanted to oversee the daily operations of the SPE to ensure their customary interests were protected but this did not go down well with BAMPA, as their investors wanted BAMPA to manage daily operations. The inability for BAMPA to have proper in-country representation and its insistence to 'remote control' such a sensitive transaction from other parts of the world with very limited to no understanding of multi-faceted sensitivities set the transaction on a doomed pathway. Such transactions need to build trust with the community and the community needs to see that their interests are being protected by an investor that is in Fiji and understands their way of life rather than imposing some cookie cutter solution from other parts of the world.

Therefore, it is highly recommended that the Project onboard a new Fiji based implementing partner for Outcome 1 through a competitive process that takes into consideration pre-existing experience of

successfully working in LMMAs. Agencies like Conservation International working on the Lau Seascape, WWF working on the Great Sea Reef and Fiji Locally Managed Marine Area Network working on the Astrolabe Reef should be considered amongst others.

It is strongly recommended that a no cost extension be given for Outcome 1 of the Project until December 2025 to allow for this recalibration, facilitate the transaction and conduct robust M&E.

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

With regard to Transaction 2 - Western Sanitary Landfill (**WSL**), this is the largest transaction with very high public visibility and political interest. The inability of the Fiji Government to give proper direction on how they would like to be formally involved in the project and what formal solicitation process should be used resulted in delays of over 12 months. This was perpetuated by the change in national Government after 16 years resulting in the need for such a high-profile investment to be re-socialized amongst the new Government hierarchy.

The poor design of the Project is highlighted here once again as it failed to comprehend the complex nature of unsolicited bids that require long term formal commitment from the Fiji Government. The Fiji Government has made it clear that commitments such as long term concessions, guaranteed gate fees for municipal waste and any form of capital subsidisation will need to go through a competitive bidding process allowing other private sector partners – not just Matanataki which is the implementing partner for the Investing in Coral Reef and the Blue Economy (**ICRBE**) Project – to have a chance to propose their solutions. Anything apart from this will result in significant legal and public consequences.

It must be highlighted that the ICRBE project, its donors and the Participating UN agencies run the risk of significant backlash if this high visibility project is not done through a competitive bidding process. The ICRBE Project must realise that it does not have to place funds into Matanataki – rather it is to place funds into this transaction regardless of Matanataki winning the competitive bidding process or not. ICRBE Project is aligned to national needs rather than the needs of the project implementing partner. Moreover, the Project must be mindful of Matanataki's obscure role of transaction facilitator (which is what the implementing partner role is designed for) and now an investor (which creates some levels of conflict of interest to independently advise the ICRBE project on investment that serve the project's interest rather than Matantaki's own investment interests). This distinction must be made clear in writing by the ICRBE Project Steering Committee co-chairs to Matanataki to avoid any misunderstanding and unreasonable expectations.

The ability of the Project team to navigate such a complex transaction and secure Fiji Government's concurrence to proceed with a competitive bidding process must be commended as it demonstrates skilled diplomacy and tact. An independent advisor is on the verge of being hired to support the Ministry of Local Government to expedite the competitive bidding process without placing undue burden on limited Government capacity. This is also commendable and is deemed to be a great strategy to achieve this transaction.

It is strongly recommended that a no cost extension be given for Transaction 2 of the Project until December 2025 to allow for the competitive bidding process to be completed, a private sector partner selected by Government and the transaction facilitated (US \$3.5 million concessional lending through the United Nation Capital Development Fund (**UNCDF**)). Furthermore, this transaction will likely need a costed extension beyond 2025 at the eventual construction and implementation of this complex

transaction is not expected to be done by December 2025. It is recommended that the Project Team submit a revised completion timeline to the donors through the Project Steering Committee to make a decision on a costed extension beyond December 2025.

With regard to Transaction 3 – Fertile Factory, the Project has advanced well despite over 14 months of delay caused by delays in getting Environmental Impact Assessment clearances by the Fiji Department of Energy (**DOE**) and delays in securing land tenure from the Ministry of Lands and Mineral Resources. The transaction loan drawdown negotiations are completed and awaiting final clearance from UNCDF head office before construction begins. No major issues have been found for this transaction but retrospective assessment once again highlights the poor Project design which did not take into consideration the time and cost needed for a robust Environmental Impact Assessment (**EIA**) to be done for such an environmental centric transaction.

With regard to transaction 4 – Technical Assistance Facility (**TAF**), the Project has done well to identify 5 high impact projects, develop robust business cases and leverage financing. A performance-based agreement was signed between UNCDF and Matanataki in the sum of USD 321,405 (fully disbursed based on all deliverables being met) to generate 5 new investment ready businesses/projects with impact on coral reef protection / blue economy development. Matanataki had successfully incubated and provided investment readiness services to 5 businesses and provided the Project with the business cases and financial models for pre- assessment. These 5 businesses are:

- Sealink: processing of agriculture produces, and seafood harvested sustainably.
- Mango Fish: sustainably managed tilapia aquaculture.
- Siga Damu: Sea cucumber aquaculture.
- Yavahuna Pte Ltd: farmers and fishers cooperative supplying raw material for food processing and bio-fertilizer production
- Sunshine: food processing using agri and fish goods supplied sustainably.

Of these five businesses, Mago Fish and Yavahuna Pte Ltd have been selected for financing by the UNCDF Project with the following financing approach:

Partner	Status Quo	Blended Instrument	Timeline
I. Concessional debt and other blended finance instruments to crowd in private sector capital for investment ready projects from developed pipeline under TAF (Budget Available: USD505K)			
Yavahuna Pte Limited	Preassessment of the business case and financial model is being undertaken to ascertain the feasibility of the project.	Investment need: FJD2.55M Concessional debt (ICRBE): USD200K	Q2 – 2024
Mango Fish Pte Limited	Preassessment of the business case and financial model has been completed and soft commitment has been received from FDB for the project, circa FJD7M.	Investment need: USD11.07M Reimbursable Grant (ICRBE): USD300K	Q2 – 2024

It is important to highlight that the TAF has been to successfully leverage US \$15.3 million in mobilised and committed co-finance from a combination of bilateral and multilateral sources demonstrating the success and need for further support to reef positive businesses that are not overtly large like Transactions 1 to 3 but small enough for low risk investments. This has been a funding for other similar climate/development initiatives in the Pacific .

It should be of no surprise that it has taken over 2 years to get the highly ambitious transactions investment ready given the above mentioned challenges.

Milestones for next year of implementation

Building on the strong momentum of 2023, the ICRBE has the following key ambitions for 2024:

Increase area of new climate refugia through working with a new partner that will be onboarded through a UNDP Request for Proposal (**RFP**). Established Special Purpose Entities (**SPEs**) financed by revenue generation activities within and around Locally Managed-Marine Areas and a blended finance facility with high leverage potential for the private sector identified by the new partner.

Support for two businesses which are currently being incubated through to investment readiness (TAF) and mobilising public and private investment in priority sustainable initiatives related to addressing coral reef degradation drivers with a target of USD 3 million.

Align the programme level Monitoring and Evaluation (**M&E**) Framework with the Global Fund for Coral Reef (**GFCR**) M&E Framework and develop rapid partnerships with existing data collection partners to begin consistent monitoring of critical indicators and baseline studies needed for the new investments that will be developed in 2024. Complete the ICRBE Gender Equality and Social Inclusion (**GESI**) Action Plan and have it incorporated into the ICRBE's data collection priorities.

Leverage on all time high levels of domestic liquidity to unlock co-financing from domestic financiers for the Beqa Adventure Divers (**BAD**), TAF and WSL 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 Participating UN Organizations (**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 established Fiji Investment Facilitation Committee. Finalise the Fiji Reef Insurance product with Willis Towers Watson.

Complementary Initiatives through the FSSB - Public-private partnership venture plan to be drafted for the upgrade and management of Wastewater Treatment plant upgrades and submitted to the Water Authority of Fiji (**WAF**) / Fiji Government for financial structuring. Development of the National Blue Town Framework and submitted to the Fiji Government for Cabinet endorsement



I. Priority Sites

Priority Site #1 – [Shark Reef Marine Reserve (SRMR)]

MPA/LMMA/OECM	Area (ha)	Coral Reef Area (ha)	GFCR Solutions
Shark Reef Marine Reserve	1800ha	100 ha	MPA

*** Accuracy of area in Area (ha) for coral reef need to be determined by a technical specialist

Priority Site #2 – [Great Sea Reef (GSR) or locally as Cakaulevu]

MPA/LMMA/OECM	Area (ha)	Coral Reef Area (ha)	GFCR Solutions
Qoligoli Cokovata	134,900 ha		LMMA

- Accuracy of area in Area (ha) for coral reef need to be determined by a technical specialist
- Site is aligned to the current transaction for the The Fertile Factory Company (**TFFC**) in the production of non-synthetic fertilisers.

Priority Site #3 – [Korolevu-i-Wai (KiW)]

MPA/LMMA/OECM	Area (ha)	Coral Reef Area (ha)	GFCR Solutions
Korolevu-i-Wai		1200	LMMA

- Accuracy of area in Area (ha) for coral reef need to be determined by a technical specialist
- Progress on the work in this site contained in the Report

Priority Site #1 – [Manta Bay]



MPA/LMMA/OECM	Area (ha)	Coral Reef Area (ha)	GFCR Solutions
Manta Bay		not established yet	LMMA

*** Accuracy of area in Area (ha) for coral reef need to be determined by a technical specialist

Priority Site #3 – [Beqa Lagoon]

MPA/LMMA/OECM	Area (ha)	Coral Reef Area (ha)	GFCR Solutions
Beqa Lagoon	44,500		LMMA

*** Accuracy of area in Area (ha) for coral reef need to be determined by a technical specialist



II. Partners

Co-implementer(s)

Name of Partner	Type	Activity or Solutions supported	Type of Agreement (i.e. MOU or other)
Matanataki	Private Business	<p>Identify and incubate reef-positive projects up to investment stage. Unlock new and additional public-private finance for reef-positive projects.</p> <p>Creating a business venture for non-synthetic fertilisers and reducing agricultural impact on coral reef systems – Focus on iQoiligoli Cokovata.</p> <p>Establishing a Sanitary Landfill and network of refuse transfer stations in western Fiji (tourism hub) to prevent waste pollution in waterways and reef systems – Sustainable Blue Economy.</p>	<p>Grant Contract (Q3, 2024)</p> <p>(Q3,2023)</p> <p>(Q4, 2024)</p>
BAMPA	Private Business	Leveraging existing community based LMMAs to develop viable commercial ventures and raising blue-funds through an investment vehicle.	Grant Contract Completed in Q2, 2023
Beqa Adventure Divers (BAD)	Private Business	Reef-positive conservation activities to protect the SRMR and construct a Dive and Research Station to support reef-positive conservation and sustainable tourism in Shark Reef Marine Reserve (SRMR).	<p>Grant Contract To be completed in Q2, 2024</p> <p>Loan Contract (Ongoing - Loan Repayments)</p>



III. Programme Milestones

Deliverable or Milestone	Target Date of Completion	Status	Supporting Text
Outcome 1 – Protection and effective management of Fijian priority coral reef sites and climate change-affected refugia are sustainably financed			
Output 1.1 – Increased area of climate refugia and priority sites designated as MPAs or LMMAs			
Milestones			
At least 20 sites identified using multi-criteria analysis for financial support.			
Design of the LMMAs high-level business plan and set-up of the SPEs for:			
Korolevu-i-Wai - Letter from BAMPA to Korolevu-i-Wai local resource owners conveying the decision to not invest in Korolevu-i-Wai LMMA.			
Kuata Bay - Investment memo prepared for investor discussions. Support pre-feasibility and provide preparedness support towards investment readiness or explore other revenue generating activities such as aquaculture etc.			
Beqa lagoon - Investment memo prepared for investor discussions.			
Activity 1.1.1 – LMMA screening, feasibility study and selection of priority sites			
	March 2025	Completed	Multicriteria analysis has been completed by BAMPA and a report submitted to UNDP/UNCDF for consideration. Unfortunately, the Implementing Partner is not willing to pursue any further business ventures in the areas identified due to lack of presence in Fiji.
Activity 1.1.2 – Design of the LMMAs high-level business plan and set-up of the Special Purpose Entities (SPEs - co-management body for the LMMAs)			
	March 2025	Delayed	Business plan developed by BAMPA and sense checked by an independent consultant. The community has rejected the business plan due to extensive disagreement with the implementing partner, BAMPA, around the management of the SPV. The community (Korolevu-i-Wai) wanted to manage the daily activities themselves while BAMPA and their proposed investors wanted BAMPA to manage the SPE while the community would be an arms-length shareholder. BAMPA also developed business plans and investment models for two other MPAs – Kuata Marine Management Area Network and Beqa Lagoon Seascape.



			The private sector custodians for both sites have been facing lease renewal and legal recognition problems with the traditional land and iQoliqoli (traditional fishing grounds) owners. BAMPa has indicated that investment is not possible until early 2026.
Activity 1.1.3 – Design of the blended finance solution and fundraising			
	March 2025	On Track Revised	<p>BAMPa had designed the blended finance facility and conducted a fundraising exercise with 2 financiers providing soft commitment on the basis that BAMPa would handle daily operations of the SPV. As mentioned in Activity 1.1.3, the disagreement with the Korolevu-i-wai community resulted in the investors pulling out of investing in Fiji completely.</p> <p>BAMPa had secured funding for two other MPAs mentioned under Activity 1.1.2 above but financing did not eventuate due to land/lease/legal recognition issues.</p> <p>(Refer to Activity 1.2.1 supported text)</p>
Activity 1.1.4 – Stakeholder Engagement and advocacy			
	March 2025	Achieved	<p>BAMPa, through its local partner, had conducted 3 community discussions and 2 leadership discussions with the people of Korolevu-i-Wai to develop the Trust Deed for the Sea-sensorium SPV.</p> <p>BAMPa also conducted online discussions with Barefoot Kuata Island and Pacific Blue Foundation to develop the business plan and financial model for investment in the Kuata Marine Management Area Network and Beqa Lagoon Seascape.</p>
<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.</p> <p>Milestones</p> <p>Business Plan for KiW</p> <p>BAD financing facility</p>			



Activity 1.2.1 – Investment readiness of the SPEs for investment in Korolevu-i-wai MMA, and Shark Reef Marine Reserve (Business planning and SPE incorporation)			
	March 2025	Revised	<p>Further to Activity 1.1.3, BAMPA developed a comprehensive business plan for the Korolevu-i-Wai sea-sensorium project. This was peer reviewed by an independent consultant and refined further to support further investment leveraging. However, the business plan was rejected by the community and the local partner for BAMPA also ended ties with each other.</p> <p>Shark Reef Marine Reserve already had robust investment readiness plans in place and did not need support to commence work on the loan/financing facility under Activity 1.2.3.</p> <p>Programme team is working to onboard a new local partner (selected through an Request for Proposal 'RFP'), where the team will design a suitable blended finance instrument to enable businesses in MPA's to access funding for sustainable business development. This work should commence and be accelerated in Quarter 2 of 2024.</p>
Activity 1.2.2 – Environmental readiness of the SPEs for investment in Korolevu-i-wai MMA, and Shark Reef Marine Reserve			
	March 2025	Revised	<p>SESP screening completed for both KiW and SRMR. Given that the KiW investment did not eventuate, the EIA was not done. The EIA for the SRMR was screened and deemed not needed by the Department of Environment as it mostly entailed the construction of a dive base on land far away from any ecological sites, upgrade of existing dive vessels and equipment, and enhanced patrolling of the SRMR.</p> <p>Funds have largely been unspent in this activity.</p> <p>(Refer to Activity 1.2.1 supported text)</p>
Activity 1.2.3 – Activity 1.2.3: Concessional debt and other blended finance instruments to the SPE for investment in Korolevu-i-wai MMA, and Shark Reef Marine Reserve.			



	March 2025	On Track	<p>Performance Based Grants offered to develop business cases and ensure investment readiness of the SPEs for investment in Korolevu-i-wai MMA, and Shark Reef Marine Reserve.</p> <p>Subject to investment readiness of the SPEs, concessional debt or other blended finance instruments deployed to SPEs.</p> <p>Performance Based Grants: BAMPA – USD200K (USD20K yet to be disbursed) to develop business cases to ensure SPEs are investment ready.</p> <p>Bega Adventure Divers – USD150K (USD133,380 disbursed) to initiate projects in line with sustainability and the ocean. The remaining tranche will not be disbursed as per the request from the partner as all the milestones as per the Performance Based Agreement ‘PBA’ have been completed. Discussion are currently being held to use the repurpose the the leftover fund to support the works of the Fiji Shark Lab on monitoring of bull sharks by deploying camera and biologging tags and further to complete furnishing of the Lab which is dedicated to research, conservation and education of Fiji’s shark and ray populations.</p> <p>Concessional debt: A concessional loan agreement with BAD was executed in November 2021 in the sum of USD 350,000 to purchase new engines for boats and construction of a new and sustainable base station for diving and marine research, including a new building. The new base station is nearing completion with some work pending. The total loan amount disbursed has been exhausted and BAD is utilising internal cash flow to complete the remaining works in phases.</p> <p>BAD had honoured the first and second loan repayment, in sum of \$55,647 (interest only) and \$65,131 (principal plus interest); respectively.</p> <p>Before the next loan repayment due on 29 December 2023, in the sum of \$113,735 (Principal - \$90,000 and Interest - \$23,735), BAD requested for a</p>
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			<p>loan restructuring, that is, extension of loan tenor and reduction in principal repayments to avoid pressure on cash flow.</p> <p>The loan restructuring was approved and BAD made loan repayment of FJD68,735 based on the revised loan amortisation schedule.</p> <p>Further, once approval is provided to pivot from BF to CI, the team will design a suitable blended finance instrument to enable businesses in MPA's to access funding for sustainable business development.</p>
Output 1.3 – Strengthened management, enforcement and monitoring systems of LMMAs by SPEs Milestones 10,000 mangrove seedlings were collected for the nursery and 7,702 planted. 10 coral strands of 12m with approximately 20 fragments/strand deployed. BAD completed a total of 32 poaching patrols (15 daytime, 17 nighttime)			
Activity 1.3.1 - Activity 1.3.1: Project Management Office for the SPEs and capacity building to upskill SPEs and LMMAs on social entrepreneurship and sustainable business management			
	March, 2025	Delayed	<p>Since none of the LMMAs were operationalized by BAMPa and only SRMR was successfully implemented, partial funds have been used from this Activity to support cost overruns incurred by BAD (proponents of the SRMR) to implement its grant based initiatives such as mangrove rehabilitation and increased fish warden patrols.</p>
Activity 1.3.2 – Performance indicators for the SPE and Environmental and Social Action Plan (ESAP)			
	March, 2025	Delayed	<p>As mentioned in Activity 1.2.2, only SRMR was successfully implemented and the EIA screening deemed an Environmental Management Action Plan as not being needed.</p> <p>Funds remain for funds to develop key performance indicators for the whole programme.</p> <p>However, performance indicators for the programme have been developed using the M&E framework and indicators produced by the GFCR.</p>



<p>Output 1.4 – Established coral reef and ridge to reef conservation legal and regulatory frameworks to promote protection and mitigation of local threats.</p> <p>Milestones</p> <p>Concept Note for LMMA Ledger System</p>			
<p>Activity 1.4.1 – Support the development of a comprehensive legal framework for establishment, management and financing of MPAs.</p>			
	March 2025	Delayed	<p>Extensive discussions have been held with the Ministry of Fisheries to leverage the ongoing review of the current Fisheries Act of 1947. With the help of the SRMR project proponent, BAD, the ICRBE Project has submitted a concept note to circumvent the legal recognition of LMMAs and prosecution of illegal activities in the LMMAs in Fiji using a national ledger system. A three phase intervention is suggested with the ICRBE Project funding the pilot of a national ledger system that will tie back to all other financing of LMMA activities under Output 1 of this Project and supports the need to engage local partner to pilot this initiative in the well-developed Lau Seascape.</p>
<p>Outcome 2 – Transforming the livelihoods of coral reef-dependent communities</p> <p>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.</p> <p>Milestones</p> <p>Matanataki had successfully incubated and provided investment readiness services to 5 businesses and provided UNCDF with the business cases and financial models for pre assessment.</p>			
<p>Activity 2.1.1 – Pipeline development through scoping, technical assistance and training to upskill local businesses operating in the blue economy on social entrepreneurship, sustainable business and financial management to build a portfolio of investment ready businesses and Projects.</p>			
Generate 5 new investment ready businesses/projects with impact on coral reef protection / blue economy development through the	March 2025	Achieved	<p>A performance-based agreement was signed between UNCDF and Matanataki to the sum of USD 321,405 (fully disbursed based on all deliverables being met) to generate 5 new investment ready businesses/projects with impact on coral reef protection / blue economy development.</p>



Origination and Technical Assistance Facility [TAF], whereby origination activities include scoping, pre-selection, due diligence, community and other stakeholder engagement, business plan development, regulatory approvals and financial structuring.			<p>Matanataki had successfully incubated and provided investment readiness services to 5 businesses and provided UNCDF with the business cases and financial models for pre assessment. These 5 businesses are:</p> <ul style="list-style-type: none"> • Sealink Enterprises: Processing of agriculture produces, and seafood harvested sustainably. • Mango Fish: Sustainably managed tilapia aquaculture. • Siga Damu Inc.: Sea cucumber aquaculture. • Yavahuna Pte Ltd: Farmers and fishers cooperative supplying raw material for food processing and bio-fertilizer production • Sunshine Manufacturing: Food processing using agri and fish goods supplied sustainably.
<p>Activity 2.1.2 – Technical assistance and training to upskill local businesses on methodology to measure, monitor and manage the environmental impact of their business operations.</p> <p>Milestones</p>			
		Delayed	Technical assistance will be provided through CI to monitor and measure the ecological indicators in LMMAs where the programme and businesses will be active – focusing on coral cover and fish biomass
<p>Output 2.2 – Mobilised public and private investment in priority sustainable initiatives related to addressing coral reef degradation drivers.</p> <p>Milestones</p>			
<p>Activity 2.2.1 – Provide blended finance and technical support to unlock private capital for Fertile Factory.</p> <p>Milestones</p> <p>TFFFC investment ready.</p> <p>Business case and financial model completed WSL.</p> <p>TAF - Matanataki successfully incubated and provided investment readiness services to 5 businesses and provided UNCDF with the business cases and financial models for pre assessment.</p> <p>The National Blue Town Framework socialisation with the Government has been initiated.</p>			
	March 2025	Achieved	A performance-based agreement was signed between UNCDF and Matanataki in the sum of USD230,000 (fully disbursed based on meeting all deliverables/milestones) to deliver investment readiness services to TFFC.



			<p>Based on the investment readiness services provided by Matanataki, UNCDF has approved a concessional loan of USD750,000 to TFFC for CAPEX and working capital.</p> <p>Despite the loan agreement being executed in January 2023, the loan drawdown had not been processed as the condition's precedent had not been fulfilled (specifically the EIA clearance).</p> <p>All conditions have been met by TFFC and the disbursement package is ready for approval. We expect disbursement in February 2024.</p>
Activity 2.2.2 – Provide blended finance and technical support to unlock private capital for Western Landfill and Regional Transfer Stations project.			
	March 2025	Delayed	<p>A performance-based agreement was signed between UNCDF and Matanataki in the sum of USD 481,500 (fully disbursed based on meeting all deliverables/milestones) to deliver investment readiness services to the Vulavula Sara project. This included the business case and financial model to be submitted to UNCDF and Fijian Government for independent review.</p> <p>The independent review of the business case by the Fijian Government is yet to commence. A TOR for the engagement of a consultant to undertake the independent review of the business case on behalf of the Fijian Government has been shared by UNDP. However, the TOR has not been cleared to enable UNDP to engage a consultant.</p> <p>In the interim, UNCDF has engaged a consultant to undertake the pre assessment work to enable decision making by the UNCDF management on whether we will proceed to due diligence to access the concessional loan component allocated in the joint programme in sum of USD 3.5M.</p>
Activity 2.2.3 – Concessional debt and other blended finance instruments to crowd in private sector capital for investment ready projects from developed pipeline under Activity 2.1.1			



	March 2025	Delayed	<p>Matanataki under Technical Assistance Facility has successfully incubated and provided investment readiness services to 5 businesses and provided UNCDF with the business cases and financial models for pre assessment.</p> <p>Of the 5 businesses/projects submitted to UNCDF, the update on the pre assessment work for each project to enable decision making to proceed to full due diligence is provided below:</p> <ul style="list-style-type: none"> • Sealink Enterprises: Pre assessment work has been completed however, delay from the founder on the next steps. Offer received from HFC Bank to finance the debt component. • Mango Fish: Pre assessment work has been completed and the same is with UNCDF LDCIP Loans and Investment Team to review and advise if we should move to full due diligence. • Siga Damu Inc.: Not yet commenced as Matanataki is working with the owners in revising the business plan to suit the market dynamics. • Yavahuna Pte Ltd: pre-assessment work to be completed by the end of February 2024. • Sunshine Manufacturing: Due to the owner's unwillingness to sign the NDA, this project will not move to pre assessment. It should be noted that from the services rendered by Matanataki under the TA Facility, Sunshine was able to raise debt of FJD2M from a commercial bank. <p>USD1.01M has been allocated under this activity for concessional loan or other blended finance instruments. The team will ensure that thorough due diligence is done to ensure that funding is made available to projects that will realise their full potential and provide value for money and have a positive impact on coral reef protection / blue economy development.</p>
<p>Output 2.3 - Output 2.3: Strengthened and harmonised policies, strategies, plans and financing from the government of Fiji for improved environmental biodiversity protection.</p> <p>Activity 2.3.1 - Activity 2.3.1: Develop financing strategy for Government of Fiji focused on protecting coastal ecosystems and investment in the blue economy.</p> <p>Milestones</p>			



	March 2025	Delayed	<p>The National Blue Town Framework to be developed with support from the ICRBE Project will inculcate reef positive principles aligned to GFCR theory of change. This will not only help identify up to 10 reef positive investment opportunities under the Savusavu Blue Town Master Plan (to be developed in collaboration with SPREP and funding from EU) but also enable the development and sandbox implementation of National Regulations for Coral Reef Protection and Conservation. Fiji ICRBE Funds will be used to recruit a technical consultant to develop the National Blue Town Framework and draft Guidelines for a National Blue Economy Coordination Committee and a Savusavu Blue Town Master Plan Steering Committee. The development of the Master Plan will be funded using funds raised by SPREP through the KiWA initiative.</p> <p>A Cabinet Paper has been drafted by the ICRBE Team upon request of the Deputy Prime Minister, Hon. Manoa Kamikamica and submitted to the Office of the Prime Minister – this has been endorsed by the National Economy Sub-committee made up of all three Deputy Prime Ministers of Fiji and Chaired by the Prime Minister of Fiji.</p> <p>Seeking Steering Committee approval to commence hiring of technical consultants to commence drafting of the National Blue Town Framework and draft guidelines for national and subnational coordination mechanisms.</p>
Output 2.4 - Output 2.4: Establish recognition, rewards and monitoring systems to incentivize the private sector to act sustainably Milestones The ICRBE Project has helped develop a PPP for WAF Activity 2.4.1 - Activity 2.4.1: Support the development and promotion of a government incentive scheme to attract additional investment in the blue economy.			
	March 2025	Achieved	The ICRBE Project has helped develop a PPP for the Water Authority of Fiji (WAF)



IV. Programme Progress Overview

A. Outcome and Output Progress and Challenges

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

Outcome 1 deliverables of the project need to be recalibrated to better reflect immediate possibilities of financial leveraging for investments that circumvent the legal recognition issues and directly support community led solutions and solutions that are built around existing businesses/cooperatives. The Project needs to collaborate with existing local NGOs who have been working in the LMMA space for numerous years and are in need of securing financing solutions to implement interventions that can help create community based LMMA protection. The project team has identified and developed the idea of developing credit guarantee or equity grant facility with the Fiji Development Bank targeted towards fisher folks and coastal communities with well developed LMMA structures or and existing businesses looking to pivot into reef-positive solutions but need financial support to thrive. A tripartite financial solution between the Project, the Fiji Development Bank and a locally based NGO partner working in the LMMA space can be a quick win high impact solution that puts Outcome 1 deliverables on track without changing the overall theory of change for the Project.

Beqa Adventure Divers (BAD)

- USD150K (USD133,380 disbursed) to initiate projects in line with sustainability and the ocean. The Project includes Mangrove Planting (seedling collection for nursery and planting). BAD though their partner Projects abroad in 2023 were able to collect more than 10,000 mangrove seedlings for the nursery and have planted 7,702 seedlings in coastlines parallel to the SRMR and neighbouring coral reefs. The project will protect and contribute to more than 3,000 people living along the coastline of which more than half of the population are women and youth. The new mangroves filter pollutants and sediment from runoff before they reach the ocean, improving water quality for coral reef ecosystems, and reducing stressors such as sedimentation and nutrient pollution. BAD also worked with coral rack deployment (Coral Nursery - Rack with Lines) on their new coral nursery. More than 10 coral strands of 12m with approximately 20 fragments/strand were deployed. The team also continues with monitoring and cleaning of these strands. Challenges include choosing the perfect sandy patch for laying down racks with cement blocks, poor visibility and strong currents and creating new ways of attaching new coral fragments. The project also involves education awareness with staff of Project Abroad distributing flyers to schools and communities and creating awareness on how human activities harm marine life. BAD completed a total of 32 poaching patrols in 2023 (15 daytime, 17 nighttime). These were conducted in cooperation with the Ministry of Fisheries. During these monitoring patrols, several fishermen have been accosted, and some have been warned/booked for transgressions. There has been observation of near disappearance of illegal gillnets, meaning that the monitoring and enforcement by BAD is having the desired effect. The deterrence to poachers has contributed a lot to Shark Diving conducted by BAD on the outer fringes of the SRMR.
- BAD also completed an Indicator Species Report. Indicator species are important in the marine environment playing a critical role as 'indicators' of the health of an ecosystem. The analysis has yielded results which form an excellent and robust pre-pandemic baseline for future

comparative analyses. The survey extracted valuable indicators for the efficacy (or lack of) of the declared marine protected areas and the accompanying 'no take' protections which are in place, this by comparing fish sizes and the mean abundance per dive between the fished control areas and the declared no-take MPAs. It didn't see a clear disparity of data between the declared MPAs and the controls, i.e. a significantly higher number of fishes and larger fishes inside of the protected areas in comparison to the fished controls. The collected data are nearly identical, leading to the conclusion that the protections in place are ineffective and/or simply not actively enforced. This should serve as a warning that to attain the desired positive outcomes, monitoring and enforcement of the declared MPAs need to be both instituted and then carried out regularly and frequently. The true value of analyses from this survey will only be harnessed once the data are compared to similar data collected post-pandemic.

- A concessional loan agreement with BAD was executed in November 2021 in the sum of US\$350,000 to purchase new engines for boats and construction of a new and sustainable base station for diving and marine research, including a new building. The new base station is completed with some minor work pending. The total loan amount disbursed has been exhausted and BAD is utilising internal cash flow to complete the remaining works in phases. BAD had honoured the first and second loan repayment, in sum of US\$55,647 (interest only) and US\$65,131 (principal plus interest); respectively. Before the next loan repayment due on 29 December 2023, in the sum of US\$113,735 (Principal - US\$90,000 and Interest - US\$23,735), BAD requested for a loan restructuring, that is, extension of loan tenor and reduction in principal repayments to avoid pressure on cash flow. The loan restructuring was approved and BAD made loan repayment of US\$30,304 based on the revised loan amortisation schedule.

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 BAMPA. 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):

BAMPA developed business plans and investment models for two other MPAs – Kuata Marine Management Area Network and Beqa Lagoon Seascape. The private sector custodians for both sites have been facing lease renewal and legal recognition problems with the traditional land and qoliqoli owners. BAMPA has indicated that investment is not possible until early 2026.

BAMPA also worked with BNP Paribas and TRIODOS who are progressing on the term sheet for the impact loan facility for reef-positive businesses projects in Fiji, Philippines, Tanzania and Indonesia. Nevertheless, the progress on officialising the Kuata MMA with the Government (fisheries and land departments) is taking more time than planned. Preparations work with Pacific Blue Foundation (PBF), the local sponsor NGO for the Beqa Lagoon seascape project have been stopped due to the lack of available resources and personnel in this moment inside the NGO to dedicate to this project. The project is on hold until further funding is secured (min. US\$50k).

As a result of a UN project prep grant in the blended finance facility for a SPE co-managing a LMMA project, 3 impact investors have confirmed initial interest. BAMPA had secured funding for two other MPAs mentioned above but financing did not eventuate due to land/lease/legal recognition issues.

In supporting this work, UNDP and the Fiji Government has established a Blue Investment Fund under its Blue Bond issuance which will provide additional concessional credit line to the LMMA businesses. The Blue Investment Fund has been designed following a comprehensive feasibility study and will be delivered through the FDB and the HFC Bank (HFC).

As part of their Blue Bond support to the Fiji Government, UNDP and UNCDF are working with FDB to develop a Blue Lending Framework for FDB and create the lending terms for a FDB lending product that will be targeted towards supporting blue economy related activities using a value chain perspective e.g. funding the entire value chain for fishing from boats, to processing facilities, to cold storage, to market connectivity solutions.

1. The approach is tiered in three phases. The first is to Collaborate with an existing well-developed group of MPAs to pilot the lending product through FDB. UNDP/UNCDF will support this work by putting up a US \$400,000 credit guarantee for FDB to enable lending risk reduction and quick rollout of the lending facility. The credit guarantee will be from the Investing in Coral Reefs and Blue Economy Project funded by the GFCR and Joint SDG Fund – to be rolled out by August 2024.
2. Collaborate with a reputable partner to do an investor roadshow to raise funding from financiers and philanthropies to help capitalise an LMMA/MPA/Seascape fund (Managed by FDB with guidance from Ministry of Fisheries in collaboration with UNDP/UNCDF) to further support blue economy businesses and coastal cooperatives through a combination of preparatory grant support and flexible lending through FDB. This will be done in parallel to phase 1 of this three phase approach and first round of donor support to come in by November 2024 (target is to raise at least \$US 5 million).
3. Based on the success of phases i and ii, support the Fiji Government to raise the second tranche of the Blue Bond that will:
 - ✓ directly support FDB, HFC and other financial institutions to secure credit guarantee support (UNDP seeks to use Reserve Bank of Fiji to channel this support) and
 - ✓ add funding support to the proposed fund in phase ii above to continue providing preparatory grant support.

Learning from the two new LMMAs by BAMPA and that from KiW will be used to inform commercial activities with a new partner that will be selected through a UNDP Request for Proposal (RFP). The CA is already working with CI (technical leads for the Lau Seascape) and other relevant agencies, 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 of the programme in Phase 1.

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

The Fertile Factory Company (TFFC)

The Fertile Factory Company (TFFC)

The Blue Bridge facility loan of USD 750,000 to TFFC continued in 2023 and is a close drawdown which could happen in early 2024. This will ensure the start-up of the operations of the TFFC including: purchasing equipment, building the composting facilities, and for working capital. In addition to the loan, the sponsor is contributing USD 278,000 in cash and USD 114,000 worth of equipment. There was uncertainty during the investment due diligence process as to whether the Department of Environment

(DoE) would approve the Environmental Impact Assessment (EIA). The deadline for a verdict 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 will sign a contract with DOE as a separate contractor to operate the site.

The CA 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) negotiate terms with Blue Bridge team; 3) conduct Environmental Impact Assessment and following-up on DOE requirements; 4) design a watershed trial to assess the impact of TFFC's fertiliser 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 is 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 to coral reef protection

There are already two comprehensive trials already designed and partially begun. Trial methodologies have been shared with the GFCR team and reviewed by UNEP for quality assurance. These trials are expected to prove that the TFFC product minimises 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.

Technical Assistance Facility (TAF)

A performance-based agreement was signed between UNCDF and Matanataki in the sum of USD 321,405 (fully disbursed based on all deliverables being met) to generate 5 new investment ready businesses/projects with impact on coral reef protection / blue economy development.

Matanataki had successfully incubated and provided investment readiness services to 5 businesses and provided UNCDF with the business cases and financial models for pre assessment. These 5 businesses are:

- Sealink Enterprises: Processing of agriculture produces, and seafood harvested sustainably.
- Mango Fish: Sustainably managed tilapia aquaculture.
- Siga Damu Inc.: Sea cucumber aquaculture.
- Yavahuna Pte Ltd: Farmers and fishers cooperative supplying raw material for food processing and bio-fertilizer production.
- Sunshine Manufacturing: Food processing using agri and fish goods supplied sustainably.

Sanitary Landfill Project – ‘Vulavulasara’

A performance-based agreement was signed between UNCDF and Matanataki in the sum of USD481,500 (fully disbursed based on meeting all deliverables/milestones) to deliver investment readiness services to the Vulavulasara project. This included the business case and financial model to be submitted to UNCDF and Fijian Government for independent review.

The independent review of the business case by the Fijian Government is yet to commence. A TOR for the engagement of a consultant to undertake the independent review of the business case on behalf of the Fijian Government has been shared by UNDP. However, the TOR has not been cleared to enable UNDP to engage a consultant.

In the interim, UNCDF has engaged a consultant to undertake the pre-assessment work to enable decision making by the UNCDF management on whether we will proceed to due diligence to access the concessional loan component allocated in the joint programme in sum of USD 3.5M.

If implemented well, the Sanitary Landfill project 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 waste 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.

Investment Readiness

Two investments have been approved (BAD, TFFC). Matanataki under TAF has successfully incubated and provided investment readiness services to 5 businesses and provided UNCDF with the business cases and financial models for pre assessment. USD1.01M has been allocated under this activity for concessional loan or other blended finance instruments. The projects will provide value for money and have a positive impact on coral reef protection / blue economy development.

Challenges

- **Competing Priorities:** The project is dealing with two distinct donors. Whilst the Global Fund for Coral Reefs (GFCR) focuses more on conservation and addressing core drivers of coral reef degradation, the Joint SDG Fund focuses more on financial leveraging to support SDGs through viable investments/transactions. These two distinct priorities result in investment pipelines that are not always financially viable as conservation considerations seldom result in positive IRR – this is exemplified by the financial burden of monitoring complex impact indicators and facilitating expensive environmental impact clearances.
- All transactions are being developed from scratch and this requires time to develop, get a sense of market realities, and be matured enough to be investment ready. The inherent time and cost of doing business in the Pacific is challenging especially in nascent sectors like the blue economy space.
- National process and regulations take longer than expected to facilitate, particularly environment impact clearances which can take up to a year . These processes are beyond the control of the programme team and need to be respected from a sovereign process point of view. The project carefully lobbies to accelerate approvals through the Project Steering Committee co-chaired by the Permanent Secretary for Finance and the UN Resident Coordinator. However, internal Government processes naturally take time to process.
- There was a change in Government after 16 years which required at least six months for things to settle down and the projects to be re-workshopped with the national government. This has been strategically handled by the programme team with appropriate caution being taken to not force the blue economy agenda onto the new Government. Socialising the programme interventions with the Government ensured government's endorsement in various spaces where the programme team were involved like the FSBB which was successfully launched by the government. Obstacles envisaged are certain processes like the EIA and government approvals which often takes time to complete.
- The Project has not been able to create enough communication pieces around the financial leveraging components and success stories despite creating an impressive pipeline of Transactions that have mobilised or committed US \$33.3 million in co-financing. The Project Team needs to be strengthened with a Strategic Communications person who is well versed with finance projects.

B. Monitoring and Evaluation

BAD – Benthic Survey and Fish Count

Benthic Biodiversity Assessment and Fish Count - BAD has consulted and successfully completed the Benthic Biodiversity Assessment by an external Consultant. The Fish Count has also been completed with a Hawaiian Ichthyologist team. The full Report of the Survey and the Fish Count was submitted in 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 summarises qualitative comparisons of the fish assemblages documented during surveys before and after the COVID-19 global pandemic. The conclusion of the survey found that the nature of the fish assemblage in 2022 was dramatically different compared to any of the surveys prior to the COVID-19 global pandemic, particularly with respect to species of fishes that tend to be sought by fishermen for consumption as food. The difference is attributed to the long lasting effects of the pandemic where there was overfishing along the coast and at the reefs. Despite of the severity of the onslaught, most surveyed corals exhibited signs of regeneration

and recovery within a few months, a testament to the resilience of Fiji's coral reef systems.

The survey recommended that fish populations at Shark Reef be monitored on a regular basis over the course of at least the next decade. This should include regular quantitative surveys (i.e., using transect lines and more robust quantitative methodology), as well as periodic follow-up surveys using the qualitative methods described in the Report. Such information will not only help refute or corroborate the inferred correlation between changes in certain fish species abundance with the global pandemic, but will also provide important insights on the pattern of population recovery (if it happens), thereby representing valuable insights into the general resilience of fish populations at Shark Reef in particular, and for a protected reef in general.

BAD – Shark Reef marine Reserve Monitoring and Poaching Patrols

BAD completed a total of 32 poaching patrols in 2023 (15 daytime, 17 nighttime). These were conducted in cooperation with the Ministry of Fisheries. During these monitoring patrols, several fishermen have been questioned, and some have been warned/booked for transgressions. There has been observation of near disappearance of illegal gillnets, meaning that the monitoring and enforcement by BAD is having the desired effect. The deterrence to poachers has contributed a lot to Shark Diving conducted by BAD on the outer fringes of the SRMR.

The Fertile Factory Company

TFFC is currently conducting a watershed trial near the Dreketi river and the results of this work which should be completed in 2024 will assist in the development of the Impact Framework Strategy for the Fiji Programme.

Monitoring and Evaluation Framework

In 2023, with close coordination with UNEP and the GFCR UN Global Team (UNGT), the M&E Framework for the programme was finalised. The indicators were longlisted and tested based on relevance/causality, data availability, and capacities and resources to monitor the indicators, as a result, a total of 18 indicators were assessed to be feasible (including proxy indicators) for the specific case of the Joint Programme. The framework also defines a data collection plan including responsibilities, frequency and methods of data collection. With the launching of the GFCR M&E Framework in late 2023, the programme team is working on aligning the programme document to reflect a structured approach for the programme to assess and measure progress, outcomes, and impacts of activities and interventions outlined in the Theory of Change (ToC) and provide measurable indicators that enable Grant Fund and InvestmentFund programmes to translate their activities and interventions into measurable progress against the ToC.

C. Protected Areas Management Effectiveness

Beqa Adventure Divers (BAD)

Through the ICRBE Project loan, BAD has purchased new engines for boats and completed the construction of a new and sustainable base station for diving and marine research. The new engines have assisted BAD in the regular and ongoing monitoring of the Shark Reef Marine Reserve (SRMR). (Refer to previous section for activities undertaken by BAD in 2023)

The base station also houses the Fiji Shark Lab which focuses on activities such as the 'Operation Shark Pups', Riverine Patrols, education and awareness. Operation Shark Pups is a joint operation to combat

illegal gill netting and safeguard the lives of young sharks who call the rivers home during the critical early developmental stages of their lives. Operation Shark Pups was created by My Fiji Shark and the Ministry of Fisheries Inshore Compliance Division in 2022. The objective of the riverine patrols is to enforce the Fisheries Regulation Fisheries Act CAP 158 which bans the use of gill nets in the rivers, estuaries and bays of Fiji. These gill nets kill indiscriminately and are responsible for the death of many species of sharks and rays. Especially vulnerable are neonates and young of the year, and with parturition season beginning in November for the Bull Sharks, ensuring that we keep nets out of the rivers and give the shark pups a chance at viability translates to maintaining healthy shark populations. Fiji Shark Lab held its first childrens' education session in November 2023 for the 22 school kids from the International School Suva. In this session the kids learned about shark biology and behaviour and then a Q and A was held so they could ask questions about the sharks each class had adopted. The mission of the Fiji Shark Lab is to advance our scientific knowledge of sharks and rays; support new conservation measures in support of sharks and rays; to provide education and outreach; and to share the results from our field work through public dissemination.

BAD has begun discussions with the Village of Galoa in late 2023 to conduct Fish Warden Training. The Training will equip the village with village members with the skills and knowledge necessary to effectively manage and safeguard their fishing grounds, including the renowned reserve – one of Fiji's four gazetted marine protected areas (SRMR).

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

MPA Ledger

With the help of the SRMR project proponent, Beqa Adventure Divers, the ICRBE Project has submitted a concept note to circumvent the legal recognition of LMMAs and prosecution of illegal activities in the LMMAs in Fiji using a national ledger system. A three phase intervention is suggested with the ICRBE Project funding the pilot of a national ledger system that will tie back to all other financing of LMMA activities under Output 1 of this Project and supports the need to engage CI to pilot this initiative in the well-developed Lau Seascape.

Blue Bond Support for MPAs

As part of their Blue Bond support to the Fiji Government, UNDP and UNCDF are working with FDB to develop a Blue Lending Framework for FDB and create the lending terms for a FDB lending product that will be targeted towards supporting blue economy related activities using a value chain perspective e.g. funding the entire value chain for fishing from boats, to processing facilities, to cold storage, to market connectivity solutions. (*Refer to information at IV. A. under 'Korolevu-i-Wai (KiW)'.*)

D. Enabling Policy Environment

The Fiji Sovereign Blue Bond (FSBB)

In a groundbreaking move towards a sustainable future, UNDP in the Pacific has been expanding choices for a fairer and greener future for its people. The FSBB stands as a shining example of this effort, serving as a beacon of success in the realm of sustainable development.

The interest rates of the blue bond are lower than commercial interest rates due to the nature of the bond issuance which focuses on sustainable development. This has contributed positively to reducing debt for the country.

The FSBB, transcending financial success, is a catalyst for change, set to generate over 500 new jobs in Fiji, with women making up 45% of these roles. It's also a cornerstone of the blue economy and sustainable financing, attracting five new private sector investors and mobilising resources to achieve the 2030 Agenda for Fiji.

Capitalising on the USD \$2 million strategic investment from the **UNDP Rapid Response Facility** and the **UK Government's Blue Planet Fund**, the FSBB has exceeded expectations, securing a five-fold return by mobilising USD \$10 million in domestic private capital. This success story is a testament to the power of macroeconomic foresight, digital inclusivity, and the creation of equitable livelihoods.

The new investments the FSBB's has mobilised are bringing transformational results reverberating across four key sectors Fiji: 1) Sustainable Fisheries and Aquaculture Development, 2) Sustainable Towns and Cities, 3) Coastal Protection 4) Sustainable Waste Management.

This will not only help identify up to 10 reef positive investment opportunities under the Savusavu Blue Town Master Plan (to be developed in collaboration with SPREP and funding from EU) but also enable the development and sandbox implementation of National Regulations for Coral Reef Protection and Conservation. The ICRBE Funds will be used to recruit a technical consultant to develop the National Blue Town Framework and draft Guidelines for a National Blue Economy Coordination Committee and a Savusavu Blue Town Master Plan Steering Committee. The development of the Master Plan will be funded using funds raised by SPREP through the KiWA initiative.




National Blue Town Framework

The ICRBE Project assisted in the planning for the development of the National Blue Town Framework which will inculcate reef positive principles aligned to GFCR Theory of Change. This will not only help identify up to 10 reef positive investment opportunities under the Savusavu Blue Town Master Plan (to be developed in collaboration with SPREP and funding from EU) but also enable the development and sandbox implementation of National Regulations for Coral Reef Protection and Conservation. Fiji ICRBE Funds will be used to recruit a technical consultant to develop the National Blue Town Framework and draft Guidelines for a National Blue Economy Coordination Committee and a Savusavu Blue Town Master Plan Steering Committee. The development of the Master Plan will be funded using funds raised by SPREP through the KiWA initiative.

The Project has been able to create linkages with ongoing initiatives in and related to the coral-reef and marine biodiversity space, especially with the Ministry of Fisheries, Ministry of Local Government and the Water Authority of Fiji to better align public policy and finance towards addressing key drivers of Coral Reef Degradation.

With the Ministry of Fisheries, the Project is working under **Activity 1.4.1: Support the development of a comprehensive legal framework for establishment, management and financing of MPAs**, the Project is working on developing a national LMMA ledger system that legally recognised LMMAs under the revised Fisheries Act so that they can be securitised and effective policing can be done to protect inshore

fisheries. This is being done under a three tiered approach (outlined above) that links up to the entirety of Outcome 1 of the Project and would be tied to the proposed credit guarantee/equity grant facility with the FDB and with maritime security efforts with the Fiji Police Force and Fiji Navy. The project is working on securing additional funding from the Global Environment Fund's Global Biodiversity Framework Fund to accelerate operationalisation of this integrated three tiered approach.

 Legal and Regulatory Support	 Financial Mechanism	 Monitoring and Evaluation
<p>a. MPA Ledger</p> <ul style="list-style-type: none"> Establish a country-wide central ledger of declared no-fishing areas, managed by Fisheries and containing the following information: <ul style="list-style-type: none"> Name of tabu Geographical coordinates Managing entity (e.g. village, hotel, dive shop etc.) Any already existing management guidelines <p>b. Regulation</p> <ul style="list-style-type: none"> Draft and gazette a simple regulation stating the following: <ul style="list-style-type: none"> There is a registered ledger of no-take MPAs Nobody may take from, throw into, or anchor in those areas (with exemption for research) Non-compliance leads to fines and/or imprisonment The registered managing entity can monitor and enforce the fishing ban and any registered management guidelines There will be guidelines for <ul style="list-style-type: none"> Adding or retracting MPAs to/from the ledger, Adding/retracting/amending any management guidelines. 	<p>As part of their Blue Bond support to the Fiji Government, UNDP and UNCDF are working with FDB to develop a Blue Lending Framework for FDB and create the lending terms for a FDB lending product that will be targeted towards supporting blue economy related activities using a value chain perspective e.g. funding the entire value chain for fishing from boats, to processing facilities, to cold storage, to market connectivity solutions.</p> <p>Their approach is tiered into three phases as follows:</p> <ol style="list-style-type: none"> Collaborate with an existing well developed groups of MPAs to pilot the lending product through FDB. UNDP/UNCDF will support this work by putting up a US \$400,000 credit guarantee for FDB to enable lending risk reduction and quick rollout of the lending facility. The credit guarantee will be from the Investing in Coral Reefs and Blue Economy Project funded by the Global Fund for Coral Reefs and Joint SDG Fund – to be rolled out by August 2024. Collaborate with a reputable to do an investor roadshow to raise funding from financiers and philanthropies to help capitalize an LMMA/MPA/Seascape fund (Managed by FDB with guidance from Ministry of Fisheries in collaboration with UNDP/UNCDF) to further support blue economy businesses and coastal cooperatives through a combination of preparatory grant support and flexible lending through FDB. – will be done in parallel to phase i above and first round of donor support to come in by November 2024 (target is to raise at least \$US 5million). Based on the success of phases i and ii, support the Fiji Government to raise the second tranche of the Blue Bond that will: <ul style="list-style-type: none"> directly support FDB, HFC and other financial institutions to secure credit guarantee support (UNDP seeks to use Reserve Bank of Fiji to channel this support) and add funding support to the proposed fund in phase ii above to continue providing preparatory grant support 	<p>UNDP and UNCDF are working on developing a pilot project to minimize inshore poaching activities, enhance maritime safety and support digitization of maritime surveillance.</p> <p>The proposal is to raise funding from bilateral donors and through thematic bond issuances to fund the purchase and installation of GPS tracking devices on outboard vessels as part of a requirement for their annual boat licensing.</p> <p>Discussions are underway with potential real-time solutions providers to understand the financial and legal requirements for such an initiative.</p>

With the Ministry of Local Government, the Project is working under **Activity 2.3.1: Develop financing strategy for Government of Fiji focused on protecting coastal ecosystems and investment in the blue economy**, to develop the National Blue Town Framework. (more information above under 'Enabling Environment - FSSB) A Cabinet Paper has been drafted by the ICRBE Team upon request of the Deputy Prime Minister, Hon. Manoa Kamikamica and submitted to the Office of the Prime Minister – this has been endorsed by the National Economy Sub-committee made up of all three Deputy Prime Ministers of Fiji and Chaired by the Prime Minister of Fiji.

With the Water Authority of Fiji, the Project is working under **Activity 2.4.1: Support the development and promotion of a government incentive scheme to attract additional investment in the blue economy**, having completed the development of a Wastewater Sector Feasibility Study/Condition Assessment for all 14 wastewater treatment plants in Fiji and the development of the **Fiji Wastewater Strategy** which helped inform the largest component of the FSSB issuance (the wastewater projects made up 32% of the entire USD \$10 million issuance). This is now being used to structure a Public Private Partnership arrangement between Water Authority of Fiji and two large scale private developers to build and operate new wastewater facilities for coastal tourism developments – financing leveraged from this can be counted towards the overall project leveraging. This ties up with the Project's overall focus on addressing

key drivers of coral reef degradation with liquid waste and coastal development needing to be addressed as part of an integrated Ecosystem Approach.



E. Complementary Initiatives

The complementary initiatives outlined below strengthen the enabling environment for the blue economy and can support the sustainability of GFCR outcomes. They assist in the incubation of a robust pipeline of blue economy projects that have strong development potential and ability to attract new and additional financing. The FJD 20 million FSBB will be used for 18 pre-selected projects in four key thematic areas: coastal protection, aquaculture sector, developing sustainable towns and cities with blue town concepts, and enhancing solid waste management. The pre-selection of projects under the FSBB ensures that proceeds go towards marine resources investments and demonstrate to investors, donors and the public that the projects are delivering their intended benefit.

UNDP

- **Fiji Sovereign Blue Bond (FSBB)** - seeks to raise private sector funds for transformative ocean activities, while also supporting conservation and protection of Fiji's important marine environment (discussed above). The Blue Bond development started in 2021 and early discussions with UNDP for support, including on the margins of COP26 during a side event that was attended by the UNDP Administrator in November 2021. UNDP mobilised support of USD 1.5 million from the Rapid Response Facility (RRF) and the Government of the United Kingdom mobilised USD 500,000 from the Blue Planet Fund to develop and support the project.
- **Blue Accelerator Grant Scheme (BAGS)** - aims to support statutory organisations, private businesses, cooperatives, civil society organisations, non-government organisations and community-based organisations, who have developed highly promising blue economy projects that are aligned to national development priorities and have a compelling business case to support either a pilot phase or a scale up phase. 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.

- **Drua Incubation Grant Scheme (DRUA)** - to support statutory organisations, private businesses, cooperatives, civil society organisations, non-government organisations and community-based organisations, who have developed highly promising blue economy projects that are aligned to national development priorities and have a compelling business case to support either a pilot phase or a scale up phase.
- UNDP's Fiji MCO team provided assistance to: (i) Develop the Fiji Sustainable Bond Framework (and have it assessed by Sustainalytics); (ii) identify the list of priority sectors and projects for potential inclusion in the bond; (iii) arrange detailed techno-socio-economic assessments and feasibility studies to ascertain potential returns on investment, development impact potential, environmental and non-environmental risks as well as other parameters that helped the Government make an informed selection of robust projects that would benefit from blue bond financing; (iv) support the new Government to include the shortlisted project in the 2023-24 budgeting process; (v) partner with the Reserve Bank of Fiji for investor discussions and roadshow; (iv) support RBF on the launch event and communications.
- **Solevaka Development Accelerator Project (SDAP)** - to scale up access to sustainable development finance for micro, small and medium enterprises (MSMEs) with a focus on investment readiness services to support development of blue and green economies in Fiji with an option to scale to other Pacific countries subject to funding availability.

The BAGS, DRUA, FSBB, SDAP are managed by the ICRBE Programme team.

- **Pacific Digital Economy Programme** - joint programme between UNCDF, UNDP and UNCTAD, and in close collaboration with key stakeholders from public and private sector - aim to support the development of inclusive digital economies in the Pacific specifically in Fiji, Tonga, Samoa, Vanuatu and Solomon Islands. Inclusive digital economies that allow rural communities, women, labour mobility workers, and Micro, Small & Medium Enterprises to enhance market participation, that will result in poverty reduction, improved livelihoods and economic growth. This programme document outlines these ambitions in enhancing people's access to basic services through digital devices and channels with a view to contribute to achieving the Sustainable Development Goals.
- **Pacific Insurance and Climate Adaptation Programme (PICAP)** (PICAP) - launched in December 2020 with the aim to build and improve the financial preparedness and resilience of Pacific Islanders against climate change and natural hazards through the development and implementation of market-based meso and micro insurance schemes. The inception phase of the Programme (2021-2022) saw innovative and affordable parametric insurance products deployed in Fiji, Tonga and Vanuatu covering smallholder farmers, fishers, market vendors and

small businesses. Following the successes of the Programme in the Pacific during its first inception year 2021, UNCDF is now opportunistically expanding the value proposition to other Pacific Island Countries including Samoa, Papua New Guinea, Solomon Islands and Kiribati as well as other geographies including the African and Caribbean regions. Women, youth and MSME who are disproportionately affected by natural disasters will be the target segments of the Programme. Heavily reliant sectors - agriculture, fisheries, retail and tourism - will also be of focus. The 'Pacific Insurance and Climate Adaptation Programme is a multi-year Programme that is jointly implemented by UN Capital Development Fund (UNCDF), UN Development Programme (UNDP) and UN University- Institute for Environment and Human Security (UNU-EHS).

National

- **Pacific Blue Foundation** - Pacific Blue Foundation is a non-profit public benefit charitable trust. Pacific Blue Foundation provides basic research, education, encouragement and dissemination of sustainable practices in coastal regions with the ultimate goal of preserving and promoting the biological and cultural diversity of the region.
- Conservation International (CI Fiji)
- Locally Managed Marine Areas (LMMA) Network - The Locally Managed Marine Areas (LMMA) Network supports sustainable management of the marine areas in the Pacific. In Fiji it has been working closely with 466 communities across islands encompassing Marine Protected Areas under traditional leadership.

F. Gender Mainstreaming

Overall

Increased coordination led by UNDP, the convening agent and the Implementing Partners enabled preliminary baseline assessments and surveys to be conducted by a UNEP hired technical consultant (has made two trips to Fiji 2023, in addition to working remotely from Australia) and completed the M&E Framework in April 2023. The following deliverables have been achieved:

- M&E Framework
- Baseline Report
- Project Level Baseline Report

These deliverables have set the platform for developing Gender Equity and Social Inclusion (GESI) Action Plan for the project that takes a transaction level gender mainstreaming approach rather than at a project level. This is expected to ensure targeted gender mainstreaming across the Project. However, the Project needs to expedite this process as the GESI Plan TOR to hire a consultant has resulted in no responses when it was advertised twice since May 2023. It is recommended that the UNDP either engages a consultant through its LTA modality or seeks support from UN Women to develop the GESI Action Plan.

The ICRBE is seeking to support rural communities, particularly the marginalised, through at least the creation of +100 job 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 the 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 2025.

The 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 for women.

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 led 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 its 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.

Gender Action Report

Linked Programme Outcome	Objective	Action	Indicator	Milestone – 2023	Remarks
Outcome 1: Protection and effective management of Fijian priority coral reef sites and climate change-affected refugia are sustainably financed	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 participated in consultations, training etc. in the management of coral reef sites adjacent to their community.	A number of consultations were conducted in the Korolevu-i-Wai district in which close to half of the attendees were women. The same consultations with good representation of women were held in Galoa Village as part of the BAD work.	More concrete milestones will be achieved after the Programme confirms the new LMMA sites in 2024.
	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% women.	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	BAD has 4 women employed. Total women employed by the end of 2023: 4 women.	More concrete milestones will be achieved after the Programme confirms the new LMMA sites in 2024.

			positive impact on coral reefs and associated ecosystems vs. baseline (t=0)		
Outcome 2: Transforming the livelihoods of coral reef-dependent communities	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)	TFFC has 1 woman employed. Sealink directly employs two women and indirectly employs at least 15 community - based women fishers. Total women employed in 2023: 17 women.	

V. Programme Governance & Management

A. Programme Governance

The ICRBE will have the 2023 Steering Committee in January 2024. The Steering Committee was not able to meet since there was a change in Government and there was a need to socialise the programme with new Government ministries head and the new Chairperson who was recently appointed. The programme team has already planned three (3) meetings in 2024 (February, June, November). The Project team throughout 2023 have been working closely with Donors (Joint SDG Fund and the GFCR), implementing partners and Government through online and face to face meetings and discussions to ensure timely delivery of results. Through these pocket meetings there was an undertaking to formulate an Acceleration Plan for the Programme plan to improve the level of fund utilisation.

The contributing factor towards the low utilisation is delay in getting the projects to investment readiness stage as the process of business incubation is time consuming and is affected by reasons mentioned below:

- Four of the five sub projects are being developed from scratch and this requires time to develop, get a sense of market realities, and be matured enough to be investment ready.
- National process and regulations take longer than expected to facilitate, particularly environment impact clearances which can take up to 10 months to get cleared. These processes are beyond the control of the programme team and need to be respected from a sovereign process point of view. The project carefully lobbies to accelerate approvals through the Project Steering Committee co-chaired by the Permanent Secretary for Finance and the UN RC. However, internal Government processes naturally take time to process.
- There was a change in Government after 16 years which required at least six months for things to settle down and the projects to be re-workshopped with the national government. This has been very strategically handled by the project team with appropriate caution being taken to not force the blue economy agenda onto the new Government.

The above reasons underscore the need to ensure that sub-projects are really investment ready before they can receive investment financing from the Project through UNCDF (mainly Joint SDG Fund portion

of funds). It would be highly irresponsible of the Project team to release funding to underdeveloped projects.

To address the issue of low fund utilisation, the PUNOs have devised an action plan and mitigation strategy to expedite the delivery of activities in the work plan to improve overall fund utilisation. The plan includes the below list of activities to be delivered by end March 2024 resulting in a fund utilisation rate of 69% for the Joint SDG Fund and 60% for the GFCR.

The ICRBE liaises closely with Government and Implementing partners in ensuring that the results are achieved within the Programme's work plan.

The programme team-initiated meeting with heads of Ministries and Departments resulting in the issuance of the FSBB.

The partnership between the Government of Fiji, the Government of the United Kingdom and the UNDP in support of the FSBB demonstrates the multi-partner commitment to furthering sustainable development and strengthening resilience in

B. Programme Management

The Programme has used most of the learning from 2022 to accelerate project delivery in 2023. Throughout the year the Project team has been involved in discussions and resource mobilisation that contribute to the two outcomes of the Project in particular in the blue economy space and coral reef-related projects. This is ensuring an integrated approach which ensures an inclusive approach to development with communities, SMEs, private entities and Government are involved in impactful partnership towards the same outcome. As a result the ICRBE team were influential in the launching of few critical initiatives: (See details about initiatives in Section E)

There were 6-month delays in commencement of the project, with recruitment of PMU staff happening in January 2022 due to UNDP HR/administrative delays. **Work Plans** were developed on the basis of the Multi-Year Work Plan from the Project Document and compared to yearly progress and approved by each of the PUNOs.

Despite the lapse in Project Board meeting in 2023, the Project has detailed and robust work plans in place along with M&E Plans, Risk Register, Field Monitoring Plan, Procurement Plan, HR Plan, Communications Plan, Resource Mobilisation Plan, Gender Action Plan and donor reporting calendar in place.

The Project would benefit from providing at least quarterly progress updates to the Project Steering Committee for quick and effective guidance rather than waiting every 12 months. Given the depth of work delivered by the Project and multiple stakeholders it benefits, frequent guidance from the Project Steering Committee can help guide proactive tweaks to work planning in response to immediate needs and foreseen risks.

C. Programme Operations

The day-to-day administration of the project implementation responsibilities rests with the **Project Management Unit** or **Project Implementation Unit (PMU, PIU)** hosted at UNDP Pacific Multicounty Office made up of staff from Participating UN Organisations (UNDP/UNCDF/UNEP – UNEP staff are based

in Samoa and Nairobi). The Unit consists of a Project Manager (UNDP), Investment Specialist (UNCDF), 2 Administration and Finance Officers (UNDP and UNCDF), an Associate Expert (UNEP) and a Monitoring and Evaluation Analyst (UNDP). The PMU Team seems to be positively regarded by most stakeholders, with a knowledgeable project Manager and solid administrative support. Especially the ability to make linkages with ongoing and new innovative initiatives within the Fiji Government with the ICRBE activities is highly commended.

In 2023, UNDP introduced the new system named Quantum (went live on 9 January 2023), a new cloud based digital engagement platform which enables more modern, integrated ways of working to help serve the communities around the world. Quantum is a core component of UNDP's [IT Strategy - #ITNextGen](#), which provides tools and technologies to facilitate smarter, faster and more collaborative ways of working and delivering results. More training and time needed to be devoted to learning quantum and applying it to all aspects of Project implementation. The Programme team invested hours in learning the new system to assist with project implementation and UNDP has been helpful in this endeavour. Though there were initial challenges that lead to some minor transactional delays, it was overcome through peer learning, UNDP training, practical consultations with the Quantum technical team and focal points.

The processes, procedures, systems and technologies used at UNDP really help 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, minimising errors, and increasing productivity. This together with guidance from the Governing body (Steering Committee) and the GFCR Global team, ensures that key milestones are delivered in 2023.

The launch of the GFCR M&E Framework to track progress on coral reef biodiversity and community resilience to climate change with the aim of enabling replication and scaling of successful interventions in the long run is a clear guidance and useful toolkit that had provided more clear direction on how the Programme will ensure impactful interventions that addresses the Goals and outcomes of the programme. In 2024, the ICRBE will work to align the Programme M&E Framework with key indicators relevant to the programme.

VI. Resource Mobilisation

RESOURCE MOBILISATION EFFORTS - GRANTS

The GFCR programme in Fiji is a joint programme with the Joint SDG Fund providing co-finance. Expenditure on the programme (grants and UNCDF capital is as below).

Output	Funds Received Till Date (Consolidated)			Total Expenditure (Consolidated)		
	Total GFCR+JSD GF Programme	GFCR - Programme	Joint SDG Fund - Programme	Total GFCR+JSD GF Programme	GFCR - Programme	Joint SDG Fund - Programme
Output 1	1,187,218	421,045	766,173	936,678 (79%)	295,416	641,263
Output 2	4,462,523	2,014,186	2,448,337	1,603,541 (36%)	780,998	822,544
Output 3 Project Management Costs	693,756	227,094	466,663	303,133 (44%)	111,253	191,880
Total	6,343,498	2,662,325	3,681,173	2,843,353 (49%)	1,187,667	1,655,686

*** Expenditure percentage relative to funds received

In addition, ICBRE's grant funding (USD 10.5M) is leveraging in kind financing from our partner Matanataki in the form of TA co-financed by the company. This has been spent across the five companies in the TA facility and on the landfill and fertile factory projects. In addition, USD 227,500 in TA and 220,000 in grants are envisaged (commitment) for Siga Damu Inc by WWF.

Source	Size	Timeline
Matanataki	USD 341,341	On-going
WWF (through MFAT and DFAT)	USD 447,500	2024

Parallel co-financing, that does not contribute to the businesses and projects being developed as part of the GFCR programme, but supports and enhances the activities include the:

- Blue Accelerator Grant Scheme;
- Drua Incubation Grant Scheme;
- Fiji Blue Bond
- Pacific Digital Economy Programme; and
- Pacific Insurance and Climate Adaptation Programme

Source	Size	Timeline
BAGS	USD 817,000	
DIGS	USD 903,650	
Blue Bond	USD 1,153,000	

Future grant co-finance both direct and parallel is being sought and will likely materialise during 2024.

RESOURCE MOBILISATION EFFORTS – Revenue Generation

BAD earned a total of USD 643,000 in 2023, out of which USD 216,000 was generated by the tourist levy and the “My Fiji Shark” project to raise public awareness about the shark species inhabiting the marine reserve. The major revenue source for the BAD is through the shark dives (USD 417K).

It is not possible to indicate the target yearly revenue for all solutions of the programme and for the total programme lifetime at this stage, as most of the solutions that are part of the project have not been implemented. These solutions are undergoing final investment-readiness and UNCDF is evaluating these solutions to provide catalytic investment and leverage additional financing.

RESOURCE MOBILISATION EFFORTS – Investment

Some of the companies in the TA facility of Matanataki have started to take on investment capital, as noted below. For the two larger projects, the landfill and the fertile factory there is some equity or quasi equity reported, but the larger investments will only come in 2024-2026.

As the successful companies in the GFCR pipeline grow and become investible, additional capital and leverage can be expected.

Company	Size	Note
Vulavula Sara	USD 1,096,700	Equity
The Fertile Factory & Co.	USD 310,000	Equity
Sealink Enterprises	USD 696,750	Debt
Sealink Enterprises	USD 696,750	Guarantee
Sealink Enterprises	USD 600,000	Equity
Mango Fish	USD 5,000,000	Debt
Mango Fish	USD 3,200,000	Equity
Siga Damu Inc (Northern Sea Cucumber)	USD 580,000	Equity
Yavahuna Cooperative	USD 800,000	Equity
Sunshine Manufacturing	USD 1,000,000	Debt

It is difficult to generalise the investment capital experience of the pipeline, because every company is different with unique investment challenges. We still experience challenges with international capital of all types, mainly due to the ticket size. In order to try to address this in the future we are looking at fund-level aggregation options together with the companies in the broader pipeline generated through the BAGS and DIGS projects. There are many good companies, but few at a scale that would interest international private equity, and impact investors who are not very active in the market.

All of the investment capital is therefore sourced domestically through financial intermediaries such as banks, investors or quasi-public funds. It is likely that this will continue to be the case until an aggregator facility can be realised.

VII. Risk Management and Mitigation

The Grievance Redress Mechanism of UNDP opens up the possibility for individuals and communities to submit complaints and feedback directly to UNDP when they believe that a project implemented by UNDP affects or may be having an adverse impact on them, their community or the environment. Further to that, the SSOP Grievance Redress Mechanism (GRM) aims to support UNDP projects to meet the Social and Environmental Standard (SES) requirement that, all projects categorised as complex Moderate Risk, Substantial Risk, or High Risk, as determined by the [Social and Environmental Screening Procedure \(SESP\)](#), have made available an effective project-level grievance redress mechanism. The scope of the project GRM is therefore to address grievances related to the social and environmental impacts of a UNDP project.

Event / Risk	Cause	Impact/s	Risk Category	Risk Level	Mitigation / Management Measures
CONTEXTUAL - Global or domestic climate, economic and/or fiscal shocks will divert government and PUNO attention and priority away from the ICRBE.	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
CONTEXTUAL - Risks from COVID-19 lead to unfavourable investment climate	Covid-19 and restrictions	Unfavourable investment climate	SOCIAL AND ENVIRONMENTAL (1.6. Community health, safety and security) - UNDP Risk Appetite: CAUTIOUS	Likelihood: 4 - Highly likely Impact: 4 - Extensive Risk level: SUBSTANTIAL (equates to a risk appetite of OPEN)	The mobilisation of additional resources for financing sustainable practices in fisheries, tourism, forestry, ocean and reef management has enabled mobilisation of finance and opened options for the diversification of livelihood opportunities in the targeted communities. In this context, the project contributes to COVID-19 recovery as monitoring efforts increased for SRMR, more job creation at BAD with building of new dive base and research centre and continuing goodwill funding to the village from fees for shark diving. More impacts are foreseen in 2024 and beyond when investments are placed on many of the projects currently being assisted - TFFC, Landfill and TAF businesses.
CONTEXTUAL - Climate investment risk	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	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 will be used to leverage local support for the projects.

		expected return on many financial assets.			<p>The programme intends 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 by the Rapid Response Facility of the UN (multiple bilateral donors) 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 during the design and implementation of the coral reef insurance product in Fiji.</p> <p>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.</p> <p>WTW has completed an Initial Scoping Study and Concept Designs for a parametric insurance model for reefs and communities dependent on reef systems.</p>
CONTEXTUAL - Risk of major natural disaster in the project area delaying progress and/or damaging/destroying the reef.	Natural disasters	Destruction of the reef and reef ecosystem. Leaching that is 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)	<p>This risk is difficult to mitigate and may 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's Pacific Insurance and Climate Adaptation Programme specifically addresses this risk and will align their work with this initiative.</p>
CONTEXTUAL - Pandemic affecting MPA revenues from the tourism sector. During recovery period post Covid-19. The present Covid-19 context has an important impact on the tourism sector due to the drop in the visitations.	Pandemic	Pandemic	1. SOCIAL AND ENVIRONMENTAL (1.6. Community health, safety and security) - UNDP Risk Appetite: CAUTIOUS	Likelihood:4 - Highly likely Impact: 3 - Intermediate Risk level: MODERATE (equates to a risk appetite of EXPLORATORY)	<p>The recovery period (period before tourism becomes stable again) was estimated for the different MPA sites. Mitigation relies on the following aspects:</p> <ul style="list-style-type: none"> • The SPE business model does not rely on any revenues from user fees paid by tourists until the end of 2021. That is expected to leave adequate time for the sector to fully recover. The working capital comes from the blended up-front financing. • Past extreme events (e.g. Hurricanes in the region) have proven the resilience of the sector with a quick recovery after the

					<p>crisis. This is even more visible for all-inclusive hotels, dominant in Fiji.</p> <ul style="list-style-type: none"> • Diversified sources of revenues are developed in each pilot site and will limit exposure to this risk (e.g., blue carbon, fishery/aquaculture licences, biodiversity credits, nature-based solutions) • Insurance companies have been contacted to develop business interruption coverage insurance for our MPAs. The objective is to cover critical operational expenditures (i.e. staff, surveillance & compliance) for periods 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. • 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.
<p>PROGRAMMATIC - Political opposition, coordination gaps and overlaps in mandates and programs. Government delays in processing environmental clearances and project approvals. Risks could arise from fiscal austerity drives proposed by IFIs or from internal non-alignment between GoF ministries or agencies</p>	<p>Political opposition fiscal austerity</p>	<p>Impact on timely deliverables and virement of project costs to meeting standards and regulations.</p>	<p>6. REGULATORY (6.1. Changes in the regulatory framework within the country of operation) - UNDP Risk Appetite: CAUTIOUS</p>	<p>Likelihood:2 - Low likelihood Impact: 3 - Intermediate Risk level: MODERATE (equates to a risk appetite of EXPLORATORY)</p>	<p>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)</p>
<p>PROGRAMMATIC - Risks arising from lack of awareness of and resistance to nature-based financial products among women and men in communities, impacting the ability to work on reef issues.</p>	<p>Lack of awareness</p>	<p>Lack of support from local communities in ensuring the reef ecosystem is protected and participating in monitoring and enforcement.</p>	<p>1. SOCIAL AND ENVIRONMENTAL (1.12. Stakeholder engagement) - UNDP Risk Appetite: CAUTIOUS</p>	<p>Likelihood:3 - Moderately likely Impact: 2 - Minor Risk level:LOW (equates to a risk appetite of CAUTIOUS)</p>	<p>Risk will be mitigated through ongoing community impact and public awareness campaigns targeting women/girls and men/boys, and stakeholder meetings at the community-level with participation of women and men.</p> <p>Risk Mitigation In 2023, the Programme Implementing partners have been meeting regularly with communities. BAD meetings have resulted in ongoing payments for Galoa village projects. BF through their partners have resolved to discontinue the Kiw project. Refer to Table under III Programme Milestone Activity 1.2.1 for more information on recalibrating this work.</p>

PROGRAMMATIC - Risks arising from scarcity of investor capital, including domestic investors' lack of familiarity with blended financing structures.	Scarcity of investor capital	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)	Mobilisation 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.
INSTITUTIONAL - HR 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.
FIDUCIARY - 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.
FIDUCIARY - Risk of capital loss for investors	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.
CONTEXTUAL Anticipated socio-economic repercussions due to the degradation of coral reefs as a result of El Niño-related sea surface temperature increases in 2024.	El Nino	Ecosystem Disruption, economic losses, reduced coastal protection.	1. SOCIAL AND ENVIRONMENTAL (1.6. Community health, safety and security) - UNDP Risk Appetite: CAUTIOUS	Likelihood:3 - Moderately likely Impact: 3 - Intermediate Risk level: MODERATE (equates to a risk appetite of EXPLORATORY)	Diversification of local economies, sustainable fisheries management, investment in artificial reefs and coastal defences, community based-management and policy and financial support.

VIII. Lessons Learned & Adaptive Management

Lessons Learned

TFFC - The delays in finalising negotiations with Government partners for example on the TFFC project to secure land lease in Naboro, tax free zoning, landfill concession. This requires the ICRBE team to work closely with the government and the UN to provide sufficient information (viability, environmental, social impact). There's also a need to highlight the potential for projects to draw in foreign investment, create jobs and address food security, and reduce financial burden on the Government.

TAF - Project incubation through the TAF requires more time than expected to reach investment readiness. This entails the need to support the Government with implementing measures to increase Fiji's attractiveness as an investment destination.

LMMA - Learning from the shortcomings of KiW, the CA has a more involved role in structuring the two new LMMA deals by BAMPa. Plan is to hire a local engagement partner called Fiji Locally Managed Area Network (FLMMA) to be a local counterpart for BAMPa, help navigate complex traditional approval processes, and ensure community buy-in for BAMPa's approach. This is expected to negate the issues of limited on ground presence of BAMPa 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.

Western Sanitary Landfill - The inability of the Fiji Government to give proper direction on how they would like to be formally involved in the project and what formal solicitation process should be used resulted in delays of over 12 months. This was perpetuated by the change in national Government after 16 years resulting in the need for such a high-profile investment to be re-socialized amongst the new Government hierarchy. The poor design of the Project is highlighted here once again as it failed to comprehend the complex nature of unsolicited bids that require long term formal commitment from the Fiji Government. The Fiji Government has made it clear that commitments such as long term concessions, guaranteed gate fees for municipal waste and any form of capital subsidisation will need to go through a competitive bidding process allowing other private sector partners – not just Matanataki which is the implementing partner for the ICRBE Project – to have a chance to propose their solutions. Anything apart from this will result in significant legal and public consequences.

Adaptive management

Despite the Project Document stating that various work had progressed across the four transactions prior to project commencement (section 2.8 of the Project Document) the project had to curate all transactions from complete scratch, except for the Beqa Adventure Divers (BAD) investment which was built around a pre-existing and successful business. This meant that the investment readiness phase assumed in the project document was over ambitious and did not take into consideration the inherently long time needed to establish private sector led or investment centric solutions in Fiji. The Project Document takes little to no consideration of ease of doing business in Fiji which ranks amongst the lowest (102) in the world according to the World Bank Group and places excessive emphasis on foreign investment leveraging for the project without clearly identifying and addressing the domestic barriers of setting up investment ready businesses in Fiji and the Pacific in general.

The Project design severely down plays the customary, political and environmental challenges associated with the four transactions. The Project design does not appropriately account for costs and time delays associated with Environment Impact Assessments and Monitoring and Evaluation needs at the transaction level. Moreover, the selection of the implementing partner, BAMPa, for Outcome 1 is highly questionable given that BAMPa is a Vanuatu registered business based in France with no local presence and context of the high degree of sensitivities surrounding LMMAs and land rights issues in Fiji. The inability of BAMPa to localise itself in Fiji to set up investment ready initiatives further emphasises the poor design of the Project. Despite these inherent and unfortunate challenges, the Project has been able to show positive progress across all 16 of the 17 project activities.

LMMA - Recalibration - Outcome 1 deliverables of the project need to be recalibrated to better reflect immediate possibilities of financial leveraging for investments that circumvent the legal recognition issues and directly support community led solutions and solutions that are built around existing businesses/cooperatives. The Project needs to collaborate with existing local NGOs who have been working in the LMMA space for numerous years and are in need of securing financing solutions to implement interventions that can help create community based LMMA protection. The project team has identified and developed the idea of developing credit guarantee or equity grant facility with the FDB targeted towards fisher folks and coastal communities with well developed LMMA structures or and existing businesses looking to pivot into reef-positive solutions but need financial support to thrive. A tripartite financial solution between the Project, the FDB and a locally based NGO partner working in the LMMA space can be a quick win high impact solution that puts Outcome 1 deliverables on track without changing the overall theory of change for the Project.

Western Sanitary Landfill - The ability of the Project team to navigate such a complex transaction and secure Fiji Government's concurrence to proceed with a competitive bidding process must be commended as it demonstrates skilled diplomacy and tact. An independent advisor is on the verge of being hired to support the Ministry of Local Government to expedite the competitive bidding process without placing undue burden on limited Government capacity. This is also commendable and is deemed to be a great strategy to achieve this transaction. It is strongly recommended that a no cost extension be given for Transaction 2 of the Project until December 2025 to allow for the competitive bidding process to be completed, a private sector partner selected by Government and the transaction facilitated (US \$3.5 million concessional lending through UNCDF). Furthermore, this transaction will likely need a costed extension beyond 2025 at the eventual construction and implementation of this complex transaction is not expected to be done by December 2025. It is recommended that the Project Team submit a revised completion timeline to the donors through the Project Steering Committee to make a decision on a costed extension beyond December 2025.

TFFC - the Project has advanced well despite over 14 months of delay caused by delays in getting Environmental Impact Assessment clearances by the Fiji Department of Energy and delays in securing land tenure from the Ministry of Lands and Mineral Resources. The transaction loan drawdown negotiations are completed and awaiting final clearance from UNCDF head office before construction begins. No major issues have been found for this transaction but retrospective assessment once again highlights the poor Project design which did not take into consideration the time and cost needed for a robust Environmental Impact Assessment to be done for such an environmental centric transaction.

Annex A – Data Update Excel File Guidance

*** Separate in Excel File

Annex B – Results Framework

*** Separate in Excel File

Annex C – Resource Mobilisation

*** Separate in Excel File

Annex D – Communications and Visibility

The Project has not been able to create enough communication pieces in 2023 around the financial leveraging components and success stories despite creating an impressive pipeline of Transactions that have mobilised or committed US \$33.3 million in co-financing. The Project Team needs to be strengthened with a Strategic Communications person who is well versed with finance projects.

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, Fisheries 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..

The Minister for Finance, Strategic Planning, National Development and Statistics was the primary conduit for the Joint Programme's relationship with the Government of Fiji.

Target Audience

There was an explicit objective to build strong partnership across government ministries and departments, but also with civil society , NGOs operating in the climate change space, donors, regional bodies, local communities, fishing and agricultural sector, scientists and private sector.

In 2023, the Programme team worked closely with the Water Authority of Fiji (WAF) to unlock private investments that will address issues of wastewater treatment plants that will protect and preserve Fiji's marine resources.

The Project has not been able to create enough communication pieces in 2023 around the financial leveraging components and success stories despite creating an impressive pipeline of transactions that have mobilised or committed US \$33.3 million in co-financing. The Project Team needs to be strengthened with a Strategic Communications person who is well versed with finance projects and the programme team will make this a priority in 202

Fiji Programme

[\(25\) The Blended Finance Approach of the Global Fund for Coral Reefs in Fiji | LinkedIn](#) - The Blended Finance Approach of the Global Fund for Coral Reefs in Fiji

[Reef to Community: Sustaining Our Future Through Partnership and Conservation | United Nations Development Programme \(undp.org\)](#)

[Matanataki: A Partnership to Catalyse Regenerative Businesses in Fiji: This article provides more information about the Matanataki initiative and its partnership to catalyse regenerative businesses in Fiji4.](#)

Complementary Initiatives

Blue Bonds

1. [“Launch of Fiji’s first-ever Sovereign Blue Bond”](#) by United Nations Development Programme. This article provides a comprehensive overview of the Blue Bond, its objectives, and the support it has received from various organisations.
2. [“Fiji among five to launch blue bond”](#) by The Fiji Times. This article highlights that Fiji is among the five countries in the world to launch a blue bond.
3. [“Sovereign blue bond launched by Fiji to grow the economy and tackle climate change”](#) by RNZ. This article discusses the economic and environmental benefits of the Blue Bond.
4. [“First ever Fiji Sovereign Blue Bond”](#) by PressReader. This article discusses the value of the Blue Bond and its role in sustainable ocean stewardship.
5. [“Government issues blue bond”](#) by FijiLive. This article discusses the launch of the Blue Bond and the careful planning and analysis that went into its structure.
6. [Fiji Sovereign Blue Bonds - Reserve Bank of Fiji \(rbf.gov.fj\)](#) - Blue Bond information and process with Fiji’s central bank.

Blue Accelerator Grant Scheme (BAGS)

1. [Launch of the Blue Accelerator Grant Event](#): This link provides a detailed account of the launch event, including speeches by Hon. Manoa Kamikamica, Minister, Ministry of Trade, Cooperatives, Small and Medium Enterprises and Communications, and other dignitaries. It also provides an overview of the Blue Accelerator Grant Scheme and its objectives.
2. [Blue Accelerator Grant Scheme launches investment-ready projects in Fiji](#): This link provides information about the projects that have been selected through the Blue Accelerator Grant Scheme.
3. <https://www.fbcnews.com.fj/news/new-grant-introduced/>

Annex E – Map of the Lau Seascape

*** Separate in Excel File