



GLOBAL FUND FOR
CORAL REEFS

ANNUAL NARRATIVE REPORT:
Fiji – Investment in Coral Reef and the
Blue Economy
January – December 2024

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/ies: 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						
Since inception (2022)						
UN Organisation	Funding Received		As at December 2024			
	GFCR	Joint SDG	GFCR		JSDG	
			Total Commitments & Expenditures (C)	Delivery as a % of funding received	Total Commitments & Expenditures	Delivery as a % of funding received
UNDP	542,958	525,422	458,983	85%	337,370	64%
UNCDF	2,119,367	2,776,614	948,839	45%	1,387,703	50%
UNEP	-	379,137	-	-	76,552	20%
Total	2,662,325	3,681,173	1,407,822	53%	1,801,625	49%

Programme Description

The objectives of the ICRBE Project are 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, particularly women and youth. The JP aims to work with the Government of Fiji (GoF) to improve the regulatory framework and raise private and public funds for development and construct a pipeline of bankable projects. These projects are to provide a blend of technical assistance, performance grants and concessional capital for de-risking. These projects are to leverage a total US\$50 million in public and private investments in reef-first SMEs and financial instruments. Measurement and verification of positive economic and environmental impacts to vulnerable coastal communities (>70,000 beneficiaries) and coral reefs (of which 50% will be women and youth) are to be implemented. The outcomes of the ICRBE Project include:

- Outcome 1: "Protection and effective management of Fijian priority coral reef sites and climate change-affected refugia are sustainably financed;
- Outcome 2: "Transforming the livelihoods of coral reef-dependent communities".

Report submitted by:

United Nations Development Programme (UNDP)

Vineil Narayan (Project Manager)

Vineil.narayan

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I. Executive Summary

1. Programme Progress Update

As a recap, the Investing in Coral Reefs and the Blue Economy (ICRBE) Project has 4 transactions:

- Transaction 1 – Creation of a LMMA Financing Facility (Outcome 1)
- Transaction 2 – Development of the Western Sanitary Landfill (Outcome 2)
- Transaction 3 – Establishment of a Fertilizer Factory (Outcome 2)
- Transaction 4 – Creation of a Technical Assistance Facility (TAF) (Outcome 2)

The project encountered significant challenges in 2024; however, notable progress was achieved in both Outcome 1 and Outcome 2.

Outcome 1: LMMA Financing Facility

For Outcome 1 a new implementing partner, Community Centred Conservation (C3) has commenced work on identifying 30 Locally Managed Marine Areas (LMMAs) and developing investment cases for 10 of those LMMAs. C3 will work with the Fiji Development Bank (FDB) to place investments in at least 10 out of the 30 LMMAs through FDB's Blue Lending Facility backed by a credit guarantee from the ICRBE Project (to be channelled through UNCDF). Following rigorous stakeholder discussions, the Project team has mapped out a three pillar intervention strategy for Output 1 which will create a more synchronised and realistic solution to scale up a LMMA blended financing by unlocking and leveraging capital from the domestic financial sector. The three pillars focus on: Pillar 1: Creating legal recognition of LMMAs; Pillar 2: Establishing a dedicated lending facility for LMMAs and Pillar 3: Developing Robust Monitoring and Evaluation Solutions for LMMAs (Pillar three is to be funded through other parallel initiatives being done through regional development agencies).

Outcome 2: Establishment of a Fertilizer Factory – Transaction 3 and Creation of a Technical Assistance Facility – Transaction 4

With the pull out of Matanataki Private Limited (MPL) from the ICRBE Project and their claims of intellectual property for TFCC (Transaction 3) and the 5 incubated businesses under the TAF (Transaction 4), the senior management of PUNOs decided to not move ahead with these transaction to avoid potential adverse issues with MPL. Moreover, with the Project only being allowed to be extended by 12 months from March 2025 to March 2026, there is not enough time and resources to develop Transactions 3 and 4 again from scratch. The PUNOs plan to consolidate efforts on Transactions 1 and 2 which are a matter of national importance for the GOF thereby using remaining project resources (including funds yet to be transferred to the PUNOs by the Project donors) in the most efficient and effective manner.

Challenges Encountered in 2024

The challenges encountered in 2024 extend to all transactions associated with the project, encompassing both outcomes that include:

- the failure of a former implementing partner, Blue Alliance, to bring any transactions to investment readiness that resulted in irresolvable disputes between Blue Alliance and the beneficiary communities on how the LMMA investments would be managed on a daily basis. The partnership with Blue Alliance was terminated on 9 May 2024;

- Matanataki Pte Ltd (MPL), a former implementing partner of the ICRBE Project, took an equity stake in Transactions 2 and 3 while seeking projects to be placed through their own impact fund before being invested into actual transactions placing it in conflict of interest with multiple UNDP POPP procedures. MPL had also prepared 5 investment proposals on Transaction 4 that were deemed not investment ready by independent investment advisors in May 2024. All these circumstances forced MPL's withdrawal from the Project on 8 July 2024;
- In December 2024, the Project has had to adaptively manage:
 - Transaction 1 (Outcome 1) with C3 International Ltd. selected as new implementing partner and the FDB as a Responsible Party.
 - Transaction 2 to focus on a feasibility study for remediation approaches and waste management authority focusing on one of the four western dumpsites as proof of concept, grant financing for one dumpsite rehabilitation and conversion into a Material Recycling Facility (MRF) operated by a private operator under a PPP modality, and debt financing/credit guarantee for the PPP partner to purchase equipment needed to operate that one dumpsite. The PMU has also been able to solicit the assistance of ADB to undertake the role of an independent transaction advisor for the GoF and supporting the PUNOs to undertake complex technical and PPP structuring for landfill. The successful rehabilitation of that one landfill by the ICRBE project would then be scale and replicated across the remaining three dumpsites.
 - Transactions 3 and 4 where the PUNOs along with the GoF made the decision to either divert Transaction 3 and 4 funds towards Transaction 2 if there are no reservations by the donors to move funds from one outcome to another.

Outcome 1 - The implementing partner, Blue Alliance, has withdrawn from the Project based on their inability to secure community buy-in and the lack of identification of any local financial institutions that could be involved in derisking or taking on the long term administration of a financing facility. Furthermore, they were not based in Fiji and seemingly had little knowledge of traditions and customs associated with creation of LMMAs in a culturally sensitive country like Fiji.

C3 has been selected as the new implementing partner for Outcome 1 to implement commercially viable LMMAs as well as undertake monitoring and evaluation for the overall ICRBE project across Outcomes 1 and 2. FDB (who are signed on as a Responsible Party) will operate the Blue Economy Lending Facility.

Outcome 2 - The withdrawal of MPL as implementing partner has forced the PUNOs to develop a Reorientation Plan to manage Outcome 2 (as well as Outcome 1). The Reorientation Plan incorporates a no-cost extension to March 2026 to complete all Project work for Transactions 1 and 2.

A reoriented Transaction 2 would focus on three major areas that would lay the groundwork for a future sanitary landfill in the Western Division and receive technical assistance from ADB for PPP formation and preparing an Open tender process. There is confidence amongst the PUNOs that with the technical involvement of ADB, the PPP Open Tendering process will be completed by December 2025 or earlier. An agreement between the GoF and the ADB was signed in February 2025 ([link](#))

Transaction 3, the biofertilizer factory, is being put on hold indefinitely to avoid any escalation of issues with MPL. It is suggested by the PUNOs that funds be diverted to Transaction 2 (pending Donor approval).

Transaction 4, the TAF, progressed to a point where independent consultants recruited by the Project from December 2023 to June 2024 deemed that all 5 MPL proposals were not investment ready. This did not fare well with MPL. As a result, the PUNOs have consulted with the GoF and recommend that funds from Transactions 3 and 4 be diverted to Transaction 2.

3. 2025 Outlook

A reorientation plan has been developed to guide the expedited implementation of the Investing in Coral Reef and Blue Economy (ICRBE) Programme based on the possibility of a 12 month No Cost Extension that would extend the Programme end date from March 2025 to March 2026.

For Outcome 1, the Plan suggests that:

- A new implementing partner commences developing investment cases for 30 Locally Managed Marine Areas (LMMAs). Section 7.1 of the Reorientation Plan attached Annexure H explains the robust process completed to select C3 International Limited as the new implementation partner and the work done to pre-identify 30 LMMAs that C3 will work on.
- C3 to work with the FDB to place investments in at least 10 out of the 30 LMMAs through FDBs Blue Lending Facility backed by a credit guarantee from the ICRBE Programme. The collaboration with FDB is highly recommended as it builds on the Government of Fiji's priority to develop a Blue Lending Facility to be administered by FDB.
- The above mentioned approach will not have an impact on the overall objectives of the ICRBE Programme. However, the results framework will need to be revised with a target of 10 LMMAs instead of 30 to allow for a more realistic target on getting LMMAs investment ready within the remaining budget allocated for this Outcome.

Output 1 is expected to be achieved by March 2026 in the following chronological order:

Activity Timeline

Key Milestones or Deliverables planned for Quarter 1 2025

Activity	Timeline
Complete onboarding of C3	31 January 2025
Finalise coordinates for LMMA areas and digitize them on GIS platform	31 January 2025
Submit LMMA Regulations to Cabinet of Ministers for endorsement/enactment	14 February 2025
Undertake LMMA technoeconomic assessments for the 30 LMMAs	6 January 2025 to March 2025
Review assessment finding and finalise first set of LMMAs to lend to through the Blue Lending Facility from the list of 30 LMMAs or more	18 April 2025
Finalise the guiding documents for the Blue Lending Facility for FDB with technical guidance provided by C3 and reviewed by UNEP.	25 April 2025
Facilitate formal Memorandum of Agreements between FDB and local financial institutions to support the financial leveraging targets of the Blue Lending Facility.	25 April 2025

More information on Progress, Milestones and Adaptations and 2025 Outlook on the Mid-Term Review Report attached as **Annexure H & Annexure I (Re-Orientation Plan)**.

For Outcome 2 - It has been agreed with the Gof that the Fertile Factory and the TAF transactions should be discontinued.

The Project will continue with the Western Sanitary Landfill project team working closely with the Ministry of Local Government, as decided by the Cabinet of Ministers, to progress this transaction in line with GoF tender procedures.

After reviewing past infrastructure projects like the Naboro Landfill in Suva, it is evident that developing a new landfill in Fiji requires more time than the ICRBE Programme can provide. The process of creating a landfill involves complex regulatory, technical, and environmental factors, which necessitate extensive planning, stakeholder collaboration, and financial arrangements, making it unrealistic to complete within the ICRBE programme's timeframe, even with an extension. The Naboro Landfill's lengthy development serves as a clear example of these challenges. To achieve the ICRBE Programme's objectives, the focus should shift to preparatory activities for the Western Division landfill, instead of attempting to develop a new one. This would involve rehabilitating a major dumpsite into a MRF to showcase the public-private partnership model for future landfill initiatives.

The reoriented transaction would focus on three major areas that would lay the groundwork for a future sanitary landfill in the Western Division. These are as follows:

1. Feasibility Study for Remediation Approaches and Waste Management Authority. This includes a comprehensive study to identify possible remedial measures for existing dumpsites, as well as an evaluation of the feasibility of establishing a Waste Management Authority in Fiji. The feasibility study will provide critical information to guide future decisions and help structure not only the dumpsite rehabilitation plan but the entire Western Landfill transaction as well.
Amount: US \$150,000
2. Grant Financing for Dumpsite Rehabilitation (PPP Partner). A significant portion of the funding would be allocated to the rehabilitation of the existing dumpsite, provided as grant financing to the private-sector PPP partner. This funding would be placed in and drawn from the Environmental Trust Fund to ensure it is used appropriately and in alignment with environmental goals.
Amount: US \$2 million
3. Debt Financing/Credit Guarantee for PPP Partner's Equipment Purchase
To ensure that the rehabilitated dumpsite and MRF can be effectively operated, this component of the funding would be used to provide debt financing or a credit guarantee to the private-sector PPP partner to be implemented directly through UNCDF. This financing would enable the partner to purchase the necessary machinery and equipment for the facility's operations similar to the support given to Beqa Adventure Divers under Outcome 1.
Amount: US \$1.5 million

(More details in Section II - Programme Progress Overview of the Reorientation Plan Annexure H)

II. Programme Progress Overview

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

Outcome 1 – Effective Management of LMMAs (Total Funds Available – USD350,000)

This output entails the design of the LMMAs high-level business plan and set-up of Special Purpose Entities (SPEs - co-management body for the LMMAs); design of the blended finance solution and fundraising for 10 LMMAs to be later scaled to 30 LMMAs; stakeholder engagement and advocacy; and environmental readiness of the SPEs for investment in LMMAs, and Shark Reef Marine Reserve.

Challenges:

Blue Alliance encountered difficulties in both the conceptualization and establishment of the necessary financial facilities linked to their inability to secure community buy-in and did not identify any local financial institutions that would be involved in helping derisking or taking on the long term administration of the financing facility. This underscores the need to either work with established businesses within the LMMAs like BAD or to work with established community cooperatives who have a keen interest in developing alternative livelihoods that prevent abuse of MPAs under the LMMAs areas and help generate revenue streams to under community-based protection activities for the LMMAs. Blue Alliance has delivered investment memos for the Kuata-Yakawe and Beqa Lagoon Seascape LMMAs but have communicated lack of progress with local community and authorities for support. This was a crucial design flaw in the initial Programme design which now needs to be addressed by onboarding Fiji based organisations working in the marine conservation space coupled with a financial institution that is familiar with lending to local businesses and community cooperatives.

As a result, the grant agreement with Blue Alliance was terminated due to the deliverables i.e. the prefeasibility study and the investment memos submitted for the last tranche were deemed unsatisfactory as none of the LMMAs were investment ready to proceed to investor discussions.

Reorientation Plan:

Given the termination of Blue Finance, the project team sought approval from the Steering Committee to advertise for Call for Proposals to select a new implementing partner.

The Call for Proposals was advertised in the 2nd quarter of 2024 and only Conversation International provided its proposal. Upon evaluation, it was decided that given only one organization had submitted the proposal, the Call for Proposals be readvertised. The project team socialized the Call for Proposals with other organizations operating in the similar space to enable a competitive selection process. The Call for Proposals closed on 20 September 2024 with four applicants.

The high-level scope of works as per the terms of reference is summarized below relating to LMMAs:

1. Selection and prioritization of 10 LMMAs, Value Chain Assessment and Planning
2. Biodiversity Monitoring Protocols
3. Reporting and Verification Support
4. Capacity Building
5. Support Investment Promotion

6. Collaboration with the JP Team and the Local Development Finance Institution
7. Budget and Resources
8. Governance and Oversight
9. Sustainability and Impact Plan

The budget for this work is USD120,000 and this will be funded through performance-based payments funded by a combination of funding by the GFCR and the Joint SDG Fund. The payment milestones are as follows:

OUTPUT	DUE DATE	AMOUNT
1. Selection Criteria for LMMAs, Value Chain Assessment Report and Investment Readiness Report	15 days	23,820.00
2. Biodiversity Monitoring and Reporting conducted for all 10 LMMAs.	30 days	35,730.00
3. Stakeholder Training and Capacity Building.	10 days	35,730.00
4. Establishment and consistent administration of a Technical Working Group (TWG) under the ambit of the JP to guide Output 1.	5 days	11,910.00
5. Sustainability and Impact Strategies developed for each of the 10 LMMAs.	10 days	11,910.00
TOTAL		119,100.00

Following a rigorous selection process, C3 International Limited has been selected as the implementing partner for Output 1 having vast experience developing commercially viable LMMAs in the Northern Division of Fiji supporting communities dependent on the Great Sea Reef (GSF) – a priority reef/project site for the ICRBE Programme. C3 has been successfully onboarded as an implementing partner under the technical guidance of UNEP and are well in progress with their work and are currently completing the techno-economic assessments of 10 of the 30 LMMAs as mentioned in the key milestones table above. C3 is supporting the operationalisation of a Blue Economy Lending Facility in collaboration with the FDB. This facility will include a specialized lending window for LMMAs, which are critical for sustainable marine conservation and resource management.

As mentioned in the previous section, C3 would support FDB and the ICRBE Programme to place investments in at least 10 LMMAs from the list of 30 that have been identified. Focusing on getting 10 LMMAs investment ready rather than the entire list of 30 LMMAs as this reduced target is expected to be more viable within the 12 month No Cost Extension sought up until March 2026.




The FDB has proven to be the most experienced domestic financial entity to deliver the objectives of the ICRBE Project. See Annex 1 of the reorientation Plan attached Annexure H providing rationale for selection of FDB.

The proposed reorientation plan for Outcome 1 is informed by a robust feasibility study conducted by Clima Capital Partners to establish a Blue Investment Fund (BIF) as part of the Fiji Blue Bond Support Project run by UNDP which is now being referred to as the Blue Lending Facility. The Blue Lending Facility is a focused and scaled down version of the BIF that seeks to use the implementation recommendations suggested in the feasibility study.

Additionality – How Can This Be Scaled?

The reorientation plan has mapped out a three-pillar intervention strategy for Output 1 which will create a more synchronised and realistic solution to scale up a LMMA blended financing by unlocking and leveraging capital from the domestic financial sector. The three pillars focus on: Pillar 1: Creating legal recognition of LMMAs; Pillar 2: Establishing a dedicated lending facility for LMMAs and Pillar 3: Developing Robust Monitoring and Evaluation Solutions for LMMAs (Pillar three is to be funded through other parallel initiatives being done through regional development agencies; see Figure 2 below).

Figure 2: Three Pillard Reorientation of Output 1 of ICRBE Programme

 Legal and Regulatory Support	 Financial Mechanism	 Monitoring and Evaluation
<p>a. LMMA Ledger</p> <ul style="list-style-type: none"> Establish a country-wide central ledger of declared no-fishing areas managed by communities. The ledger is to be managed by Ministry of Fisheries containing the following information: <ul style="list-style-type: none"> Name of tabu – done for first 30 LMMAs Geographical coordinates – done for first 30 LMMAs Managing entity (e.g. village, hotel, dive shop etc.) – to be done by C3 for first 30 LMMAs. Any already existing management guidelines – to be done by C3 for first 30 LMMAs. Conduct technoeconomic feasibility studies to develop investment business cases for first 30 LMMAs. <p>b. Regulation</p> <ul style="list-style-type: none"> Draft and gazette a simple regulation under the fisheries Act 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 have worked with FDB to develop a the Blue Lending Facility for FDB 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. This Blue Lending Facility will provide preferential lending to communities registered on the National LMMA Register.</p> <p>The next step entails:</p> <ol style="list-style-type: none"> The ICRBE Programme will work with C3 and FDB to pilot the 30 identified well developed LMMAs to pilot the lending product through FDB. UNDP/UNCDF will support this work by putting up a US \$300,000 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. Facilitate co-financing arrangement with domestic financing institutions to continue capitalizing and lending through the Blue Lending Facility. Leverage of existing MoUs between FDB and local financial institutions. Use FDB's accreditation to the Green Climate Fund to leverage new and additional portfolio based financing for the Blue Lending Facility which could be backed by sovereign credit guarantee from the Government of Fiji. Work with the Government of Fiji to potentially issue a second thematic bond to support long term capitalization of the Blue Lending Facility or allocate annual reoccurring fiscal budget support to similar to ongoing agricultural lending initiatives. 	<p>The ICRBE Programme to work with development partners working in the maritime sector/maritime surveillance to develop integrated coastal monitoring solutions using the following:</p> <ol style="list-style-type: none"> Coastal Radar Solutions Drone Surveillance Inshore vessel tracking solutions <p>These interventions are crucial to protect and preserve the LMMAs on the National LMMA register from illegal fishing, drug trafficking, etc.</p>

Work on Pillar 1 ties into Activities 2.3: Strengthened and harmonized policies, strategies, plans and financing from the government of Fiji for improved environmental biodiversity protection and 2.4: Establish recognition, rewards and monitoring systems to incentivize the private sector to act sustainably of the ICRBE Project. Currently LMMAs can only achieve legal recognition under the archaic 1941 Fisheries Act by relinquishing traditional custodianship to the Government and being designated as a Marine Protected Area (MPA). This is highly sensitive for coastal communities who depend on inshore biodiversity and consider the inshore fisheries as part of the Vanua (traditional home). This legal recognition is expected to allow financial institutions in Fiji to recognise LMMAs as an asset and allow LMMA custodians to access debt/capital to develop reef positive businesses such as mariculture/aquaculture, eco-tourism, sustainable agriculture, and improved cold storage for sustainable community-based fisheries. This approach is predicated on supporting successful community cooperatives that are keen to venture away from fishing into alternative reef-positive livelihoods but do not have accessed to affordable financial solutions.

While awaiting the onboarding of C3, UNDP had commenced a systematic identification, mapping and socialisation of 30 high impact LMMAs with the assistance of a highly experienced LMMA practitioner and former Ministry of Fisheries official. This work has been completed with 27 of the 30 villages in charge of protecting the LMMAs signing up to be part of the ICRBE Programme and be on the LMMA register, GIS coordinates of the 30 LMMAs have been mapped, and a draft national regulation has been developed for submission to the Cabinet Ministers for endorsement entailing mechanisms for legally recognising the LMMA register under the Fisheries [Act](#). The PMU

is awaiting approval of the revised project workplan for 2025 by the GFCR and Joint SDG Fund before commencing with finalising a Cabinet Paper and having it submitted by the Ministry of Fisheries.

Once onboarded as the implementing partner for Output 1, C3 will commence techno-economic scoping and investment structuring of the 30 LMMAs already identified with a focus on supporting pre existing SPEs (community cooperatives) and the operationalisation of the Blue Lending Facility with FDB by providing technical guidance on investment covenants related to ecological impact indicators. C3 will be tasked to support FDB and the ICRBE Programme place investments in at least 10 of the 30 LMMAs identified. The work on the LMMA register, the national regulations, and the Blue Lending Facility has the ability to revolutionise sustainable inshore fisheries financing in Fiji and unlock domestic financing for over 400 LMMAs registered in Fiji covering 4% of Fiji's EEZ. The community led SPEs managing the LMMAs will be able to get concessional loans from the FDB's Blue Lending Facility, and these loans will support investments in more sustainable fishing practices, alternative sustainable livelihood generation for fisherfolks as well as financing community run conservation activities.

From a gender perspective, the United Nations Food and Agriculture Organization estimates that of the 247,126 rural Fijians dependent on the fisheries sector, there are around 30,000 subsistence fishers in Fiji, with women making up more than 80% of those 30,000 fishers. Support to the 30 LMMA SPEs will focus on having at least 50% of the beneficiaries being women or women led cooperatives.

With regard to long term sustainability of the Blue Lending Facility, discussions are already underway with the iTaukei Affairs Trust Fund Board, Fijian Holdings Limited, and Merchant Finance to capitalize the lending facility beyond the duration of the ICRBE Programme. Moreover, the UNDP/UNCDF project team also led the successful issuance of Fiji's first ever Sovereign Blue Bond issued in November 2023 valued at US \$10 million which was oversubscribed 3 times. As a result of the successful blue bond issuance, the Government of Fiji is keen to issue a gender bond focusing on empowering women in the blue economy space with one of the potential project beneficiaries being the Blue Lending Facility.

Schematics to Deploy Blended Lending Facility:

With regard to Pillar 2, most of these SPEs (community cooperatives) operating in the 30 selected LMMA will be small in nature, therefore, providing concessional loans to each LMMA will not be feasible and viable. As such, the Programme team intends to work with FDB as a responsible party.

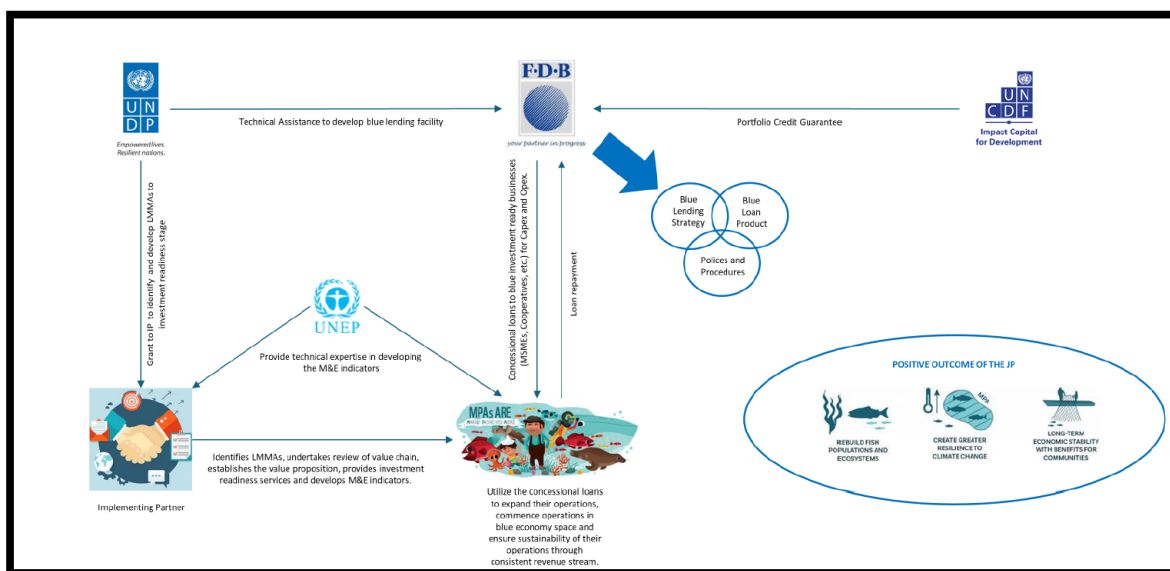
UNDP/UNCDF have already completed the development of the following documents to support the operationalization of the Blue Lending Facility through a credit guarantee scheme with FDB:

- Blue Financing Framework Baseline Study
- Sustainable Blue Economy Finance Strategy for FDB as an organization;
- Sustainable Blue Finance Policy for FDB as an organization;
- Blue Lending Facility Product Information Package;
- Client Screening Checklist for the Blue Lending Facility; and
- Credit Risk Approval Memo for the Blue Lending Facility.

The Blue Lending Facility will be initially capitalized by FDB's internal resources and is envisaged to be backed by a US \$300,000 credit guarantee using funds from the ICRBE Programme being managed by UNCDF, thereby enabling lending risk reduction and quick rollout of the lending on

the back of robust techno economic baseline work and technical advice provided by C3. Figure 3 provides a working schematic of the Blue Lending Facility.

Figure 3: Blue Lending Facility Schematics



Financial Leveraging:

The total allocation for the establishment of the LMMA Financing facility stands at US \$450,000 of which US \$150,000 is allocated for engagement of C3 to undertake techno economic preparatory works across the 30 identified LMMAs and supporting investment placement in at least 10 of those LMMAs. The remaining US \$300,000 is to be placed as a credit guarantee with FDB for the Blue Lending Facility.

The credit guarantee of USD \$300,000 will leverage US \$2.1 million through the following resulting in a 1 is to 7 leverage ratio:

- Financial lending of up to US \$600,000 by FDB internal resources
- Senior loan from Merchant Finance offered to the FDB portfolio of US \$600,000 – matching FDB lending
- Credit Guarantee for Merchant Finance from the iTaukei Trust Fund Board of US \$600,000
- Equity investment from Fijian Holdings Limited or Provincial Councils of US \$300,000.

2) Outcome 2: Transforming the livelihoods of coral reef-dependent communities (Total Funds Available – USD5.6M)

Outcome 2 of the Programme had three investments that were to be brought to investment readiness by MPL but did not eventuate due to reasons explained in the ensuing subsections. The three transactions are as follows:

- Development of Fiji's first modern sanitary landfill in the Western Division to serve 350,000 inhabitants (1/3 of Fiji population) and 80% of 900,000+ tourists who visit Fiji annually, ensuring no waste enters the inshore reef ecosystem from waste treatment facilities in Western Fiji. This transition also included the rehabilitation of the four existing western dumpsites in Sigatoka, Lautoka, Ba, and Rakiraki townships and converting the dumpsites into a network of collection and sorting facilities.

- ii. Establishment of a biofertilizer factory to reduce Fiji's dependence on synthetic fertilisers and its impact on coral reefs linked to unsustainable agriculture practices.
- iii. Establishment of Technical Assistance Facility (TAF) to support the start up of reef positive businesses in Fiji.

1. Western Landfill Transaction:

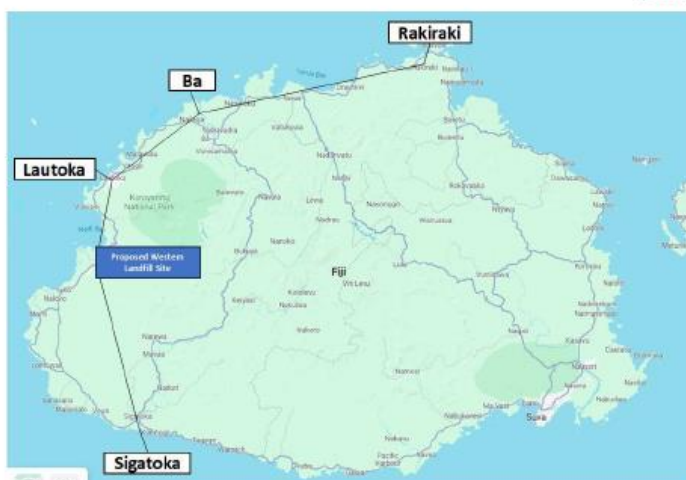
A summary of the Western Landfill transaction is provided in Figure 4 which has been taken from a presentation deck developed by the Government of Fiji. Total funding available for this transaction is US \$3.75 million of which US \$250,000 is for technical preparatory works and US \$3.5 million is for investment as blended finance in the transaction.

Figure 4: Western Landfill Transaction Summary

Western Landfill Project



- The Western landfill will be Fiji's first modern landfill: it will serve 350,000 inhabitants (1/3 of Fiji population) and 80% of 900,000+ tourists who visit Fiji annually, ensuring no waste enters the inshore reef ecosystem again.
- The Government of Fiji plans to tender out for a new sanitary landfill solution in the Western Division to replace four existing western dumpsites in Sigatoka, Lautoka, Ba, and Rakiraki townships and convert the dumpsites into a network of collection and sorting facilities.
- Through the Investing in Coral Reefs and Blue Economy Project (ICBRE), UNDP and UNCDF are supporting the Government with a US \$3.5 million concessional loan/grant and US \$250,000 in technical support.
- The project size is US\$15-30 million and is expected to be financed through a blend of public and private finance, including funds allocated from the ICBRE.



The overall Western Landfill transaction entails the simultaneous or sequential (depending on PPP approach suggested by ADB) activities of rehabilitating the existing dumpsite into Material Sorting Facilities and constructing of new sanitary landfill which is expected to be sequenced as shown in Figure 5 below.

Figure 5: Western Landfill Project Sequencing



Challenges:

Although this transaction had progressed to the pre assessment stages for investment placement through UNCDF, the Government of Fiji was reluctant to provide a conditional approval to enter into a PPP with MPL and its Consortia without an open tender process as there is no such provision to issue direct commitment to the private sector under the Fiji Public Private Partnerships (PPP) Policy or any other Government of Fiji regulations. This is an inherent design flaw in the Project Document which seemingly committed to develop the Western Landfill Transaction through MPL without due recognition of domestic PPP procedures.

The Government of Fiji through a Cabinet of Ministers decision and under technical guidance of the Ministry of Local Government, have decided that the Western Landfill transaction is to proceed through an open and transparent tender process run through the Government tender procedures to select a private sector partner. The initial process indicatively suggested by the Government of Fiji was to work through an ‘unsolicited bid’ procedure in the PPP Policy which still would have required a competitive process. In this regard, the ICRBE Project cannot be favouring a particular private sector entity in an open tender process thereby being unable to proceed with the Western Landfill transaction with MPL. The Government of Fiji has clearly informed MPL that it would need to participate in the tender process like any other company.

A total of US \$481,500 was provided in grants to MPL to develop the transaction which does give them a competitive advantage in the tender process. The outputs achieved with these funds were:

1. Incorporation of company to manage the landfill project, Vulavula Sara Pte Ltd
2. Waste audit methodology completed.
3. Land surveying and mapping completed.
4. EIA screening application submitted.
5. Concepts for landfill, transport, RTS, materials recovery developed
6. Detailed Business Case Timeline and Costing developed
7. Presentation of preliminary business case information to the Government of Fiji

Unfortunately, these outputs cannot be used as part of the reorientation plan as the Government has endorsed to undertake a competitive process to engage a private sector partner to undertake future work.

Reorientation Plan:

Given that the Western Landfill transaction is a major Government priority², the project team will work closely with the Ministry of Local Government, as decided by the Cabinet of Ministers, to progress this transaction in line with Government tender procedures.

However, upon further review and a comparative analysis of past infrastructure projects in Fiji, including the construction of the Naboro Landfill in Suva, it has become clear that such an ambitious project requires more time than the ICRBE Programme's duration allows. The timeline for developing a new sanitary landfill in a jurisdiction as challenging as Fiji is significantly longer than the current lifespan of the ICRBE Programme, even with a potential no-cost extension until March 2026.

The development of a landfill involves complex regulatory, technical, and environmental considerations that demand extensive planning, stakeholder engagement, land acquisition, financing arrangements, and long-term infrastructure development. The experience with the Naboro Landfill, which took several years to bring online, highlights the lengthy process involved. Given this, it is unlikely that the ICRBE Programme will be able to complete a full landfill transaction by the time the programme concludes.

To ensure the ICRBE Programme's objectives are still met, it is recommended that the focus of this particular transaction be reoriented and smartly downsized. Instead of aiming for the development of a new landfill, the ICRBE Programme can catalyse the foundational work required for the long-term development of the Western Division landfill by focusing on critical preparatory actions. This entails rehabilitating at least one major dumpsite and transforming it into a Material Recycling Facility (MRF), which can demonstrate the public-private partnership (PPP) model needed to scale up the solution for the broader Western Landfill transaction and eventual replication on Vanua Levu – see section of Additionality below.

The reoriented transaction would focus on three major areas that would lay the groundwork for a future sanitary landfill in the Western Division. These are as follows:

- 1) **Feasibility Study for Remediation Approaches and Waste Management Authority**
This includes a comprehensive study to identify possible remedial measures for existing dumpsites, as well as an evaluation of the feasibility of establishing a Waste Management Authority in Fiji. The feasibility study will provide critical information to guide future decisions and help structure not only the dumpsite rehabilitation plan but the entire Western Landfill transaction as well. Amount: US \$150,000.
- 2) **Grant Financing for Dumpsite Rehabilitation (PPP Partner)**
A significant portion of the funding would be allocated to the rehabilitation of an the existing dumpsite (ideally the Sigatoka dumpsite as this is next to a national heritage site, encroaching onto the beach, and is hindering major tourism sites) provided as grant financing to the private-sector PPP partner. This funding would be placed in and drawn from the Environmental Trust Fund to ensure it is used appropriately and in alignment with environmental goals. Amount: US \$2 million
- 3) **Debt Financing/Credit Guarantee for PPP Partner's Equipment Purchase**

To ensure that the rehabilitated dumpsite and MRF can be effectively operated, this component of the funding would be used to provide debt financing or a credit guarantee to the private-sector PPP partner to be implemented directly through UNCDF. This financing would enable the partner to purchase the necessary machinery and equipment for the facility's operations similar to the support given to Beqa Adventure Divers under Outcome 1. Amount: US \$1.5 million

By reorienting the transaction in this way, the ICRBE Programme can still achieve meaningful progress towards waste management and environmental sustainability goals, while also positioning the Western Division for a future sanitary landfill development. This approach ensures that the available funding is used effectively and that the Programme leaves a lasting impact, even within its limited timeframe.

In addition, an independent transaction advisor will be engaged to oversee and provide guidance in relation to the development of the overall/broader Western Landfill Project. The ICRBE Programme team has been able to solicit the assistance of ADB to undertake the role of an independent transaction advisor for the Government of Fiji given their extensive expertise in developing PPP projects both in Fiji and globally (an agreement between the Government of Fiji and the ADB has been signed in February 2025). ADB is generally tasked to:

- (i) develop a PPP methodology for the Western landfill project that is in line with the Fiji laws, regulations and policies;
- (ii) develop the PPP tender documents and conduct the tender process for the Government of Fiji;
- (iii) provide contracting support to the Government of Fiji; and
- (iv) if needed, support the Government of Fiji to oversee construction and commission of the new Western Landfill.

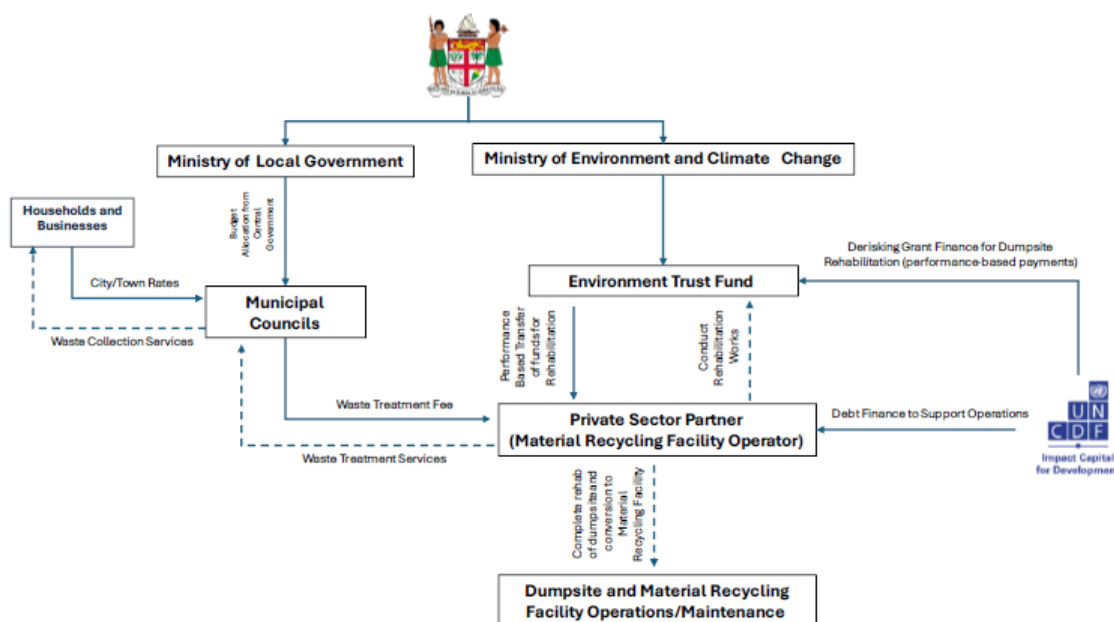
Through the ICRBE Project, UNDP, UNCDF and UNEP will provide technical support to tendering process ensuring sustainability and alignment with Joint SDG Fund and GFCR investment principles/global indicators are maintained, support collaboration within an intergovernmental taskforce (to be established by the Ministry of Local Government, as per Cabinet of Ministers directive, to ensure all government agencies are working in unison to achieve the Western Land transaction) and that the smaller dumpsite rehab PPP is incorporated into the broader Western Landfill transaction.

This approach helps enhance the credibility of the Western Landfill transaction showcasing multi-stakeholder partnership between development partners, allows ADB to eventually place investments/financing into the PPP transaction as it deems appropriate, derisks the pressure placed on PUNOs to structure a PPP transaction that may be beyond the technical expertise of the ICRBE project team, and encourages bilateral development agencies such as the Australian Infrastructure Financing Facility for the Pacific and the US Development Finance Cooperation to engage in the PPP transaction if it is structured well.

Schematics to Deploy Blended Finance Instrument:

A total of US \$3.5M is available for deployment as blended finance to support the landfill project. The proposed schematics for funding the rehabilitation of a dumpsite under a PPP model is shown in Figure 6 below.

Figure 6: Western Landfill Blended Finance Deployment



Additionality – How Can This Be Scaled?:

The Western Landfill transaction is expected to inform the Waste Management System Enhancements component of the newly approved World Bank Fiji Tourism Development Program in Vanua Levu that aims to support Fiji's efforts to develop the tourism potential of Vanua Levu, the country's second largest island, is expected to benefit at least 60,000 Fijians through the creation of new jobs, and tourism infrastructure investment. Amongst various infrastructure improvements, this US \$200 million project seeks to modernise waste management solutions in the Northern Division of Fiji which is in close proximity to major coral reef and marine biodiversity hotspots – including the Great Sea Reef. Specific interventions in this regard include:

- Develop new landfill/solid waste management system for Vanua Levu (component 2b.);
- Rehabilitation of Savusavu dumpsite (capping, reveg., runoff mgmt.) (component 2b.); and
- Small-scale pilot of sewerage treatment facility Savusavu town centre (component 2b.)

Following various discussions with all key stakeholders facilitated by the Ministry of Local Government, the abovementioned World Bank project will await the commencement of the Western Landfill transaction to ascertain how workable solutions can be replicated in Vanua Levu (Fiji's second largest island). Discussions are underway to discuss solutions that may entail waste collection and recycling facilities in the northern division and an interisland waste transfer solution that would link non-recyclable waste to the Western Landfill. Further details on the World Bank project can be found here along with its Environment and Social Management Framework.

Financial Leveraging:

With a US \$3.5 million investment by the ICRBE Project managed by UNCDF, a total of US \$7 million is expected to be leveraged through the following resulting in a 1 is to 2 leverage ratio:

- Private sector partner equity of at least US \$1 million;
- Derisking finance in collaboration with SPC US \$3 million;

- Potential grant financing from Environment Trust Fund of Government of Fiji US \$1 million; and
- Fiji Government equity contribution in the form of land and municipal waste transportation solution of at least US \$2 million

Timelines

Timelines:

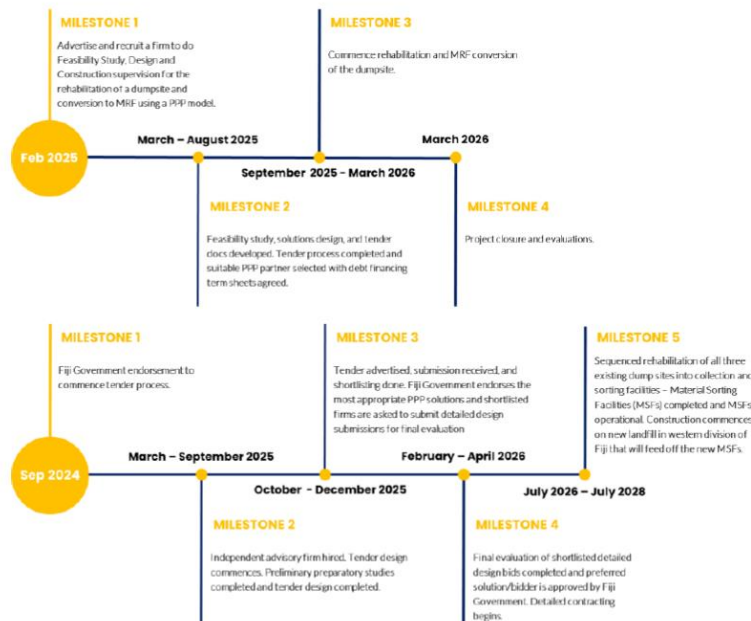
The rehabilitation of one of the four dumpsites and conversion to a MSF is expected to have the following timelines:

Activity	Timeline
Advertise and recruit a firm to do Feasibility Study, Design and Construction supervision for the rehabilitation of a dumpsite and conversion to MRF using a PPP model.	31 January 2025
Finalise contracting of the Firm	28 February 2025
Firm completes its feasibility and design deliverables	15 May 2025
Stakeholder engagement and agreement in line with way forward suggested in the Feasibility Study	29 May 2025
Tender design completed for preferred type of solution	15 June 2025
Tender advertised	25 June – 15 August 2025
Tender evaluation and award – this includes financing agreement for debt/loan finalised with UNCDF	1 September 2025
Commence rehabilitation and MRF conversion	8 September 2025
Construction completed and commissioning done	1 March 2026
Monitoring and Reporting on loan disbursements, ecological targets and leveraging targets – every quarter from the point of disbursement. To be led by Government of Fiji with technical support from UNDP and UNEP for 12 months period	1 December 2025/1 March 2026/1 June 2026
Fund raising and capitalization for scaling up the PPP Model for Western Landfill Transaction	August – March 2026
Project operational closure and final reporting	March 2026

For reference, the overall Western Landfill transaction timelines and its synergy with the scaled down ICRBE Programme intervention is shown in Figure 7 below.



Timelines



2. The Fertile Factory Company

The TFFC transaction aims to produce organic fertilizer locally by diverting carbon-generating organic waste destined for landfills. Given Fiji's heavy reliance on imported synthetic fertiliser (FJD22M), the project intends to use organic fertilizer to displace imported synthetics which in turn will improve soil quality; reduce run-off that harms adjacent coral ecosystems and reduces costs to farmers and Government (subsidies for sugar cane farmers).

Issue:

Despite the loan agreement being executed in January 2023, the loan drawdown was not processed as the conditions were not met (Environment Impact Assessment).

In January 2024, once TFFC had fulfilled all conditions precedent, they requested for the loan drawdown. Due to the substantial time lapse between the loan approval and the request for loan drawdown, a loan amendment was required to realign the repayment schedule with the business's financial projections.

However, due to the change in leadership at UNCDF, an amendment was only approved in March (three months after TFFC issued the drawdown notice). Although UNCDF's new Executive Secretary signed the amendment, because of the unavoidable delay, TFFC was hesitant to sign it as further financial analysis was deemed necessary. Furthermore, it was found that MPL had taken an equity stake in TFFC and wanted funds to be routed through their impact fund which was not possible from a UNDP POPP perspective. This added to MPL and its partners not wanting to draw down on the loan.

Given the withdrawal of MPL from the JP, this transaction will not progress to ensure that no issues arise regarding intellectual property claims by MPL. A total of USD230,000 was provided in grants to develop this transaction. A total of USD 0.75M is available for deployment as blended finance to support an organic fertiliser business.

3. Technical Assistance Facility

The purpose of this output was to use the technical assistance facility to develop a pipeline of investible projects which have positive impact on marine biodiversity and the coral reefs.

Through the Technical Assistance Facility (TAF), Matanataki developed a pipeline of investment ready reef-positive sustainable businesses with an emphasis on employing local community members, especially women and youth. UNCDF provided a total grant of USD 321,400 to Matanataki over the period between 16-Aug-2021 to 30 Sep-2023 to develop the following pipeline of projects: Sealink, Mango Fish, Siga Damu, Yavahuna Pte Ltd and Sunshine. **Annex 2** provides a brief update on this pipeline of projects.

Issue:

Initially, UNCDF was to deploy the blended finance instruments to the projects incubated by Matanataki based on a pre-assessment and due diligence. However, in 2023, UNCDF went through an audit which questioned the sourcing and selection of these projects. In addition, with the withdrawal of MPL from the JP, the access to this pipeline of projects. A total of USD1.01M is available under the activity to support TAF projects.

Reorientation Plan:

Given the limited time available to implement the ICRBE Programme even with a no cost extension till March 2026, its is recommended that the TFFC and TAF transactions be removed as there is limited time to incubate new projects which, judging from three very successful business incubators run by UNDP, take between 18 to 14 months in Fiji. This will allow the Programme to focus on 'big ticket' transactions with high scale-up potential thereby using the remaining Programme funds efficiently. In this regard, it is suggested that the total of US \$1.76 million be either:

- Option 1: allocated to the Output 1 to help scale up the Blue Lending Facility; or
- Option 2: returned to the donors.

Next Steps and Overall Timelines

Action	Sub-Action	Responsibility	Deadline	Status
Correspondence to Matanataki	<p>UNCDF to respond to Jodi Smith (CEO Matanataki) acknowledging Matanataki's withdrawal from the ICRBE programme.</p> <p>*Confirm legal status of the Letter of Exchange and adapt UNDP Fiji RR's response accordingly.</p>	UNCDF	October – November 2024	Completed
Close out contractual obligations with Matanataki	Confirm that there are no pending contractual obligations with Matanataki.	UNCDF	October – November 2024	Completed
Formal communication from UNDP Fiji CO to Donors (GFCR and UNJSDG)	High level communication from UNDP Fiji CO to Donors (Joint SDG Fund and GFCR) to present Reorientation Plan and way forward.	UNDP Fiji MCO	20 December 2024	Pending

Fund)				
UNDP & UNCDF Technical Team Meeting with Donor Representatives.	Technical discussion between ICRBE Programme Team and Donor Representatives on the Reorientation Plan. Finalise technical amendments before donors commence with their formal approval processes. *Expected programme closure in March 2025 - seeking no cost extension until March 2026.	UNDP-UNCDF technical teams	10 January 2025	Pending
Programme Amendment Reviewed by the JSDGF Board and the GFCR Executive Board	Review of the amended programme adjustment request by the JSDGF and GFCR Board.	JSDF Global Team and the GFCR Programme Team	January to February 2025	Pending
JSDGF Board and the GFCR Executive Board Final Decision shared with Fiji CO	Communicate donor Board decision to UNDP Fiji CO via Official Decision Memo.	JSDF Global Team and the GFCR Programme Team	January to February 2025	Pending
Fiji Programme Board meeting	Based on the outcomes of the decision of the donors, presentation of the current programme issues and implications, and endorsement of way forward. *Approval and signature of a Note to File documenting the current status, amendments, decision-making process, compliance with the UNDP rules and procedures, next steps.	UNDP Fiji MCO	12 March 2025	Pending

Grants and Investments:

Beqa Adventure Divers (BAD)

Grant through the Project funding continues to be utilised through various initiatives by Beqa Adventure Divers. These include:

- Fish warden course in the village of Galoa for selected villagers and several of BAD staff. This allowed BAD to delegate the majority of the poaching patrols where they offered the villagers a fuel subsidy along with a generous bonus for apprehending and delivering poachers to the police.
- BAD continued with their own Poaching patrols with more than 20 patrols (night and day) conducted in 2024. As a result of the increased poaching patrols, no individuals were

apprehended during the reporting period, which is a highly encouraging sign. This outcome suggests that the presence of patrols is effectively deterring illegal activities, contributing to the protection of wildlife and preservation of natural habitats. The absence of poaching incidents not only reflects the success of these preventive measures but also underscores the importance of continued vigilance and enforcement to maintain this positive trend.

- Village Mangrove Project with the village of Galoa through Project Abroad.

Investment, Challenges, Next Steps

BAD has continued to perform well on the loan rearrangement, demonstrating strong financial management and operational improvements. During the reporting period, BAD's financial performance slightly exceeded the budget, enabling the company to meet its loan repayments. This positive outcome is partly due to the stable tourism sector in Fiji, which is expected to remain steady in the coming year, potentially having reached its peak. The financial performance in the past six months was higher compared to the first half of the year, aligning with the peak season. The restructure of the UNCDF loan has provided much-needed relief on the company's cash flow, and BAD is grateful to UNCDF for their approval. The partner has made timely loan repayments based on the new loan structure, further solidifying BAD's financial stability.

Looking ahead, BAD plans to tightly manage its cash flow and balance sheet to ensure there is a cash buffer or reserves to sustain any economic shocks. This strategic approach will help maintain the company's financial health and support continued growth. The improved operations compared to the last reporting period highlight BAD's commitment to financial discipline and effective management. By maintaining a strong focus on cash flow management and leveraging the benefits of the loan restructure, BAD is well-positioned to navigate future challenges and capitalize on opportunities within the stable tourism sector.

(Refer to above for Challenges and Adjustments)

Lessons Learned:

- Lesson #1: The very successful Beqa Adventure Divers transaction shows that reef positive solutions can be built around pre-existing businesses which have a higher probability to succeed. Reasons for this are that the governance and institutional modalities of a pre-existing business are already in place and funding support from the Project can serve as catalytic seed capital. BAD was an investment on its own under Blue Alliance even though they did receive technical assistance from Blue Alliance. They have continued to work autonomously on their own, benefitting from a project preparation grant, obtaining a loan from FDB to build an entire new research facility office and purchase a new outboard engine for their monitoring vessel. This was done to scale up their operations, all while continuing to develop business plans and financial models. They have been successfully paying off the loan with no issues. Lending from domestic financial institutions to an existing business is more feasible since the existing business needs to be cash positive and demonstrate operations for 3 years.
- Lesson #2: The unsuccessful Korolevu-i-wai transaction demonstrates how a business should not be introduced to a community that is being dealt with at arms-length and already extremely cautious about losing its traditional LMMA access rights. These complex financial transactions, no matter how catalytic or transformative, require a development entity that understands Fijian traditions. Blue Alliance wanted to develop a Special Purpose Entity (SPE) that would establish a sea sensorium along with other complex tourist ventures that the KiW community had no prior experience in. In response, the community agreed to the transaction but wanted to oversee the daily operations of the

SPE to ensure their customary interests were protected. This was not agreeable with Blue Finance as their investors wanted Blue Finance to manage daily operations. Though the KiW community had some knowledge of doing business, the feasibility of doing business in a Fijian community needs an appreciation of local knowledge which was absent with Blue Finance. The inability for Blue Finance to have proper in-country representation and its insistence to remotely control such a sensitive transaction from other parts of the world with very limited understanding, made this transaction impractical.

- Lesson #3: Private sector for projects implemented by PUNOs should be selected in a tender process with strict requirements of the applicable policies and procedures on knowledge of local customs and conflict of interest. The selection of Blue Alliance as a contractor based outside of Fiji to develop LMMA projects was a deviation that PUNO cannot afford to repeat. There were many issues that arose during MPL's engagement time in implementing ICRBE. Clauses should have been in MPL's contract to:
 - not take equity position on any transactions it develops since such involvement would place the entity in a conflict of interest;
 - recognize GoF transactions are subject to an open tender process;
 - place responsibility on the entity to comply with all government legislation around the transaction and secure all government permits to ensure the transaction is implemented.

Emerging Risks

- Financial risks to sustainability: There are no financial risks to the sustainability of the ICRBE Project. The Blue Lending Facility under the FDB is in discussions with the iTaukei Affairs Trust Fund Board, Fijian Holdings Limited, and Merchant Finance to continue capitalization of this facility. Moreover, the UNDP/UNCDF also led the successful issuance of Fiji's first ever Sovereign Blue Bond issued in November 2023 valued at US\$10 million which was oversubscribed 3 times. As a result of the successful blue bond issuance, the Government of Fiji is keen to issue a gender bond focusing on empowering women in the blue economy space with one of the potential project beneficiaries being the Blue Lending Facility. Hence, there is a likelihood of financial and economic resources being available once the Project ends assuming income generating activities and funding from gender bonds are available. These financial resources should be adequate for sustaining Project outcomes. For this reason, the rating for financial risks to sustainability is likely (L).
- Socioeconomic risks to sustainability: For Transactions 1 (and Transaction 4 which has been subsumed into Transaction 1), there is demand and willingness on the part of community-based cooperatives to undertake improvements to LMMAs and businesses that enhance coral reef protections. Furthermore, the Western Landfill, Transaction 2, is of national significance to the GoF. There may also be discrimination against women and other disadvantaged groups though a GESI Action Plan is designed to mitigate these discriminations. There is also a risk that the level of stakeholder ownership by governments and other key stakeholders is insufficient to allow for the investment outcomes to be sustained. Currently, most (if not all) key stakeholders are aware that it is in their interest to have investment benefits flow. As such, socioeconomic risks to sustainability are rated as likely (L).
- Institutional framework and governance risks: GoF is highly supportive of the ICRBE Project. As an example, the Western Landfill is included in national plans and policies such as the National Waste Management Strategy 2011-2014 under Section 13.4, the 2017 Green Growth Framework for Fiji under Thematic Area 2, and under Section 7.4 of the Fiji National Development Plan 2025 - 2029 and Vision 2050. The GoF is also highly supportive of the LMMA transactions through the involvement of Blue Economy Lending Facility with FDB as the national public sector entity and Government owned development bank based in Fiji.

MoECC officials, the GoF have a commitment to make legal frameworks, policies, governance structures and processes efficient that will create mechanisms for accountability, transparency, and technical knowledge transfer. This will reduce risks that may jeopardize investment benefits provided institutional capacities are built to be operated after the EoP. These capacities also do not include yet-to-be-identified champions; the process of selecting champions is underway. As such, the strong involvement of the GoF on the ICRBE Project only serves to mitigate the institutional framework and governance risks to sustainability. As such, institutional framework and governance risks to sustainability are rated as likely (L).

- Environmental risks to sustainability: There are still risks related to climate change that are expected to increase the frequency and severity of floods in these communities, potentially impacting the Project's investments before they are completed. As there is no certainty of how often this may occur, the rating of environmental risks to sustainability is moderately likely (ML).

Overall sustainability of the ICRBE Project is moderately likely due to the risks of climate change that potentially impact the Project's investments before they are completed.

III. Solutions

1. Overview of Progress and Composition of Solution Portfolio

Beqa Adventure Divers

The Loan is intended to finance the following capital expenditures, in accordance with the requirements of the Global Fund for Coral Reef (GFCR) and the Joint SDG Fund (JSDG): purchase new engines for boats and construction of a new and sustainable base station for diving and marine research, including a new building. These capital expenditures are meant to enhance the management and ecological monitoring of the Marine Protected Area (MPA) and will further be used to build onsite accommodations for welcoming guests on site.

Concessional debt: A concessional loan agreement with BAD was executed in November 2021 in the sum of FJD720,000 to purchase new engines for boats and construction of a new and sustainable base station for diving and marine research, including a new building. This transaction demonstrates the potential of the programme to contribute towards the goal of the Project when there is a credible and collaborative implementing partner. BAD has honored all the loan repayments, pre and post loan restructuring. In the initial loan agreement, the term of the loan was 5 years, and the loan repayments were quite substantial; however, BAD honored the loan repayments. Due to the effects of COVID-19 on the operation of BAD (due to the closure of borders), the financial performance was significantly affected. As such, BAD requested for a loan restructuring in Q4-2023 to extend loan tenor and reduce principal repayments to avoid pressure on cash flow. The loan restructuring was approved in early 2024 after a thorough analysis was undertaken by the Project in consultation with the implementing partner. The new loan tenor was extended to 7.5 years which has reduced the loan repayments in line with the financial performance of BAD. To date, BAD has made a total of FJD322,000 in loan repayments (interest plus principal). The total principal outstanding is FJD545,000. In addition, BAD has adhered to all the reporting requirements as part of the loan agreement and are involved in regular consultation with the Project team with regards to monitoring and areas for further collaboration. Furthermore, once approval is provided to pivot from Blue Alliance to the new contractor, the Project will design a suitable blended finance instrument to enable businesses within MPAs to access funding for sustainable business development – this could potentially be in the form of helping a local development financial institution to operationalise the Blue Lending Facility with initial financing of US\$300,000 as credit guarantee earmarked for supporting financing of 10 of the 30 LMMAs for which the new contractor will develop business plans.

Beqa Adventure Divers (BAD): US\$150,000 (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 PBG have been completed. The Grant was utilized for meetings with cillages, scientific research, poaching patrols and new environmental projects that included My Fiji Shark Project Management, Shark Reef Marine Reserve Fish Count, Shark Reef Marine Reserve Benthic Biodiversity Assessment, village meetings and payments, data analysis indicator species, anti-poaching patrols, re-establishment of mangrove nursery, establishment of Giant Clam Nursery and repopulation of shark reef and production of baited remote movie.

Overview of Progress and Composition of Solution Portfolio

Over the past year, the portfolio has demonstrated significant growth, particularly in the sustainable ocean production and financial mechanisms sectors. Beqa Adventure Divers (BAD) has been a key player in this progress, leveraging concessional financing and grants to enhance marine conservation efforts and sustainable business development. The concessional loan of

FJD720,000 facilitated capital expenditures such as new boat engines and the construction of a sustainable base station. Despite initial financial challenges due to COVID-19, BAD successfully restructured its loan, extending the tenor to 7.5 years, ensuring financial sustainability. To date, BAD has repaid FJD322,000, maintaining compliance with reporting requirements.

The portfolio includes diverse solutions aligned with the Global Fund for Coral Reefs (GFCR) priority sectors. These include sustainable ocean production through marine conservation, circular economy initiatives such as waste management and marine biodiversity restoration, and innovative financial mechanisms like concessional lending. BAD's initiatives, such as the My Fiji Shark Project and Shark Reef Marine Reserve assessments, underscore progress in scientific research and ecological monitoring, which contribute to revenue-generating opportunities and community engagement.

Aligning with GFCR's strategy, the portfolio effectively addresses key drivers of coral reef degradation, including overfishing and habitat destruction. However, challenges remain in scaling solutions due to limited access to tailored financial instruments. Efforts to bridge these gaps include the potential establishment of a Blue Lending Facility to support businesses within Marine Protected Areas (MPAs).

From a gender equality and social inclusion (GESI) perspective, BAD's projects involve local communities, including youth and women, in conservation efforts, training, and sustainable business initiatives. For instance, village meetings and the re-establishment of mangrove and giant clam nurseries provide economic and environmental benefits to indigenous populations.

Environmental assessments indicate that coral reef health in priority sites remains stable, with ongoing monitoring efforts addressing issues such as poaching and biodiversity loss. However, further resilience measures are needed to mitigate future risks.

Support and Financing

The portfolio has benefited from a mix of grants and concessional loans. BAD's concessional loan restructuring in 2024 ensured business continuity and reduced financial pressure, demonstrating effective risk mitigation. Additionally, technical assistance facilitated sustainable marine research and community engagement, enhancing long-term impact.

To de-risk partners, measures such as loan restructuring and ongoing consultation with implementing partners have been instrumental. BAD's adherence to financial obligations and reporting demonstrates the effectiveness of these measures.

During this period, approximately US\$150,000 was mobilized for sustainability projects. The anticipated Blue Lending Facility aims to further scale the portfolio, potentially securing an initial US\$300,000 credit guarantee to support 10 of 30 locally managed marine areas (LMMAs).

Challenges and Lessons Learned

Key challenges include financial sustainability due to external economic disruptions, such as COVID-19, and the need for more targeted financial instruments. The restructuring of BAD's loan highlighted the importance of adaptable financing mechanisms. Additionally, challenges in addressing local degradation drivers persist, requiring enhanced collaboration and funding access.

Lessons learned indicate that flexible financing, stakeholder engagement, and robust environmental monitoring are critical for scaling solutions. The experience with BAD underscores the importance of financial resilience planning in conservation-focused businesses.

Objectives and Milestones for 2025

The primary objective for 2025 is to expand the portfolio by increasing financial access for businesses in MPAs. Key milestones include operationalizing the Blue Lending Facility, securing additional blended finance instruments, and enhancing technical support for marine conservation initiatives. Strengthening partnerships and monitoring the ecological impact will be essential in ensuring long-term sustainability. The milestones are tabulated below:

Activity	Timeline
Complete onboarding of C3	31 January 2025
Finalise coordinates for LMMA areas and digitize them on GIS platform	31 January 2025
Submit LMMA Regulations to Cabinet of Ministers for endorsement/enactment	14 February 2025
Undertake LMMA techno economic assessments for the 30 LMMAs	6 January 2025 to March 2025
Review assessment finding and finalise first set of LMMAs to lend to through the Blue Lending Facility from the list of 30 LMMAs or more	18 April 2025
Finalise the guiding documents for the Blue Lending Facility for FDB with technical guidance provided by C3 and reviewed by UNEP.	25 April 2025
Facilitate formal Memorandum of Agreements between FDB and local financial institutions to support the financial leveraging targets of the Blue Lending Facility.	25 April 2025
Launch the Blue Lending with FDB	2 May 2025
Loan disbursement to the to the first set of LMMAs completed	16 May 2025

Monitoring and Reporting on loan disbursements, ecological targets and leveraging targets – every quarter from the point of disbursement. To be led by FDB with technical support from C3 and UNEP for 12 months period	15 August 2025/14 November 2025/19 February 2026
Fundraising and capitalization for scaling up the Blue Lending Facility	May – November 2025
Project operational closure and final reporting	March 2026

Western Landfill Project: Innovative PPP Financial Solution

Background

The Western Landfill Project is a major priority for the GoF aimed at addressing waste management challenges in the Western Division of Fiji, adjacent to the Great Sea Reef, through an innovative public-private partnership (PPP). This transaction seeks to rehabilitate an existing dumpsite (Sigatoka Dumpsite) into a Material Recycling Facility (MRF) and develop a new sanitary landfill. Given the complexity of landfill development in Fiji, the project is designed to catalyze foundational work necessary for long-term waste management solutions.

Proposed Financing Solution

The financing strategy for the Western Landfill Project employs a blended finance model that integrates grant funding from the ICRBE Project as preparatory funds, debt financing from the ICRBE in the form of a loan, and private sector investment to minimize financial risks and encourage private sector participation. The Asian Development Bank (ADB) will also play a central role in helping the PUNOs structure the PPP model, ensuring compliance with Fiji's legal and regulatory frameworks. The proposed financing components include:

- **Feasibility Study for Remediation Approaches:** A \$150,000 study will assess waste management strategies and the viability of a national Waste Management Authority.
- **Grant Financing for Dumpsite Rehabilitation:** \$2 million will be allocated to rehabilitate a key dumpsite, improving environmental sustainability and enhancing tourism potential.
- **Debt Financing/Credit Guarantee:** \$1.5 million will be provided to the PPP partner to procure necessary equipment and machinery for the MRF.

This structure ensures efficient resource allocation while maintaining alignment with sustainable development goals.

New and Additional Financing

The project leverages an initial \$3.5 million investment from the Investing in Coral Reefs and the Blue Economy (ICRBE) Project, which is expected to attract an additional \$7 million through:

- **Private Sector Equity (\$1 million):** The selected private sector partner will invest equity capital into the project.

- **De-risking Finance (\$3 million):** In collaboration with the Pacific Community (SPC), funds will be allocated to reduce financial uncertainties.
- **Environment Trust Fund (\$1 million):** The Fijian government's environmental initiatives will contribute grant financing.
- **Government Equity Contribution (\$2 million):** This includes land allocation and municipal waste transportation solutions.

This blended finance approach ensures a 1:2 leverage ratio, attracting additional investments and supporting long-term waste management solutions.

Challenges and Lessons Learned

One of the primary challenges encountered in this transaction was the lack of an open tender process in the initial design. The Government of Fiji emphasized adherence to legal requirements by mandating a transparent tendering process. Additionally, past infrastructure projects such as the Naboro Landfill highlighted the lengthy timeline required for such developments, necessitating a phased approach.

Key lessons include:

- **PPP Structuring Complexity:** Proper alignment with national policies and regulatory frameworks is crucial.
- **Time Constraints:** Large-scale waste infrastructure projects require extended planning periods beyond the ICRBE Programme's duration.
- **Stakeholder Coordination:** Effective multi-stakeholder engagement ensures successful PPP execution.

Objectives and Milestones for 2025

For 2025, the Western Landfill Project aims to achieve key milestones that will lay the groundwork for a fully operational landfill and sustainable waste management system. These include:

- **Completion of Feasibility Study (Q2 2025):** A comprehensive study on dumpsite rehabilitation and the establishment of a Waste Management Authority.
- **PPP Tender Process Initiation (Q2-Q3 2025):** ADB-led development of tender documents and competitive bidding for private sector engagement.
- **Grant Allocation for Dumpsite Rehabilitation (Q3 2025):** Disbursement of \$2 million for initial rehabilitation efforts.
- **Financial Close for PPP Agreement (Q4 2025):** Securing private sector financing commitments and government contributions.

This innovative PPP model represents a pioneering effort in Fiji's waste management sector, showcasing how blended finance can drive sustainable infrastructure development while ensuring environmental and economic benefits.

Other Solutions (**More at Annex E & Section II**) that have been discontinued as agreed with Donors are listed below. These transactions were not matured enough to have as much details as the BAD and Western Landfill Transactions:

- KiW LMMA

- Mangoe Fish
- SeaLink Enterprises
- Yavahuna Pte Ltd
- Sigadamu Inc. Pte Ltd
- Fertile Factory Company (see details in Section II)
- Technical Assistance Facility (see details in Section II)

IV. Facilities and Conservation Trust Funds

Catalytic Finance - MPAs

This intervention involves the establishment of a blended finance facility that uses catalytic and development finance to mobilise commercial impact finance into Marine Protected Areas (MPAs). The facility will aggregate investments into Special Purpose Entities (SPEs) that will effectively protect, manage and monitor Locally Managed Marine Area (LMMA) networks of priority coral reef sites in Fiji. Due to limited self-financing capacities, MPAs and LMMAs often lack the resources to adequately protect, manage and improve coral reef ecosystems. To address this issue, the SPEs will generate revenue to fund their management role by catalyzing new and existing reef-first businesses within and around the LMMAs. To attract early private sector investment into the pool of the SPEs, the JP will set-up a blended finance facility aggregating 2 initial SPEs and will provide grants, public investment, concessional loans and loan guarantees to de-risk the private impact investments. The JP partner Blue finance currently has 2 SPE projects close to investment readiness and 5 other SPE projects in its pipeline for the management of 30 LMMAs. An anchor impact investor has already been confirmed (the Sustainable Ocean Fund, Mirova-Althelia with US\$1.4M soft committed). Mirova-Althelia and Blue finance have demonstrated the viability and benefit of this kind of blended finance facility in the Dominican Republic where development and philanthropic finance was used to mobilize commercial finance towards sustainable development (US\$3M in total with projected positive impacts for 800,000 ha marine habitats and 18,000 households).

(Refer to Reorientation Plan as Annexure G - 3.2.2 Outcome 2 indicators and targets)
(Refer to MTR as Annexure H -)

V. Enabling Environment

Fiji has implemented comprehensive policies at both national and sub-national levels to address ocean conservation, fisheries management, climate change, private sector development, and sustainable finance.

Ocean Conservation and Fisheries Management

In 2020, Fiji introduced its National Ocean Policy (NOP) for 2020–2030, aiming to secure and sustainably manage all ocean and marine resources. The policy emphasizes integrated governance, improved legislation, and active stakeholder participation to promote ocean health and resilience. A key objective is to designate 30% of Fiji's Exclusive Economic Zone (EEZ) as Marine Protected Areas (MPAs) by 2030, balancing conservation efforts with sustainable use of marine resources.

PACIFIC CLIMATE CHANGE

Climate Change

Fiji's commitment to combating climate change is enshrined in the Climate Change Act 2021, which outlines strategies for mitigation and adaptation, including achieving net-zero emissions by 2050. The Act also addresses climate-induced displacement, establishing protocols for relocating vulnerable communities and creating a trust fund to support these efforts.

Private Sector Development and Sustainable Finance

The Climate Change Act 2021 also focuses on engaging the private sector in climate resilience initiatives. It mandates that company directors assess climate-related risks and opportunities, ensuring that business strategies align with national climate objectives. Additionally, the Act

promotes sustainable finance by empowering the finance minister to develop incentives for climate-friendly investments and establish mechanisms to facilitate access to climate finance.

These policies reflect Fiji's holistic approach to environmental stewardship and sustainable development, integrating ecological preservation with economic growth and community well-being.

To achieve the specific ICRBE Project or JP objective of “creating 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 Project needed to engage a range of stakeholders in Fiji (as specified in the ProDoc and with more details in Section 3.3.5 or Para 78) that included:

- PUNOs, namely UNDP, UNCDF and UNEP;
- National authorities: Ministry of Economy, Ministry of Local Government, Ministry of Fisheries, Ministry of Forestry;
- Civil society organizations and NGOs: Fiji Hotel and Tourism Association; Fiji Locally Managed Marine Area Network (LMMA);
- Private sector: Sustainable Ocean Fund - Althelia/Mirova (Private Investment); Blue Alliance (Technical Assistance and Implementing Partner); MPL (Technical Assistance and Implementing Partner); and
- Donors: Joint SDG Fund and GFCR, which are multi-partner trust funds, backed by a coalition of Private and Public entities (with grant co-funding and public and private investment through GFCR investments).

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 Fiji Sovereign Blue Bond (FSBB) was 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).

VI. Gender Equity and Social Inclusion (GESI)

This JP was to deploy the expertise and reach of UNDP, UNEP and UNCDF to remove structural barriers to women's economic empowerment; promote women's participation and leadership in all forms of decision-making; and strengthen gender-responsive strategies in tackling the combined nature and climate crisis that threatens to foreclose future sustainable development in Fiji. The JP's gender strategy was to ensure an inclusive approach throughout Project implementation through the JPRF which was to include indicators and set targets that are gender disaggregated and reflect balanced social and economic benefits. This included:

- UNCDF to provide technical assistance for financial structuring of gender responsive investments and deploy financial instruments such as guarantees and concessional loans to de-risk portfolios and attract gender responsive private investment into the priority pipeline through the TAF and SPEs.
- establishment of a gender responsive TAF under MPL. MPL's role was to manage the TAF and build a pipeline of gender sensitive investment proposals through identification and capacity building of investment-ready blue economy and sustainable businesses in Fiji. This would catalyze private sector investment into reef-positive businesses.
- increased Blue Economy financial impact where MPA management is self-financed and gender responsive generating improved economic opportunities, sustainable fisheries, and food security for vulnerable coastal communities.

Actual gender activity to date includes a UNEP-led effort with UNDP, UNCDF and other implementing partners to facilitate preliminary baseline assessments and surveys to be conducted by a UNEP-hired technical consultant (who visited Fiji twice in 2023 in addition to working remotely from Australia). The gender-sensitive M&E framework was completed in April 2023, serving as the foundation for development of the Gender Equity and Social Inclusion (GESI) Action Plan for the Project. The framework took a transaction level approach to gender mainstreaming approach rather than at a Project level; this was to ensure targeted gender mainstreaming across all Project activities. However, without any Transactions being completed, the Project has not had the opportunity to develop a specific GESI Action Plan. The Project or UNDP should try to engage a consultant through its LTA modality or seek support from UN Women to develop the GESI Action Plan once the programme extension has been approved.

The Project also worked with MPL to empower women-led business development. With at least 2 out of the 5 TAF projects earmarked for TAF financing, at least 10 jobs per project were expected to be created, with around 50% of the jobs to women. One of these businesses was a women-led marine and agricultural logistics business, 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 were working with MPL to provide tailored support to Sealink to have its investment ready.

However, the departure of MPL from the project necessitates the recommencement of the gender-related work under Transaction 4, now to be undertaken by new contractors/partners, subject to the conditions outlined in Transaction 1 (see Para 62 of MTR as Annexure I). This aspect of the Project will now have to be adaptively managed. New investments will need to be found with an emphasis on developing women-led businesses. Women and other disadvantaged and marginalized groups will again need to be consulted and meaningfully involved in project planning, implementation, and monitoring. The Project will need to adopt gender-sensitive, human rights-based and conflict sensitive approaches, in compliance to the principle of "Leaving No One Behind".

As such, efforts to mainstream gender are rated as moderately unsatisfactory considering low level of gender-related activities to date related to the withdrawal of MPL from the Project, the difficulties of recruiting a gender consultant for GESI-related activities and the need to deliver gender activity in the newly formed Transaction 1 as detailed in the Re-Orientation Plan.

VII. Partnerships

To achieve the specific ICRBE Project or JP objective of “creating 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 Project needed to engage a range of stakeholders in Fiji (as specified in the ProDoc and with more details in Section 3.3.5 or Para 78) that included:

- PUNOs, namely UNDP, UNCDF and UNEP;
- National authorities: Ministry of Economy, Ministry of Local Government, Ministry of Fisheries, Ministry of Forestry;
- Civil society organizations and NGOs: Fiji Hotel and Tourism Association; Fiji Locally Managed Marine Area Network (LMMA);
- Private sector: Sustainable Ocean Fund - Althelia/Mirova (Private Investment); Blue Alliance (Technical Assistance and Implementing Partner); MPL (Technical Assistance and Implementing Partner); and
- Donors: Joint SDG Fund and GFCR, which are multi-partner trust funds, backed by a coalition of Private and Public entities (with grant co-funding and public and private investment through GFCR investments).

The main stakeholder engagements by the Project have been with the contractors, Blue Alliance and MPL as well as consultant specialists who have advised the Project on specific topics to guide implementation. Stakeholder engagement of Blue Alliance was not successful since the company wanted an arm-length relationship with Fijian communities and did not have a presence in Fiji. MPL had some stakeholder engagement but did not develop the TAF investments to a point of being investment-ready for local financial institutional partners such as FDB (Paras 52 and 58), and were involved with conflict-of-interest issues with Transactions 2 and 3 (Paras 58). With the departure of both companies from the Project, the process of stakeholder engagement for all Transactions needs to start over again. As such, stakeholder engagement of the Project is rated as moderately unsatisfactory.

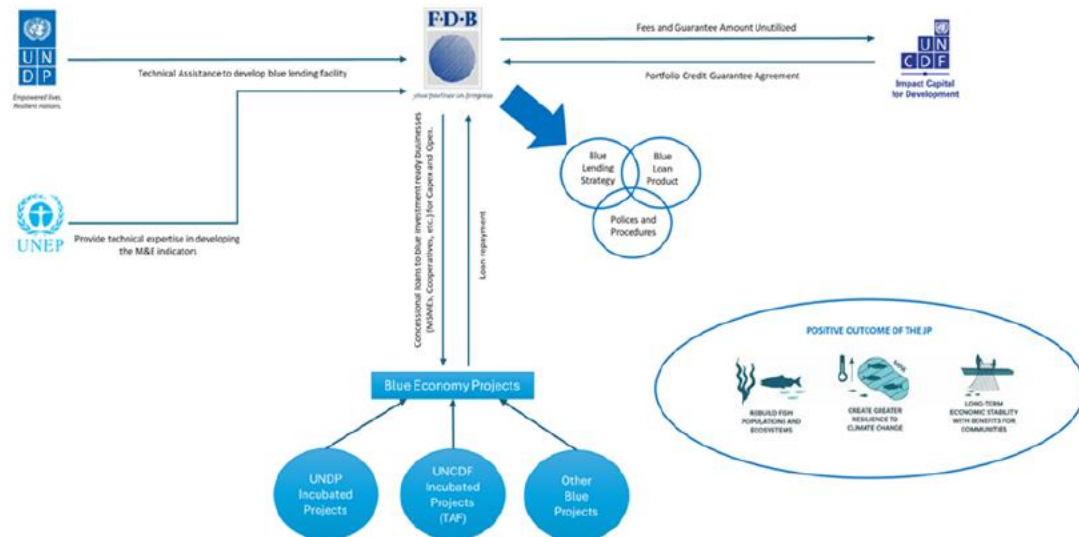
Outcome 1

Call for Proposals to onboard a new Fiji based contractor was done in September 2024 for Outcome 1 requiring applicants to have vast experience in developing commercially viable LMMAs in Fiji with preferable experience in supporting communities dependent on the Great Sea Reef, a priority reef project site for the ICRBE. The purpose of the new contractor will be to accelerate an investment-ready pipeline of 10 LMMA projects that will be sent to an operational Blue Economy Lending Facility (a specialized lending window for LMMAs that are critical for sustainable marine conservation and resource management¹⁴) in collaboration with local development financial institution (who is proposed to be engaged as a Responsible Party). In August 2024, an independent consultant who has extensive experience in LMMAs has identified over 30 LMMAs eligible for investment assistance from the Project and the new contractor will be tasked to bring at least 10 of these LMMAs to investment readiness.

The focus for the new contractor within these 30+ LMMAs will be on community-based cooperatives¹⁵ with an emphasis on women-led cooperatives. The work of the new contractor with the local development financial institution is to be monitored and reviewed by UNEP. The rationale to use a local development financial institution as a Responsible Party is that such organizations are uniquely positioned in terms of their developmental mandates, have tailored financial products (agricultural loan, SME financing, green financing), are willing to take on higher risks, and have deep-rooted legitimacy. Such organization have strong government backing, long-standing domestic presence, and focus on underserved areas (rural and remote areas) enabling

them to effectively reach and support underserved communities (including small-scale farmers, women entrepreneurs, and indigenous communities) across Fiji. The portfolio credit scheme to support the Blue Lending Facility between a local development financial institution such as FDB and the PUNOs is illustrated in Figure 3.

Figure 3: Schematic of Portfolio Credit Guarantee for Transaction 1



Outcome 2

The GoF was to partner in a consortium and take the lead on the project by designing the parameters of the landfill, placing these contents in a tender with the assistance of a broker and allowing companies to bid on it to come up with a landfill solution that the GoF can subscribe to.

GoF made decisions to:

- drop MPL's participation on any future dealings on the investment considering their stake on the investment, a decision made in late 2022.
- with the change in government, re-design a tender without participation of MPL. This decision took some time for the new government to settle into their new roles by late 2023.
- By early 2024, the Cabinet of Ministers agreed to an Open Tender process for a new landfill project costing between US\$17 and 30 million depending on whether there is construction of a new landfill or a new landfill plus 4 additional dump sites which are to be rehabilitated with material sorting facilities.
- hire an independent technical advisory firm in May 2024 funded by the Project to support the Ministry of Local Government to design and implement the Open Tender process.

In a decision made in December 2024 by the GoF in collaboration with the ICRBE Project, Transaction 2 is slated to be scaled down to focus on facilitating a phased approach to the development of a new landfill in the western division of Fiji. This entails using ICRBE Project funds to begin rehabilitation of one of the four dumpsites into a Material Recycling Facility run in collaboration with the municipal council and a private sector operator under a public-private partnership (PPP) model. A reoriented Transaction 2 would focus on three major areas that would lay the groundwork for a future sanitary landfill in the Western Division:

- Feasibility Study for Remediation Approaches and Waste Management Authority: This includes a comprehensive study to identify possible remedial measures for existing dumpsites, as well as an evaluation of the feasibility of establishing a Waste Management Authority in Fiji. The feasibility study will provide critical information to guide future decisions and help structure not only the dumpsite rehabilitation plan but the entire Western Landfill transaction. Amount to be spent is US\$150,000.
- Grant Financing for Dumpsite Rehabilitation (PPP Partner): A significant portion of PUNO funding would be allocated to the rehabilitation of the existing dumpsite, provided as grant financing to the private-sector PPP partner. This funding would be placed in and drawn from the Environmental Trust Fund to ensure it is used appropriately and in alignment with environmental goals. Amount to be spent will be US\$2.0 million.
- Debt Financing/Credit Guarantee for PPP Partner's Equipment Purchase: To ensure that the rehabilitated dumpsite and MRF can be effectively operated, this expenditure would be used to provide debt financing or a credit guarantee to the private-sector PPP partner to be implemented through the Blue Lending Facility with a local development financial institution such as FDB. This financing would enable the partner to purchase the necessary machinery and equipment for the facility's operations. Amount to be spent will be US\$1.5 million¹.

By reorienting Transaction 2 in this way, the ICRBE Project can still achieve meaningful progress towards waste management and environmental sustainability goals, while also positioning the Western Division for future sanitary landfill developments to be replicated to the other 3 existing landfill sites (to be upgraded with an MRF) and one new SMART greenfield landfill site. This approach ensures that the available funding is used effectively and that the Project leaves a lasting impact, even within its limited timeframe. An independent transaction advisor will be engaged to oversee and provide guidance to the development of the Western Landfill Project. The ICRBE Project has been able to solicit the assistance of ADB to undertake the role of an independent transaction advisor for the GoF given their extensive expertise in developing PPP projects both in Fiji and globally. An agreement between the GoF and the ADB was signed in February 2025.

This will accelerate the Open Tender process to 4 to 6 months. There is confidence within the PUNOs as well as ADB (who will be assisting with the PPP Open Tendering process for the phased rehabilitation of a model dumpsite) that the target of the Project to setup this transaction to the point where it can be financed and implemented, will be completed by December 2025 or earlier. The technical assistance being provided by ADB for the PPP arrangements and open tender process of this transaction will partially offset the TA expenditures that were made to MPL. This allows the Project to free up funds to fill in other gaps in the other transactions. Funds from Transactions 3 and 4 may be diverted to this Transaction if there are issues with donors to divert funds from Outcome 2 to Outcome 1.

¹ The US\$2.0 million for grant financing and US\$1.5 million for debt financing was allocated for deployment as concessional loan for the landfill project and this lies with UNCDF. An approval from the donors would be needed to convert part of the funds to Grant and also whether it is possible for UNCDF to deploy the funds as grant.

VIII. Monitoring and Evaluation (M&E)

In addition to the gender-sensitive M&E framework described in Para 67, the Project's M&E system appears to be well funded with sufficient resources allocated to the effective monitoring and evaluation of various Project activities. From March to April 2023, reports were prepared by a UNEP-appointed consultant:

- to establish the M&E framework to measure and assess the JP's impacts and performance that will strengthen the delivery of successful outcomes of the programme. A well-designed and well-implemented M&E strategy will provide evidence of results achieved to help identify lessons learned and best practices.
- on the baseline for indicators identified in the M&E framework to assess the JP's baseline situation quantitatively and qualitatively;
- to outline the projected progress against all indicators in each project under the JP as identified in the M&E framework.
- there will be little time during the Project to monitor investment outcomes (prior to extended ICRBE EoP date of December 2025) given that activities have been delayed or diverted;
- the M&E framework should be sufficient to conduct effective monitoring of all ICRBE transactions during Project implementation and after the EoP;
- there is specific issue of the funding of Indicator 1.4: "MtCO₂e per year sequestered through protection and/or restoration of threatened mangrove and seagrass ecosystems", Indicator 1.5: "Management Effectiveness of MPAs", and Indicator 2.3: "Water quality and reduction of nutrient inputs". The issue for the monitoring of these indicators is the absence of project fund allocation from the inception of the Project to monitor these indicators. The SPEs do not have the financial resources to sustain such a cost burden. Additional resources will be needed to monitor these indicators in a revised PRF.

As such, the M&E systems of the ICRBE Project are rated as moderately satisfactory considering the comprehensive monitoring framework in place to monitor how the investments are implemented post-Project but without sufficient resources to monitor all indicators.

UN Organisation	Funding Received		As at December 2024			
			GFCR		JSDG	
	GFCR	Joint SDG	Total Commitments & Expenditures (C)	Delivery as a % of funding received	Total Commitments & Expenditures	Delivery as a % of funding received
UNDP	542,958	525,422	458,983	85%	337,370	64%
UNCDF	2,119,367	2,776,614	948,839	45%	1,387,703	50%
UNEP	-	379,137	-	-	76,552	20%
Total	2,662,325	3,681,173	1,407,822	53%	1,801,625	49%

Establishing the baseline for indicators and documenting the progress in each project are critical elements of the JP monitoring and evaluation efforts to help tracking progress toward targets and building the JP capacity in future monitoring for future evaluations.

IX. Programme Management

The ICRBE Project is managed as per UN guidance note on joint Projects. As such, the JP Steering Committee (JPSC) has oversight of the overall implementation of the Project or Project and is co-chaired by the UN Resident Coordinator and a Permanent Secretary from the Ministry of Environment and Climate Change (formerly under the ambit of the Ministry of Economy as a government department but now a standalone Ministry). The JPSC met in January 2021, May 2022, and February 2024. According to the JPSC meeting minutes in 2021, 2022 or 2024, UNCDF, UNDP, UNEP and the Ministry of Environment and Climate Change are all required to perform executive roles to ensure accountability for the implementation of the programme. The JPSC has been providing oversight, guidance and strategic direction to the JP and approving annual work plans. Their activities also include recommending approval of all investments (grants, loans and guarantees) under the UNCDF Investment Committee in line with UNDP POPP and ensuring efficient and transparent use of all resources. The JPSC has been assisted by independent technical consultants from various organisations in topical areas directly relevant to the investments. There has been no need for a technical advisory group, thus far, for the JPSC.

Day-to-day management and implementation of all JP interventions are managed by the PMU. The current version of the PMU consists of a Project Manager, Programme Analyst, Finance Associate and Finance Officer. Quality assurances of UNDP are provided by the Resident Representative, the Deputy Resident Representative, a Monitoring and Reporting Officer, Programme Oversight Specialist, Resource Mobilisation Specialist and Operations Manager as well as an RCO-UN Partnerships Specialist, the Permanent Secretary of MoECC and a UNEP representative. The PMU reports to the JPSC through UNDP as convening agent. To manage Project risks, the following adaptive measures are proposed:

- the unsuccessful Blue Alliance partnership needs to be refreshed with a new contractor for Transaction 1, which is currently under procurement (Para 44);
- when MPL also took a 25% equity stake on the Western Landfill investment, the Project followed GoF's lead in wanting to conduct an Open Tender with the assistance of ADB (Paras 52-56);
- when MPL took a 25% stake in TFFC, the Project pivoted away from TFFC and proposes to divert funds as described in Para 59;
- when MPL did not deliver investment ready projects under the TAF, the PUNOs propose to divert funds as described in Para 62;
- with the Reorientation Plan (under review and approval by the GFCR and JSDGF global teams), a no-cost extension to the Project will be requested to at least December 2025 (Para 50);

Work plans for 2021, 2022, 2023 and 2024 were prepared. The 2025 work plan has been provided that aligns with the reorientation plan prepared for ICRBE that requests a 12-month extension to the Project (to be reviewed by the JPSC). The plan is thorough in its content.

After 44 months of implementation, ICRBE Project disbursements are 52% expended (US\$3.254 million versus a budget of US\$6.229 million) as of 30 November 2024:

- Out of a total budget of US\$10,503,769, US\$6,228,849 was released to the PUNOs by the donors while the remaining funds are to be released once released fund utilisation reaches above 75%.
- Disbursements for Outcome 1 has been 31% expended.
- Disbursements for Outcome 2 has been 70% expended. This includes US\$1,032,905 spent on MPL to get Transactions 2, 3 and 4 investments ready. These funds are not recoverable.
- Disbursements for management and operations, communications and learning, and evaluation were only 43% expended.

X. 2025 Objectives

1. Review and revise the PRF in synergy with the Reorientation Plan. There is a disconnect between the outcomes and indicators highlighted in both Outcomes 1 and 2. The targets are unrealistic and need to be changed to reflect achievable ones. This will clarify the intentions of the Project towards delivering its outputs and achieving its outcomes and objective.
2. Ensure the ICRBE Project Re-Orientation Plan aligns with Project priorities and priorities of the Government of Fiji and execute the Plan. It has become evident that the initial implementing partners/contractors have faced challenges in delivering the Project's objectives, particularly in key areas that require targeted local expertise and effective partnership management with community beneficiaries and Government stakeholders. Consequently, to better align the Project with its intended outcomes and ensure the effective use of resources, a reorientation is necessary. The Plan was designed to ensure that remaining resources in the ICRBE Project are effectively used.

The ICRBE Project has built strong goodwill and relationships with GoF who are keen on developing a robust financing facility under Outcome 1 (Transaction 1) in collaboration with a local development financial institution such as FDB and developing a new sanitary landfill in the western division of Fiji under Outcome 2 (Transaction 2). The Cabinet of Ministers in Fiji have acknowledged and endorsed the work of the PUNOs under ICRBE along with mentioning this in the Parliament of Fiji as well as in global forums. Failing to achieve these Transactions will damage relations of the PUNOs and donors with GoF. As such, support for these proposed transactions should be implemented as follows:

A new contractor to be engaged for accelerating an investment-ready pipeline of 10 LMMA projects for Transaction 1 which will be sent to an operational Blue Economy Lending Facility that is a specialized lending window for LMMAs that are critical for sustainable marine conservation and resource management. The new agreement incorporates lessons learned:

- The Western Landfill of Transaction 2 will have a phased approach to its development as detailed in Para 54. This entails using ICRBE project funds to begin rehabilitation of one of the four dumpsites into a MRF run in collaboration with the municipal council and a private sector operator under a PPP model. A reoriented Transaction 2 would focus on three major areas that would lay the groundwork for a future sanitary landfill in the Western Division;
- Further review has made it clear that such this investment may require more time than the ICRBE Programme's duration allows;
- This will accelerate the Open Tender process to 4 to 6 months with confidence within the PUNOs as well as a ADB (who are assisting with PPP Open Tendering process)

rehabilitation works will be completed by December 2025 or earlier. Funds from Transactions 3 and 4 may be diverted to this Transaction if there are issues with donors to divert funds from Outcome 2 to Outcome 1

- Design a partnership strategy to validate all engagement of the Project with existing and new partners (such as FDB, ADB) and seek approval from JPSC;
 - Review the SESP particularly the GRM given the history of community issues;
 - Funds for technical assistance for all Transactions should be focused on technical expertise relating to blended finance for business development and financial instruments that will enable strong activities and generate the desired outputs for coral reef conservation and development.
3. Seek a 12-month no-cost extension to the ICRBE Project. The original Re-Orientation Plan envisaged a 9-month implementation extension to 31 December 2025, and an operational extension to 31 March 2026 to close accounts and provide monitoring reports. A 12-month extension is recommended as there are unforeseen circumstances which may delay the completion of the Project's Transactions such as delays in the Open Tendering process, delays in getting community approvals and climate-induced or natural disasters.

Upon further review and a comparative analysis of past infrastructure projects in Fiji, including the construction of the Naboro Landfill in Suva, it has become clear that such ambitious investment may require more time than the ICRBE Programme's duration allows. The timeline for developing a new sanitary landfill in a jurisdiction as challenging as Fiji is potentially significantly longer than the current lifespan of the ICRBE Programme, even with a potential no-cost extension until March 2026. As such, an implementation extension to 31 December 2026, and an operational extension to 31 March 2027, is recommended.

4. Recruit a Strategic Communications Specialist who can amplify the intricate and transformative work being delivered by the ICRBE Project. A weakness on this Project has been the lack of visibility of the ICRBE Project. There is a need to increase awareness of the innovative financial structuring and solutions that the Project is championing. Despite the PMU's resources being stretched, resources need to be found to improve Project communications and stakeholder outreach.

XI. Communication, Visibility and Knowledge Management

A communications consultant did not start work on this Project until early 2022. The result of that consultant's work has been the RCO providing a platform to the JP for regular communication, coordination meetings, joint planning sessions, enabling Project stakeholders to share information and expertise. The links in the footnote are examples of stories provided by this consultant. However, a weakness on this Project has been the lack of visibility of the ICRBE Project with a need to increase awareness of the innovative financial structuring and solutions that the Project is championing. Stakeholders acknowledge that the PMU is "stretched" in terms of resources to improve communications and stakeholder outreach of the Project. In particular, there is a need to put in place a Strategic Communications Specialist who can amplify the intricate and transformative work being delivered by the Project.



→ **Annex A – Results Framework (in Excel Spreadsheet)**

See separate file

→ **Annex B – Programme Milestones by Activities**

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 new climate refugia and priority sites designated as MPAs or LMMAs			
Activity 1.1.1 - LMMA screening, feasibility study and selection of priority sites with at least 20 sites identified using multi-criteria analysis for financial support			
Area of new climate refugia and priority sites designated as MPAs or LMMAs = 500 hectares	March 2026	Ongoing	Multicriteria analysis has been completed by Blue Alliance and report submitted to UNDP/UNCDF for consideration. Unfortunately, the former contractor, Blue Alliance, was not willing to pursue any further business ventures in the areas identified due to lack of presence in Fiji. A new contractor is to be engaged for Outcome 1 (Transaction 1). An experienced consultant has developed robust and simplified selection criteria for LMMAs based on the multicriteria analysis developed by Blue Alliance. The consultant has been able to identify and secure community consent from 30 LMMAs across Fiji and drafted national regulations for a National LMMA Register to legally recognize LMMAs under the Fisheries Act (1941). The new contractor is to pick up the 30 LMMAs and develop business cases around at least 10 of the most promising LMMAs for eventual funding through the Blue Lending Facility to be operated by a local development financial institution. This work by the new contractor will help implicitly achieve Activity 1.1.2 as well. The contract with Blue Finance ended in May 2024. The new contractor is C3 and their work has already commenced and will end at the end of 2024.
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) with a business plan and high-level financial model to be developed for the sea-sensorium business at			

Korolevu-i-Wai			
Area of new climate refugia and priority sites designated as MPAs or LMMAs = 500 hectares	March 2026	Ongoing	Business plans were developed by Blue Alliance for Korolevu-i-Wai and checked by an independent consultant. The community has rejected the business plan due to extensive disagreements with Blue Alliance around the management of the SPE. The community wanted to manage the daily activities themselves while Blue Alliance and their proposed investors wanted Blue Alliance to manage the SPE while the community would be an arms-length shareholder. Blue Alliance 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 qoliqoli owners ¹⁶ . Blue Alliance is no longer a contractor for the Project. Reference is made to the narrative for Activity 1.1.1 explaining how the new contractor will work on facilitating this activity.
Activity 1.1.3 – Design of the blended finance solution and fundraising for one SPE to protect and conserve at least 500 hectares of coral reefs per year			
Area of new climate refugia and priority sites designated as MPAs or LMMAs = 500 hectares	March 2026	Ongoing	Blue Alliance had designed the blended finance facility and conducted a fundraising exercise with 2 financiers providing soft commitment on the basis that Blue Alliance would handle daily operations of the SPE. As mentioned in Activity 1.1.1, the disagreement with the KiW community resulted in the investors pulling out of investing in Fiji completely. Blue Alliance had secured funding for two other MPAs mentioned under Activity 1.1.2, but financing did not occur due to land lease and legal recognition issues and Blue Alliance pulling out of the Project. The blended finance facility will now be the design of the Blue Lending Facility with a local development financial institution which is expected to leverage the extensive market presence and implementation capacity across Fiji.
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.			
Activity 1.2.1 – Business and investment plans developed for SPEs for Korolevu-i-wai MMA and Shark Reef Marine Reserve			



2 SPEs established - one for Korolevu-i-wai MMA and the other for Shark Reef Marine Reserve	March, 2025	Cancelled - Korolevu-i-Wai (KiW) Ongoing - SRMR	Further to Activity 1.1.3, Blue Alliance developed a comprehensive business plan for the KiW sea-sensorium project that 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 Blue Alliance also ended ties with each other. Shark Reef Marine Reserve (SRMR) 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. This work will now be done in unison with Activity 1.1.2.
Activity 1.2.2 – Environmental readiness of the SPEs for investment in Korolevu-i-wai MMA, and Shark Reef Marine Reserve that includes a complete SESP Screening for Korolevu-i-Wai and Shark Reef Marine Reserve and an EIA with associated mitigation measures			
2 SPEs established - one for Korolevu-i-wai MMA and the other for Shark Reef Marine Reserve	1 May 2024	Cancelled - KiW Completed - SRMR (refer to notes)	SESP screening completed for both KiW and SRMR. Given that the KiW investment did not occur, 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. Funds have largely been unspent in this activity.
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 including Performance Based Grants (PBG) offered to develop business case and ensure investment readiness of the SPEs for investment in KiW and SRMR.			



<p>2 SPEs established - one for Korolevu-i-wai MMA and the other for Shark Reef Marine Reserve</p>	<p>March,2025</p>	<p>Cancelled - Korolevu-i-Wai (KiW) Ongoing - SRMR</p>	<p>Performance Based Grants: Blue Alliance: US\$180,000 out of US\$200,000 disbursed (with US\$20,000 not disbursed) to develop business case to ensure SPEs are investment ready. Beqa Adventure Divers (BAD): US\$150,000 (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 PBG have been completed.</p> <p>Concessional debt: A concessional loan agreement with BAD was executed in November 2021 in the sum of FJD720,000 to purchase new engines for boats and construction of a new and sustainable base station for diving and marine research, including a new building. This transaction demonstrates the potential of the programme to contribute towards the goal of the Project when there is a credible and collaborative implementing partner. BAD has honored all the loan repayments, pre and post loan restructuring. In the initial loan agreement, the term of the loan was 5 years, and the loan repayments were quite substantial; however, BAD honored the loan repayments. Due to the effects of COVID-19 on the operation of BAD (due to the closure of borders), the financial performance was significantly affected. As such, BAD requested for a loan restructuring in Q4-2023 to extend loan tenor and reduce principal repayments to avoid pressure on cash flow. The loan restructuring was approved in early 2024 after a thorough analysis was undertaken by the Project in consultation with the implementing partner. The new loan tenor was extended to 7.5 years which has reduced the loan repayments in line with the financial performance of BAD. To date, BAD has made a total of FJD322,000 in loan repayments (interest plus principal). The total principal outstanding is FJD545,000. In addition, BAD has adhered to all the reporting requirements as part of the loan agreement and are involved in regular consultation with the Project team with regards to monitoring and areas for further collaboration. Furthermore, once approval is provided to pivot from Blue Alliance to the new contractor, the Project will design a suitable blended finance instrument to enable businesses within MPAs to access funding for sustainable business development – this could potential be in the form of helping a local development financial institution</p>
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			to operationalise the Blue Lending Facility with initial financing of US\$300,000 as credit guarantee earmarked for supporting financing of 10 of the 30 LMMAs for which the new contractor will develop business plans. The PBGs were subject to investment readiness of the SPEs, concessional debt or other blended finance instruments deployed to SPEs.
Output 1.3 - Strengthened management, enforcement and monitoring systems of LMMAs by SPEs.			
Activity 1.3.1: Establish Project Management Office for each of the SPVs successfully operationalized Project Management Office to build capacity to for SPEs and LMMAs on social entrepreneurship and sustainable business management			
2 MPAs with METT score >70	March 2026	Cancelled - Korolevu-i-Wai (KiW) Ongoing - SRMR	Since none of the LMMAs were operationalized by Blue Alliance 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. The new contractor will be onboarded for Transaction 1 and is likely to use most of the funds under this activity to support a local development financial institution to further enhance its internal capacity to successfully implement the Blue Lending Facility.



Output 1.4 - Established coral reef and ridge to reef conservation legal and regulatory frameworks to promote protection and mitigation of local threats

Activity 1.4.1: Support the development of one comprehensive legal framework for establishment, management, and financing of MPAs that will support the creation of a National Ledger System for LMMAs in Fiji

Number of coral reef and ridge to reef conservation related resolutions, declarations and laws passed = 1	March 2026	Ongoing	Extensive discussions have been held with the Ministry of Fisheries to leverage the ongoing review of the 1941 Fisheries Act. With the help of BAD, the Project had submitted a concept note to circumvent the legal recognition LMMAs in Fiji using a national ledger system. With endorsement secured from the Ministry of Fisheries, an experienced consultant has developed robust selection criteria for LMMAs, identified and secured community consent from 30 LMMAs across Fiji and drafted national regulations for a National LMMA Register to legally recognize LMMAs under the Fisheries Act (1941). The new contractor is to consider the 30 LMMAs and develop business cases around at least 10 of the most promising LMMAs for eventual funding through the Blue Lending Facility. The regulation has been drafted and will then be sent to the Solicitor-General to be vetted. The work should be completed by the end of 2024.
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Outcome 2 – Transforming the livelihoods of coral reef-dependent communities

Output 2.1 – Established Technical Assistance Facility, managed by local investment manager Matanataki, supported by UNCDF to develop a pipeline of investment ready reef-positive sustainable businesses and projects with an emphasis on employing local community members, especially women and youth

Activity 2.1.1 –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. This will include generating 5 new investment ready projects with impact on coral reef protection and blue economy development through the TAF (Transaction 4), where activities include scoping, pre-selection, due diligence, community and other stakeholder engagement, business plan development, regulatory approvals, and financial structuring.



Number of TAF incubated blue economy SMEs that become investment ready = 5	July, 2024	Cancelled	<p>A performance-based agreement was signed between UNCDF and MPL for US\$321,405 (fully disbursed based on all deliverables being met) to generate 5 new investment ready businesses with impact on coral reef protection and blue economy development. MPL had incubated and provided investment readiness services to 5 businesses and provided UNCDF with the business cases and financial models for pre assessment:</p> <ul style="list-style-type: none"> • 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; and • Sunshine: food processing using agri and fish goods supplied sustainably. <p>However, an independent consultant was recruited by ICRBE project to develop a pre-assessment memo for 3 out of the 5 TAF projects that was proposed by MPL, and based on the findings of the pre-assessment, these projects were not considered to be investment ready to enable deployment of blended finance instruments. A proposal has been made in the reorientation plan by the PUNOs to involve FDB as a financial intermediary for new projects. After further discussion with Donors it was agreed that this activity will be discontinued.</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			
Number of TAF incubated blue economy SMEs that become investment ready = 3	March, 2026	Ongoing	<p>Technical assistance is to be provided through UNEP to monitor and measure ecological indicators to substantiate progress across Output 2 interventions. M&E Framework for the Project has been completed and is being enhanced in line with revised global indicators of GFCR. A locally based technical NGO will be engaged to conduct detailed baseline setting for each investment once they get into investment readiness stage.</p>
Output 2.2 – Mobilized public and private investment in priority sustainable initiatives related to addressing coral reef degradation drivers			



Activity 2.2.1 – Provide blended finance and technical support to unlock private capital for the Fertile Factory Company Limited (TFFC) so that it is investment ready (Transaction #3: Fertile Factory)			
Increased private investment in sustainable initiatives and blue economy SMEs related to Coral Reefs = TBD based on investment memo from MPL investors	July 2024	Cancelled	A performance-based agreement was signed between UNCDF and MPL on 16 August 2021 for US\$230,000 (disbursed) to deliver investment readiness services to TFFC. Based on the investment readiness services provided by MPL, UNCDF approved a concessional loan of US\$750,000 to TFFC for CAPEX and working capital. Despite the loan agreement being executed in January 2023, the loan drawdown had not been processed as the EIA clearance was not fulfilled. In addition, MPL's equity stake in TFFC places it in a conflict of interest. Efforts are now being made to pivot away from TFFC towards an investment with another company, who have an existing biofertilizer plant that needs upgrading.
Activity 2.2.2 – Activity 2.2.2: Provide blended finance and technical support to unlock private capital for Western Landfill and Regional Transfer Stations project so that it is investment ready and able to leverage private capital (Transaction 2)			
Increased private investment in sustainable initiatives and blue economy SMEs related to Coral Reefs = TBD based on investment memo from MPL investors	March, 2026	Ongoing	A performance-based agreement was signed between UNCDF and MPL in the sum of US\$481,500 (disbursed) to deliver investment readiness services to the Western Landfill project. This included the business case and financial model to be submitted to UNCDF and GoF for independent review. The independent review of the business case by GoF has yet to commence as the GoF has clearly decided to commence with an open tender process to source a private sector partner. This decision is predicated on the fact that there are no GoF procedures, policies or laws guiding the issuance of conditional approval to a private company for any public sector related work. This was an issue that MPL was asking the GoF to resolve. In this regard, the GoF is in final talks with ADB to come in as an independent transaction advisor to assist the GoF and the PUNOs with the design of a PPP structure, design of the entire Open Tender process and to execute the entire contracting implementation. Transaction 2 funds for the Open Tender process are being proposed to be re-allocated to support ADB's Open Tender work with technical studies to support the tender process. This takes away the highly technical risks of a Landfill Transaction from the PUNOs. UNDP's role in this Transaction will be to ensure the social and environmental safeguards and other key indicators are aligned with all



			donors. UNCDF will manage the US\$3.1 million that is set aside for this Transaction as a loan to the private entity. UNEP will be providing technical support to the PPP to conduct and monitor key environmental indicators that are important to GFCR and the JFSDG.
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 that are offered to businesses incubated and which are investment ready as per TAF (Transaction 4).			
Increased private investment in sustainable initiatives and blue economy SMEs related to Coral Reefs = TBD based on investment memo from MPL investors	March 2026	Ongoing	Based on the actual achievement of Activity 2.1.1, there are no concessional debts or other blended financial instruments since there are no investment-ready projects. The PUNOs have proposed to involve a local development financial institution such as FDB in a portfolio credit guarantee scheme. The proposed portfolio credit guarantee scheme is also linked to the LMMAs under Outcome 1
Output 2.3 - Strengthened and harmonized policies, strategies, plans and financing from the government of Fiji for improved environmental biodiversity protection			
Activity 2.3.1: Develop and promote at least one national financing strategy for GoF focused on protecting coastal ecosystems and investment in the blue economy			



Number of new government strategies and plans to support financing for improved marine biodiversity protection and the blue economy = 1	March 2026	Ongoing	The National Blue Town Framework to be developed with support from the 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. Project funds will be used to recruit a technical consultant to develop the National Blue Town Framework. After receiving approval from the ICRBE Steering Committee to hire a consultant to develop the National Blue Town Framework, the ICRBE Project developed a ToR in collaboration with the Ministry of Local Government and had the ToR successfully advertised. However, the Project is awaiting next tranche replenishment to facilitate this work with the selected consultant.
Output 2.4 - Establish recognition, rewards and monitoring systems to incentivize the private sector to act sustainably			
Activity 2.4.1: Support the development and promotion of at least one national incentive scheme supporting investment in blue economy space to attract additional investment in blue economy			
Number of new government incentives to support financing for improved marine biodiversity protection and the blue economy = 1	March 2025	Completed	The Project has helped to develop the Wastewater Sector Feasibility study and the development of the Fiji Wastewater Strategy. The Project has also helped create a baseline asset assessment through a comprehensive Condition Assessment and has also created a robust Wastewater PPP model for use by the Water Authority Fiji. These are major milestones in a phased approach to upgrade the 14 Wastewater Treatment Plants across Fiji that are key drivers of coral reef degradation in Fiji.

→ Annex C– Dashboard Intake Form (in Excel Spreadsheet)

See separate file

→ Annex D – Risk Log

General Update on Risks: The departure of the project's 2 implementing partners (Blue Alliance and MPL) has set back progress on the LMMAs, the Western Sanitary Landfill, the biofertilizer factory and the TAF investment. To address these impacts, a December 2024 Reorientation Plan prepared by the PMU limits the focus going forward to Transaction 1 (the LMMA and associated Blue Lending Facility) and Transaction 2 (the Western Sanitary Landfill; finalizes the removal of Blue Alliance and withdrawal of Matanataki (MPL) as contractors, and designates a new contractor (C3) for the LMMAs transaction, and scales back the Western Sanitary Landfill transaction to focus on rehabilitating one dumpsite and laying the groundwork for a future sanitary landfill in the Western Division and soliciting the assistance of ADB to undertake the role of an independent transaction advisor for the GoF. However, the request for a no-cost 12-month extension for ICRBE does present a risk related to unforeseen delays for all transactions.

RISKS	CAUSES	IMPACTS	RISKS LEVEL - (Likeli hood x Impact)	LIKELIHOOD	IMPACT	MITIGATING MEASURES	RESPONSIBLE ORG./PERSON
				(Essential - 5, Likely - 4, Possible - 3, Unlikely - 2, Rare - 1)	Essential - 5, Major - 4, Moderate - 3, Minor - 2, Insignificant - 1		
FINANCIAL Risks							



There is a risk that delivery of the project will be affected by Global and domestic climate, economic and/or fiscal shocks.	As a result of Global and domestic climate, economic and/or fiscal shocks, there is a likelihood of increase in the global price of oil in particular and construction materials.	Increasing cost of importing goods and services which will dramatically increase the operating and capital costs of projects which lead to budget revisions, incomplete deliverables, projects milestones not achieved and pushes the PUNO and implementing partners attention away from the Joint Project	Moderate	3	3	<p>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. This will allow the PUNO to focus on achieving the results in the ICRBE projects.</p> <p>Financial risks to sustainability: There are no financial risks to the sustainability of the ICRBE Project. The Blue Lending Facility under the FDB is in discussions with the iTaukei Affairs Trust Fund Board, Fijian Holdings Limited, and Merchant Finance to continue capitalization of this facility. Moreover, the UNDP/UNCDF also led the successful issuance of Fiji's first ever Sovereign Blue Bond issued in November 2023 valued at US\$10 million which was oversubscribed 3 times. As a result of the successful blue bond issuance, the Government of Fiji is keen to issue a gender bond focusing on empowering women in the blue economy space with one of the potential project beneficiaries being the Blue Lending Facility. Hence, there is a likelihood of financial and economic resources being available once the Project ends assuming income generating activities and funding from gender bonds are available. These financial resources should be adequate for sustaining Project outcomes. For this reason, the rating for financial risks to sustainability is likely (L).</p>	UNDP, UNCDF and UNEP
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There is a risk that of the project being affected by scarcity of investor capital, including domestic investors' lack of familiarity with blended financing structures.	As a result of lack of familiarity with blended financing structures, there is scarcity of investor capital.	Which will impact in lack of interest and commitment of capital towards reef positive business.	Low	3	2	<p>Mobilization of international concessional and commercial loans/deirksing finance through the GFCR and other financial partners will help attract investors to the unfamiliar market of marine natural capital. More investor capital available, including domestic investors to participate in blended finance solutions.</p> <p>Focus will also be placed on unlocking finance front he domestic financial sector in Fiji which currently has record levels of liquidity.</p>	UNDP, UNCDF and UNEP
There is a risk of unintended effects on costs and prices, project cost overruns, misutilization of funds or resource capture at national or subnational levels.	As a result of intended effects on costs and prices, project cost overruns, misutilization of funds or resource capture at national or subnational levels the project costs fluctuations	Which will impact the cost of doing business and intended outputs and outcomes of projects not achieved due to increasing costs.	Moderate	2	3	<p>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 in this regard.</p> <p>Programme will also focus on pre and bulk procurements from suppliers for projects. Involvement of other highly experienced development partners like the Asian Development Bank to help jointly manage such risks.</p>	UNDP, UNCDF and UNEP



Social and Environmental Risks							
There is a risk of major natural disasters in the project area delaying progress and/or damaging/destroying the reef.	As a result of Natural Disasters - Cyclones, Flooding, Storm Surge, Sea Warming	Which will impact by delaying progress in project implementation and destroying the reef and reef ecosystem.	Low	3	2	<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. The treatment will ensure that the risks when natural disasters happen are mitigated and the community and their coral reef ecosystem recovers quickly from these natural events. The treatment will ensure that the risks when natural disasters happen are mitigated and the community and their coral reef ecosystem recovers quickly from these natural events.</p> <p>Environmental risks to sustainability: There are still risks related to climate change that are expected to increase the frequency and severity of floods in these communities, potentially impacting the Project's investments before they are completed. As there is no certainty of how often this may occur, the rating of environmental risks to sustainability is moderately likely (ML).</p> <p>Socioeconomic risks to sustainability: For Transactions 1, there is demand and willingness</p>	UNDP, UNCDF



						on the part of community-based cooperatives to undertake improvements to LMMAs and businesses that enhance coral reef protections. Furthermore, the Western Landfill, Transaction 2, is of national significance to the GoF.	
There is a risk that 12 months might not be enough time to make the capital investments needed to rehabilitate the Sigatoka dumpsite.	As a result of the limited timeframe given to complete this project.	Which will delay the rehabilitation process.	Moderate	4	4	The project team will catalyse the foundational work required for the long-term development of the Western Division landfill by focusing on critical preparatory actions. Transforming the Sigatoka Dumpsite into a Material Recycling Facility (MRF) will demonstrate the public-private partnership (PPP) model needed to scale up the solution for the broader Western Landfill transaction and eventual replication on Vanua Levu. The work will be focus on feasibility study for remediation approaches and establishment of a Waste Management Authority of Fiji, debt financing for dumpsite rehabilitation (PPP Partner) and debt financing/credit guarantee for PPP partner's equipment purchase. To ensure timeliness of implementation, the project team will engage stakeholders, including government agencies and environmental organizations, Conduct a phased rehabilitation plan, focusing on the most critical environmental and safety hazards first, work closely with relevant	



						authorities to fast-track any required permits or approvals.	
There is a risk that it may not be possible to find a PPP partner for the Sigatoka project	As a result of lack of interest by private partners.	Which will lead to project delays or inability to proceed	Moderate	4	2	<p>The Sigatoka Town Council under the leadership of the Ministry of Local Government have identified a list of potential and credible PPP partners that are willing to take on this work.</p> <p>With the involvement of ADB, structuring of a workable PPP model that is attractive to private operators is more likely.</p>	

→ Annex E – Solution Case Study

Solution Title	<i>Beqa Adventure Divers</i>
Context	<p><i>Overfishing</i></p> <p>The COVID-19 pandemic had significant impacts on marine conservation efforts at the Shark Reef Marine Reserve (SRMR), particularly concerning overfishing. With global travel restrictions, tourism—including shark diving operations by Beqa Adventure Divers (BAD)—came to a halt. This led to a sharp decline in funding for marine protection efforts, as ecotourism revenues typically support conservation activities, anti-poaching patrols, and community engagement programs.</p> <p>As a consequence, Beqa Adventure Divers was forced to stop operating their activities at Shark Reef. Cash flow to local villages from fees and employment also ceased, along with the robust de-facto enforcement of the SRMR “no fishing” regulations. Also during this period, many other people in Fiji employed by various segments of the tourism market (e.g., hotels and other industries that cater to tourists) needed to find revenue and food by other means, drastically increasing fishing activity and associated fishing pressure. This was evidenced by the emergence of dozens of ad-hoc roadside vendors selling fresh fish, along with many people who sold fish from their homes by means of social media advertisements.</p> <p>As economic hardship increased, some local fishers turned to unsustainable fishing practices to compensate for lost income, leading to heightened fishing pressure within and around the SRMR. The reduction in patrols during lockdowns further contributed to increased illegal fishing activity. This was further substantiated by the GFCR-supported fish count survey conducted in 2022. Although the study was qualitative, extensive expertise at Shark Reef and across the Indo-Pacific suggests that the fish assemblage in 2022 differed markedly from pre-COVID-19 surveys, particularly among species targeted for consumption. While some changes may have occurred between 2010 and 2020, observations by Beqa Adventure Divers indicate that the most significant shifts, particularly among commercially fished species, occurred during 2020-2021, when enforcement protections lapsed and fishing pressures intensified.</p> <p>However, as restrictions eased and conservation efforts resumed, BAD and local stakeholders worked to restore protections, reinforcing the importance of sustainable practices and alternative livelihoods for the long-term health of the marine ecosystem.</p>
Website or other links	<ul style="list-style-type: none"> • https://www.fijisharkdive.com/



	<ul style="list-style-type: none"> • Reef to community: sustaining our future through partnership and conservation - February 21 2024 • Fish Warden Training in Galoa Enhances Protection of Fishing Grounds February 9, 2024 • A deep dive Where the blue economy meets the circular economy, mobilizing action and resources for coral reef survival in Fiji
Image	<i>Please share at least one image highlighting this solution.</i>
FINANCE SOLUTION	
Finance Solution Diagram	Grant - US\$150,000 (USD133,380 disbursed) Loan - FJD 720,000
GFCR Fund usage	<p><i>Elaborate specifically on how GFCR funds were spent supporting this solution, including quantitative breakdown.</i></p> <p>Bega Adventure Divers (BAD) received a grant of US\$150,000 (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 PBG have been completed. The Grant was utilized for meetings with villages, scientific research, poaching patrols and new environmental projects that included My Fiji Shark Project Management, Shark Reef Marine Reserve Fish Count, Shark Reef Marine Reserve Benthic Biodiversity Assessment, village meetings and payments, data analysis indicator species, anti-poaching patrols, re-establishment of mangrove nursery, establishment of Giant Clam Nursery and repopulation of shark reef and replenishment of Mangrove Nursery at the Project Abroad site and at Galoa Village. BAD has held regular bi-annual meetings with the Galoa villages, the customary owners of the fishing grounds, inshore waters, and surrounding coral reefs, to discuss the management of the SRMR. These meetings address various topics, including the management of funds provided by BAD, conservation initiatives, and other related projects benefiting from BAD's support. The ongoing engagement through these village meetings has significantly contributed to the protection of the SRMR, fostering community involvement and leading to a noticeable reduction in poaching activities.</p> <p>Since 2021, with support from the GFCR Grant, BAD has carried out nearly 140 anti-poaching patrols in the SRMR area. Encounters with poachers or suspected poachers have been infrequent, and those identified have been issued warnings to cease their illegal activities. These patrols comprised a total</p>



	<p>of 65 night patrols and 71 of daytime operations. The consistent presence of these patrols has been instrumental in deterring poaching activities, particularly illegal fishing, within the SRMR area. In 2024, BAD conducted a total of 46 patrols.</p> <p>A concessional loan agreement with BAD was executed in November 2021 in the sum of FJD720,000 to purchase new engines for boats and construction of a new and sustainable base station for diving and marine research, including a new building.</p>
Company Overview (Reef-positive business only)	<p><i>Provide a narrative overview of the reef-positive business.</i></p> <p>BAD is globally recognized as being the gold standard in standard for having developed a model that pairs respectful, safe and sustainable shark encounters with research and conservation whilst collaborating with the authorities and sharing revenue with local grassroots communities. As such, BAD has been instrumental in establishing Fiji' world-renown Shark ecotourism industry, an extremely attractive and lucrative niche product where the model is now being emulated by several of BAD's peers. In November 2014, Shark Reef Marine Reserve was officially designated as Fiji's first National Marine Park, with BAD entrusted with its ongoing stewardship and ecosystem management. Benthic assessments conducted in 2014 and 2022 recorded coral cover ranging from 40% to 60%, demonstrating positive reef accretion rates and the efficacy of targeted conservation interventions in promoting coral resilience and ecological stability. Shark Reef Marine Reserve (SRMR) is a section of patch reef approximately 3 Km from the southern shore of Viti Levu in the Fiji Islands. In 2014 it was declared a statutory marine reserve under the Fisheries Act of 1942 (Cap 158) with the specific objective of protecting shark populations in the area.</p> <p>Bega Adventure Divers (BAD) plays a crucial role in shark conservation, which directly benefits coral reef health. As apex predators, sharks regulate fish populations, preventing the overgrazing of coral reefs and maintaining ecosystem balance. The GFCR funding enables anti-poaching patrols, community engagement with the Galoa villages, and sustainable shark ecotourism, BAD helps protect marine biodiversity while providing alternative livelihoods. Their efforts reduce illegal fishing, promote sustainable resource management, and support scientific research on shark populations. By preserving sharks, BAD ensures healthier coral reefs, where herbivorous fish can thrive, preventing algal overgrowth and promoting reef resilience.</p> <p>BAD's yearly contribution to Fiji's economy is approx. FJD 1.5m in verified direct financing and an estimated FJD 10m in indirect revenues from airlines, accommodation, restaurants, tours, souvenirs,</p>



	<p>etc. As a whole, Fiji's shark dives have been shown to contribute over USD 40 million to the local economy – and this sustainably and without any adverse effects on the animals and the ecosystem.</p> <p>In BAD's 20 years of existence, they have</p> <ul style="list-style-type: none"> - Successfully serviced over 50,000 satisfied dive tourists - Contributed over FJD 20 million in direct, and FJD 150 million in indirect revenues to Fiji's economy - Trained over 50 extremely well-qualified and well-paid diving professionals and over 500 SCUBA divers. <p>Most of BAD's Dive Masters are graduates of our youth program that supports school leavers who would not have otherwise found employment.</p> <ul style="list-style-type: none"> - On top of several millions in wages, directly contributed over FJD 500,000.00 to local grassroots communities - Facilitated the publication of over two dozen scientific reports and peer reviewed research papers - Pioneered the legislation leading to the establishment of Fiji's first National Marine Park, the Shark Reef Marine Reserve along with several gazetted, and thus enforceable MPAs. - Sponsored the training of over 50 honorary fish wardens, among which many are BAD's staff. - Pioneered Fiji's first Public-Private Partnership in Marine Conservation - Helped restore more than 50 hectares of mangrove forests - Been mentioned in literally countless print, video and social media by the most prestigious quarters
Finance Solution Overview	<p>Grants - The grant has funded key initiatives focused on conserving and restoring reef health. Among these efforts, BAD has conducted nearly 140 poaching patrols—over 70 during the day and more than 60 at night. These patrols play a critical role in protecting marine life by reducing illegal fishing activities, thereby mitigating overfishing and allowing reef ecosystems to regenerate and thrive.</p> <p>Additionally, BAD has undertaken mangrove replanting and established nurseries, which contribute significantly to coral reef health. Mangroves serve as natural coastal buffers, preventing erosion, filtering pollutants, and improving water quality. Their presence supports a balanced marine environment, fostering the growth of healthy coral ecosystems. The people of Serua Province, particularly those living along the coastline, are directly benefiting from this initiative. The restoration of marine ecosystems supports local fisheries, enhances food security, and creates sustainable economic opportunities through eco-tourism, ultimately improving livelihoods in the region.</p>



BAD has also implemented small-scale coral restoration efforts, directly aiding in reef recovery by enhancing coral growth and increasing habitat complexity. This contributes to greater biodiversity and strengthens the reef's resilience against environmental stressors, ensuring long-term ecosystem stability.

These conservation initiatives have a profound impact on shark populations, a primary focus of BAD's work. A healthier reef ecosystem sustains a stable food chain, directly benefiting shark species. Furthermore, the improved marine environment boosts eco-tourism, generating significant revenue that benefits over 1,000 community members directly and more than 20,000 people indirectly.

The newly established Fiji Shark Lab has been built and fully furnished, advancing scientific research on sharks and rays. This facility supports new conservation measures aimed at protecting these species, facilitates education and outreach programs, and enables the dissemination of research findings to the public.

At the Shark Reef Marine Reserve, conservation efforts have led to a significant increase in biodiversity. The reserve has become saturated with a diverse array of fish species, and the resulting spillover effect has substantially enhanced fishing yields in the surrounding unprotected reefs. As a testament to the effectiveness of protection and enforcement measures, fish biodiversity has expanded from 150 recorded species to over 500. Additionally, bull shark populations have flourished, with numbers rising from six to eight individuals per dive to as many as 100 during peak season.

The reserve also plays a vital role in eco-tourism. Visiting divers contribute to conservation efforts by paying a marine park levy, which directly benefits local villages. Furthermore, divers frequently share their experiences, showcasing the abundance of sharks in the reserve and attracting more visitors. This growing interest in shark diving strengthens ongoing conservation initiatives and ensures the long-term protection of the reserve.

Concessional debt: A concessional loan agreement with BAD was executed in November 2021 in the sum of FJD720,000, 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 concessional loan agreement with BAD demonstrates the potential of the programme to contribute towards the goal of the Project when there is a credible and collaborative implementing partner. BAD has honored all the loan repayments, pre and post loan restructuring. In the initial loan agreement, the term of the loan was 5 years, and the loan repayments were quite substantial however, BAD honored the loan repayments. Due to the effects of COVID-19 on the operation of BAD (due to the closure of borders), the financial performance was significantly affected. As such, BAD requested for a loan restructuring



	<p>in Q4-2023 to extend loan tenor and reduce principal repayments to avoid pressure on cash flow. The loan restructuring was approved in early 2024 after a thorough analysis was undertaken by the Project in consultation with the implementing partner. The new loan tenor was extended to 7.5 years which has reduced the loan repayments in line with the financial performance of BAD. To date, BAD has made a total of FJD322,000 in loan repayments (interest plus principal). The total principal outstanding is FJD545,000. In addition, BAD has adhered to all the reporting requirements as part of the loan agreement and are involved in regular consultation with the Project team with regards to monitoring and areas for further collaboration. BAD has not mobilised private or public finance from other sources.</p>
IMPACT	
Impact Ambition	<p>Fiji's marine ecosystems have been severely affected by multiple pressures, including widespread poaching and overfishing, exacerbated by the COVID-induced economic downturn. In addition, multiple large-scale coral bleaching events, triggered by an unprecedented triple-dip La Niña, have further stressed the reefs. These combined factors have placed Fiji's marine environment at a critical tipping point, with significant consequences for both biodiversity and local livelihoods. The program, led by BAD, in partnership with UNDP, UNEP, UNCDF, and the Global Fund for Coral Reefs, aims to address these challenges through a robust plan of monitoring, mitigation, and enforcement, focusing on long-term restoration of the reef ecosystems.</p> <p>The first key action in this initiative was to conduct comprehensive benthic and coral bleaching surveys, along with fish population and indicator species counts. These surveys, which compare current conditions against previously established baseline data, have been instrumental in evaluating the extent of the damage to Fiji's reefs. The initial findings reveal significant degradation, with coral cover on affected reefs down since the last major survey. These baseline assessments (benthic survey and fish count conducted in 2022) allow for targeted conservation strategies and the prioritization of the most damaged areas for intervention. The data also provides a solid foundation for policy recommendations to address ongoing threats and enhance marine protection.</p> <p>In addition to scientific surveys, the program has placed a strong emphasis on enforcement efforts. Aggressive anti-poaching patrols have been implemented in cooperation with Fisheries authorities and the Navy, focusing on areas where illegal fishing and poaching have been most destructive. BAD has conducted nearly 140 poaching patrols—over 70 during the day and more than 60 at night. These patrols have resulted in rare occurrences of poaching patrols. The aim of these patrols is to curb illegal fishing, allow fish populations to recover, and protect vital marine habitats.</p>



	<p>This effort has been critical in ensuring that local communities, nearly 2,000 villagers in affected regions, as well as an additional 20,000 people indirectly benefiting, can rely on sustainable fish stocks and secure livelihoods from marine resources.</p> <p>A significant aspect of the restoration work is the establishment of a coral nursery, designed to train volunteers in coral propagation techniques and to potentially reseed the Shark Reef Marine Reserve (SRMR) with heat-tolerant corals. The use of heat-resistant coral strains aims to increase the resilience of the reefs, helping them survive in the face of rising ocean temperatures and future bleaching events. Additionally, the nursery provides training for local community members, with a focus on engaging youth and women in the restoration efforts.</p> <p>In conclusion, the combined efforts of scientific monitoring, aggressive enforcement, and active restoration are playing a crucial role in reversing the damage to Fiji's marine ecosystems.</p>						
Fund Indicators	<p><i>If you disaggregate data collection by solution, please provide information on any of the following indicators:</i></p> <table> <tr> <td>% Local coral cover</td><td> <p><i>Baseline: 46% (2022)</i> <i>Target: 50%</i> <i>Current status: Pending Survey (BAD is currently seeking funding to support the next set of surveys)</i></p> </td></tr> <tr> <td>Local Fish biomass</td><td> <p><i>Baseline: 1600</i> <i>Target:</i> <i>Current status: Pending Survey (BAD is currently seeking funding to support the next set of surveys)</i></p> </td></tr> <tr> <td>Area of coral reefs under conservation and sustainable management</td><td> <p>MPAs and OECMs: <i>Baseline</i> <i>Target</i> <i>Current status: 7.9km²</i></p> <p>LMMAS and fisheries management: <i>Baseline</i> <i>Target</i> <i>Current status:</i></p> </td></tr> </table>	% Local coral cover	<p><i>Baseline: 46% (2022)</i> <i>Target: 50%</i> <i>Current status: Pending Survey (BAD is currently seeking funding to support the next set of surveys)</i></p>	Local Fish biomass	<p><i>Baseline: 1600</i> <i>Target:</i> <i>Current status: Pending Survey (BAD is currently seeking funding to support the next set of surveys)</i></p>	Area of coral reefs under conservation and sustainable management	<p>MPAs and OECMs: <i>Baseline</i> <i>Target</i> <i>Current status: 7.9km²</i></p> <p>LMMAS and fisheries management: <i>Baseline</i> <i>Target</i> <i>Current status:</i></p>
% Local coral cover	<p><i>Baseline: 46% (2022)</i> <i>Target: 50%</i> <i>Current status: Pending Survey (BAD is currently seeking funding to support the next set of surveys)</i></p>						
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	# Local jobs maintained and new jobs to be created	Target: Current status: 19
Project Indicators	METT, Employment Opportunities (livelihoods), Benthic Surveys and Coral Health.	
Community and Stakeholder Engagement	<p>Community trained 10 Fish wardens and assisted in preventing poaching and also participated in poaching controls.</p> <p>The community of Galoa receives payments from BAD as part of goodwill payment as traditional custodians of the Shark Reef Marine Reserve (SRMR). Funds are directly deposited to the clan Bank accounts supplied by the villages. Since the GFCR intervention through a grant to BAD, BAD disbursed FJD 22,000 to compensate Galoa village for their losses during Covid. Since 2021, BAD has disbursed a total of FJD 143,000 to Galoa Village which is sourced from a fee charged to BAD customers as direct financial compensation for the communities who have relinquished their rights to fish in the area. Since 2014, this Levy contribution to the village from BAD has totalled FJD 439,000.</p>	
TAKEAWAYS		
Process and Challenges	Tightly manage cash flow and balance sheet. Ensure there is a cash buffer or reserves to sustain any economic shocks. BAD operations have improved compared to the last reporting period. The tight management of cash flow can be affected by disruption in operations through natural disasters and Government policies such as the increase in departure tax. The. restructure of the UNCDF loan has provided much needed relief on the company's cash flow	
Key Takeaways	<p>The very successful Beqa Adventure Divers transaction shows that reef positive solutions can be built around pre-existing businesses which have a higher probability to succeed. Reasons for this are that the governance and institutional modalities of a pre-existing business are already in place and funding support from the Project can serve as catalytic seed capital. BAD was an investment on its own under Blue Alliance even though they did receive technical assistance from Blue Alliance. They have continued to work autonomously on their own, benefitting from a project preparation grant, obtaining a loan from FDB to build an entire new research facility office and purchase a new outboard engine for their monitoring vessel. This was done to scale up their operations, all while continuing to develop business plans and financial models. They have been successfully paying off the loan with no issues. Lending from domestic financial institutions to an existing business is more feasible since the existing business needs to be cash positive and demonstrate operations for 3 years.</p>	



	<p><i>The BAD model demonstrates the ability to work with established tourism operators in Fiji who have direct and indirect impact on coastal resources and coral reefs. Through the proposed FDB Blue Lending Facility, more entities like BAD, particularly locally owned and boutique tourism operators, will be able to replicate BAD's success</i></p>
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GFCR Funds allocated	<p>Grant - US\$150,000 (USD133,380 disbursed) Loan - FJD 720,000</p>
Achieved Milestones	<ul style="list-style-type: none"> • New Headquarters <p>Arguably the largest and best-appointed dive shop in the South Pacific. Purpose-built during the pandemic on BAD's own waterfront land, the compound comprises the reception and boutique, dive training facilities including a deep pool, a wet lab, a repair shop, ample storage, client amenities, floating docks and a slipway for our two purpose-built hydrofoil catamarans, and operates several compressors and a large emergency power plant. Partly funded through a loan by the ICRBE Project (GFCR & JSDG).</p> <p>This establishes a new standard for Fiji's diving industry</p> <ul style="list-style-type: none"> • Benthic and Fishcount • Poaching Patrols (details above) • Mangrove and Coral restoration (details above) <ul style="list-style-type: none"> • 2024 - The Fiji Shark Lab <p>BAD launches a research field station on its compound called the Fiji Shark Lab, a charitable Trust.</p> <p>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 fieldwork through public dissemination. Lab construction and outfitting funded by My Fiji Shark and the UNDP Investing in Coral Reefs and the Blue Economy Project. The Lab currently has several research and conservation projects underway.</p> <ul style="list-style-type: none"> o Operation Shark Pups – in conjunction with Ministry of Fisheries



	<ul style="list-style-type: none">o Artificial Reef – field testing in cooperation with Projects Abroad and Reefso Bull Shark Sociality - researcho Maskray Taxonomy - researcho Interspecific Competition on SRMR – research
Future Plans	<i>None yet</i>



→ **Annex F – GESI Action Report**

The framework (M&E) approach to gender mainstreaming was at the transaction level rather than at a Project level; this was to ensure targeted gender mainstreaming across all Project activities. However, without any Transactions being completed, the Project has not had the opportunity to develop a specific GESI Action Plan. The Project or UNDP should try to engage a consultant through its LTA modality or seek support from UN Women to develop the GESI Action Plan once the programme extension has been approved. Refer to Section VI for additional details.



→ Annex G – Safeguards

Provide an update on any safeguard risks encountered by the programme. Also report on previous safeguard concerns and how they have been addressed. These may be specific to solutions or for the programme as a whole. Safeguards cover social and environmental risks. The Social and Environmental Checklist has been provided as a guide to complete this Annex. For responses with a “Yes” expand on the mitigation measure.

Given that no transaction have proceeded to actual investment and progress in 2024 was restrained due to various reasons explained in this report, there have been no changes to the safeguards-related risks listed in this Annex.

CHECKLIST POTENTIAL SOCIAL AND ENVIRONMENTAL RISKS	
Principles 1: Human Rights	Answer (Yes/No)
1. Could the Project lead to adverse impacts on enjoyment of the human rights (civil, political, economic, social or cultural) of the affected population and particularly of vulnerable/marginalized groups?	No
2. Is there a likelihood that the Project would have inequitable or discriminatory adverse impacts on affected populations, particularly people living in poverty or marginalized or excluded individuals or groups? ²	No
3. Could the Project potentially restrict availability, quality of and access to resources or basic services, in particular to marginalized individuals or groups?	No
4. Is there a likelihood that the Project would exclude any potentially affected stakeholders, in particular marginalized groups, from fully participating in decisions that may affect them?	No
5. Is there a risk that duty-bearers do not have the capacity to meet their obligations in the Project?	No
6. Is there a risk that rights-holders do not have the capacity to claim their rights?	No
7. Have local communities or individuals (including local opinion leaders), given the opportunity, raised human rights concerns regarding the Project during the stakeholder engagement process?	Yes
8. Is there a risk that the Project would exacerbate conflicts among and/or the risk of violence to project-affected communities and/or individuals?	No

² Prohibited grounds of discrimination include race, ethnicity, gender, age, language, disability, sexual orientation, religion, political or other opinion, national or social or geographical origin, property, birth or other status including as an indigenous person or as a member of a minority. References to “women and men” or similar is understood to include women and men, boys and girls, and other groups discriminated against based on their gender identities, such as transgender people and transsexuals.



Principle 2: Gender Equality and Women's Empowerment	
1. Is there a likelihood that the proposed Project would have adverse impacts on gender equality and/or the situation of women and girls?	No
2. Would the Project potentially reproduce discriminations against women based on gender, especially regarding participation in design and implementation or access to opportunities and benefits?	No
3. Have women's groups/leaders raised gender equality concerns regarding the Project during the stakeholder engagement process and has this been included in the overall Project proposal and in the risk assessment?	No
4. Would the Project potentially limit women's ability to use, develop and protect natural resources, taking into account different roles and positions of women and men in accessing environmental goods and services? <i>For example, activities that could lead to natural resources degradation or depletion in communities who depend on these resources for their livelihoods and well being</i>	No
Principle 3: Environmental Sustainability: Screening questions regarding environmental risks are encompassed by the specific Standard-related questions below	
Standard 1: Biodiversity Conservation and Sustainable Natural Resource Management	
1.1 Would the Project potentially cause adverse impacts to habitats (e.g. modified, natural, and critical habitats) and/or ecosystems and ecosystem services? <i>For example, through habitat loss, conversion or degradation, fragmentation, hydrological changes</i>	No
1.2 Are any Project activities proposed within or adjacent to critical habitats and/or environmentally sensitive areas, including legally protected areas (e.g. nature reserve, national park), areas proposed for protection, or recognized as such by authoritative sources and/or indigenous peoples or local communities?	Yes
1.3 Does the Project involve changes to the use of lands and resources that may have adverse impacts on habitats, ecosystems, and/or livelihoods? (Note: if restrictions and/or limitations of access to lands would apply, refer to Standard 5)	No
1.4 Would Project activities pose risks to endangered species?	No
1.5 Would the Project pose a risk of introducing invasive alien species?	No
1.6 Does the Project involve harvesting of natural forests, plantation development, or reforestation?	No



1.7	Does the Project involve the production and/or harvesting of fish populations or other aquatic species?	No
1.8	Does the Project involve significant extraction, diversion or containment of surface or ground water? <i>For example, construction of dams, reservoirs, river basin developments, groundwater extraction</i>	No
1.9	Does the Project involve utilization of genetic resources? (e.g. collection and/or harvesting, commercial development)	No
1.10	Would the Project generate potential adverse transboundary or global environmental concerns?	No
1.11	Would the Project result in secondary or consequential development activities which could lead to adverse social and environmental effects, or would it generate cumulative impacts with other known existing or planned activities in the area? <i>For example, a new road through forested lands will generate direct environmental and social impacts (e.g. felling of trees, earthworks, potential relocation of inhabitants). The new road may also facilitate encroachment on lands by illegal settlers or generate unplanned commercial development along the route, potentially in sensitive areas. These are indirect, secondary, or induced impacts that need to be considered. Also, if similar developments in the same forested area are planned, then cumulative impacts of multiple activities (even if not part of the same Project) need to be considered.</i>	No
NoStandard 2: Climate Change Mitigation and Adaptation		
2.1	Will the proposed Project result in significant ³ greenhouse gas emissions or may exacerbate climate change?	No
2.2	Would the potential outcomes of the Project be sensitive or vulnerable to potential impacts of climate change?	No
2.3	Is the proposed Project likely to directly or indirectly increase social and environmental vulnerability to climate change now or in the future (also known as maladaptive practices)? <i>For example, changes to land use planning may encourage further development of floodplains, potentially increasing the population's vulnerability to climate change, specifically flooding</i>	No
Standard 3: Community Health, Safety and Working Conditions		
3.1	Would elements of Project construction, operation, or decommissioning pose potential safety risks to local communities?	No
3.2	Would the Project pose potential risks to community health and safety due to the transport, storage, and use and/or disposal of hazardous or dangerous materials (e.g. explosives, fuel and other chemicals during construction and operation)?	No

³ In regards to CO₂, 'significant emissions' corresponds generally to more than 25,000 tons per year (from both direct and indirect sources). [The Guidance Note on Climate Change Mitigation and Adaptation provides additional information on GHG emissions.]



3.3	Does the Project involve large-scale infrastructure development (e.g. dams, roads, buildings)?	No
3.4	Would failure of structural elements of the Project pose risks to communities? (e.g. collapse of buildings or infrastructure)	No
3.5	Would the proposed Project be susceptible to or lead to increased vulnerability to earthquakes, subsidence, landslides, erosion, flooding or extreme climatic conditions?	No
3.6	Would the Project result in potential increased health risks (e.g. from water-borne or other vector-borne diseases or communicable infections such as HIV/AIDS)?	No
3.7	Does the Project pose potential risks and vulnerabilities related to occupational health and safety due to physical, chemical, biological, and radiological hazards during Project construction, operation, or decommissioning?	No
3.8	Does the Project involve support for employment or livelihoods that may fail to comply with national and international labor standards (i.e. principles and standards of ILO fundamental conventions)?	No
3.9	Does the Project engage security personnel that may pose a potential risk to health and safety of communities and/or individuals (e.g. due to a lack of adequate training or accountability)?	No
Standard 4: Cultural Heritage		
4.1	Will the proposed Project result in interventions that would potentially adversely impact sites, structures, or objects with historical, cultural, artistic, traditional or religious values or intangible forms of culture (e.g. knowledge, innovations, practices)? (Note: Projects intended to protect and conserve Cultural Heritage may also have inadvertent adverse impacts)	No
4.2	Does the Project propose utilizing tangible and/or intangible forms of cultural heritage for commercial or other purposes?	No
Standard 5: Displacement and Resettlement		
5.1	Would the Project potentially involve temporary or permanent and full or partial physical displacement?	No
5.2	Would the Project possibly result in economic displacement (e.g. loss of assets or access to resources due to land acquisition or access restrictions – even in the absence of physical relocation)?	No
5.3	Is there a risk that the Project would lead to forced evictions? ⁴	No

⁴ Forced evictions include acts and/or omissions involving the coerced or involuntary displacement of individuals, groups, or communities from homes and/or lands and common property resources that were occupied or depended upon, thus eliminating the ability of an individual, group, or community to reside or work in a particular dwelling, residence, or location without the provision of, and access to, appropriate forms of legal or other protections.



5.4	Would the proposed Project possibly affect land tenure arrangements and/or community based property rights/customary rights to land, territories and/or resources?	No
Standard 6: Indigenous Peoples		
6.1	Are indigenous peoples present in the Project area (including Project area of influence)?	Yes
6.2	Is it likely that the Project or portions of the Project will be located on lands and territories claimed by indigenous peoples?	Yes
6.3	Would the proposed Project potentially affect the human rights, lands, natural resources, territories, and traditional livelihoods of indigenous peoples (regardless of whether indigenous peoples possess the legal titles to such areas, whether the Project is located within or outside of the lands and territories inhabited by the affected peoples, or whether the indigenous peoples are recognized as indigenous peoples by the country in question)? <i>If the answer to the screening question 6.3 is "yes" the potential risk impacts are considered potentially severe and/or critical and the Project would be categorized as either Moderate or High Risk.</i>	No
6.4	Has there been an absence of culturally appropriate consultations carried out with the objective of achieving FPIC on matters that may affect the rights and interests, lands, resources, territories and traditional livelihoods of the indigenous peoples concerned?	No
6.5	Does the proposed Project involve the utilization and/or commercial development of natural resources on lands and territories claimed by indigenous peoples?	No
6.6	Is there a potential for forced eviction or the whole or partial physical or economic displacement of indigenous peoples, including through access restrictions to lands, territories, and resources?	No
6.7	Would the Project adversely affect the development priorities of indigenous peoples as defined by them?	No
6.8	Would the Project potentially affect the physical and cultural survival of indigenous peoples?	No
6.9	Would the Project potentially affect the Cultural Heritage of indigenous peoples, including through the commercialization or use of their traditional knowledge and practices?	No
Standard 7: Pollution Prevention and Resource Efficiency		
7.1	Would the Project potentially result in the release of pollutants to the environment due to routine or non-routine circumstances with the potential for adverse local, regional, and/or transboundary impacts?	No
7.2	Would the proposed Project potentially result in the generation of waste (both hazardous and non-hazardous)?	No



7.3	Will the proposed Project potentially involve the manufacture, trade, release, and/or use of hazardous chemicals and/or materials? Does the Project propose use of chemicals or materials subject to international bans or phase-outs? <i>For example, DDT, PCBs and other chemicals listed in international conventions such as the Stockholm Conventions on Persistent Organic Pollutants or the Montreal Protocol</i>	No
7.4	Will the proposed Project involve the application of pesticides that may have a negative effect on the environment or human health?	No
7.5	Does the Project include activities that require significant consumption of raw materials, energy, and/or water?	No