



GLOBAL FUND FOR  
**CORAL REEFS**

**ANNUAL NARRATIVE REPORT:**  
**Gutpela Solwara, Gutpela Bisnis (Good**  
**Oceans, Good Business) Project**

January – December 2024

## Programme Overview

Programme Title & Project Number		Programme Duration	
<b>Programme Title:</b> Gutpela Solwara, Gutpela Bisnis (Good Oceans, Good Business) Joint Programme <b>Programme Number:</b> [Refer to <a href="#">GATEWAY</a> ] 00129304 <b>Programme webpage:</b> N/A		<b>Start Date:</b> November 2021 <b>End Date:</b> December 2025	
Programme Location		Co-recipient Organisation/s and Implementing Partners	
<b>Country/ies:</b> Papua New Guinea  <b>Priority Coral Reef Site/s:</b> Kimbe Bay, West New Britain Province and Alotau, Milne Bay Province		<b>Co-recipient Organisation/s:</b> United Nations Development Programme, United Nations Capital Development Fund  <b>Implementing Partner/s:</b> Conservation and Environment Protection Authority	
Total Approved Budget			
<b>Total GFCR Budget:</b> USD 4,494,284 <b>Convening Agent: UNDP:</b> USD \$3,010,000 <b>UNCDF Blue Bridge, if applicable:</b> USD \$1,484,284  <b>Other Co-Financing Organisation:</b> <b>Joint SDG Fund:</b> USD \$724,400 <b>GEF:</b> USD \$4,775,000 <b>National Biodiversity and Climate Fund:</b> USD \$2,000,000			
<b>GFCR Preparatory Grant awarded from proposal development:</b> Six businesses in Kimbe Bay			

Programme Description
<p>The Joint Programme (JP) will support the development of a national Blue Investment Strategy, before the establishment of the Blue Economy Investment Facility (BE-EIF). The focus of the BE-EIF will be on nurturing women-led businesses in the marine sector. Concurrently, multiple-use Marine Protected Areas (MPAs) will be established at sites that boast globally significant coral reef systems. The BE-EIF aims to demonstrate proof of concept for new blue business models and catalyze the thriving blue economy in Papua New Guinea. This initiative will not only crowd in domestic financial institutions to offer blue-focused financial products but also expand the market for micro-finance opportunities for women and youth in the country.</p> <p>The Blue Economy Enterprise Incubation Facility (BE-EIF) has identified a strategic opportunity to draw in private investments in marine management by creating a Marine Protected Area (MPA) in Milne Bay. This initiative will serve as a catalyst for the BE-EIF as it distributes start-up grants to businesses that not only support reef conservation but also promote income generation, with a particular focus on</p>

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empowering women-led enterprises. Additionally, the BE-EIF plans to provide risk guarantees to incentivize local financial institutions to participate, as well as to establish credit lines tailored specifically for women entrepreneurs. As the project progresses, the BE-EIF will adapt and grow, with plans to expand to two additional sites in the future.

**Programme Location:** Papua New Guinea

Kimbe Bay, New Britain, PNG

Milne Bay, Louisiade Archipelago, PNG

**Key expected results:**

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

**Key outcomes and outputs by fund:**

- Oceans Policy is operationalised through a Blue Investment Strategy (Year 1, Joint SDG Fund)
- The BE-IF is established, operational in Kimbe Bay (Year 1, Joint SDG Fund; GFCR).
- Corporate 5-year gender-sensitive business plan developed for the BE-EIF to provide overall strategic direction (Year 1, Joint SDG Fund).
- Capacity development and technical assistance programme to target enterprises in partnership with relevant entities (Year 2, GFCR).
- At least 5 businesses or social/community enterprises are incubated with a special support network established for women (Year 2, Joint SDG Fund; GFCR).
- Grant capital awarded to blue enterprises to support start-up to growth stage (Years 3 and 4, GFCR).
- 100% increase of areas of coral and mangrove cover that are under management plans in project sites (Years 3 and 4, GFCR).
- More than 1.33 million hectares of marine space under protection (Year 4, GFCR)
- At least \$180,000 yearly revenue generation from environmental levy for management operations of the Conflict Group MPA (Year 4, GFCR).
- More than 50% of Papua New Guineans benefiting directly or indirectly from JP interventions will be women and youth (Year 4, GFCR).
- Creation of credit lines through the deployment of risk guarantees to crowd-in domestic financial credit lines (Year 4, GFCR).

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## I. Executive Summary

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### 1. Programme Progress Update

- In 2024, 100 women from Kimbe Urban, Hoskins, Talasea, and Bialla Local Level Governments (LLGs) participated in two Financial Training sessions as part of the Women in Locally Managed Marine Areas program.
- In 2023, 17 business proposals were received in which 8 pipeline business proposals had to go through a stringent process. Six businesses were finalised and the BE-EIF Accelerator Program launched in May 2024. The pre-accelerator training and the Accelerator Training were conducted with six businesses and representatives from each business attended. Approximately 25 men and women were trained in which the number of women who participated in these trainings were 17 and men were 8. Several 1:1 mentor sessions were carried out in finalising the six business proposals and business plans by KPMG. Refer to Annex II below for the shortlisted candidates for the BE-EIF Accelerator Program.
- The Board approved Milne Bay province as the second site in April 2024 in which the Joint Program (JP) is looking at identifying 5 more reef-positive businesses or MSMEs. A scoping assessment of Blue Business Initiatives and Reef Positive Businesses in Milne Bay Province was conducted in October 2024. Refer to Annex I below for the report.
- The Social and Environmental Safeguard Plan (SESP) and Environmental and Social Impact Assessment (ESIA) were finalized in December 2024. Refer to Annex II.
- The project team collaborated with contractor Lushomo to develop questionnaires based on the GFCR Framework using Toolbox. The team will train six businesses to use Kobo Box for data collection, which will be used for reporting in the Bi-annual M&E report.
- The BE-EIF Blue Accelerator Programme feasibility studies were completed by contractor KPMG. The feasibility studies provided a comprehensive analysis of the technical and financial support, challenges, criteria, and assessment of reef-positive initiatives within the Accelerator Programme. Additionally, the studies highlighted key lessons learned and evaluated the economic feasibility of managing the BE-EIF Accelerator Program.
- The Coral Reef Website was launched in November 2024. The JP is responsible for completing the necessary actions to establish the website's hosting on a server and domain name by 2025. As a result, the website is not currently accessible online.
- The final evaluation of PNG's National Sustainable Blue Economy Investment Strategy Plan was completed in November 2024, with follow-up actions taken with the implementing partner. The JP to work with Conservation Environment Protection Authority (CEPA) and National Oceans Office (NOO) to complete the foreword and the acknowledgement sections of the documents in 2025.
- A Blue Finance Forum was held in November 2024 to facilitate knowledge sharing among various blue initiatives.
- The Ecological Assessment Contract was finalized with Eco Custodians Advocate Inc. in collaboration with R&C Marine Services. The Assessment will be conducted in Kimbe Bay, specifically the six business sites which cover six communities: Bulumuri in Talasea, Walindi & Mahonia in Talasea, Ruango in Kimbe urban, and Galeoale & Karapi in Hoskins to Lolobau Island.
- Two training sessions were conducted with the Conservation Environment Protection Authority (CEPA) Marine Division Team for the GESI Framework for the division with further development of the framework to be progressed by the CEPA team. The team consists of five females.
- The JP supported the CEPA Marine Division and WBNP Environment and Climate Change Division in conducting the FPIC Process at Kimbe Bay in September 2024 where 1000 community members were

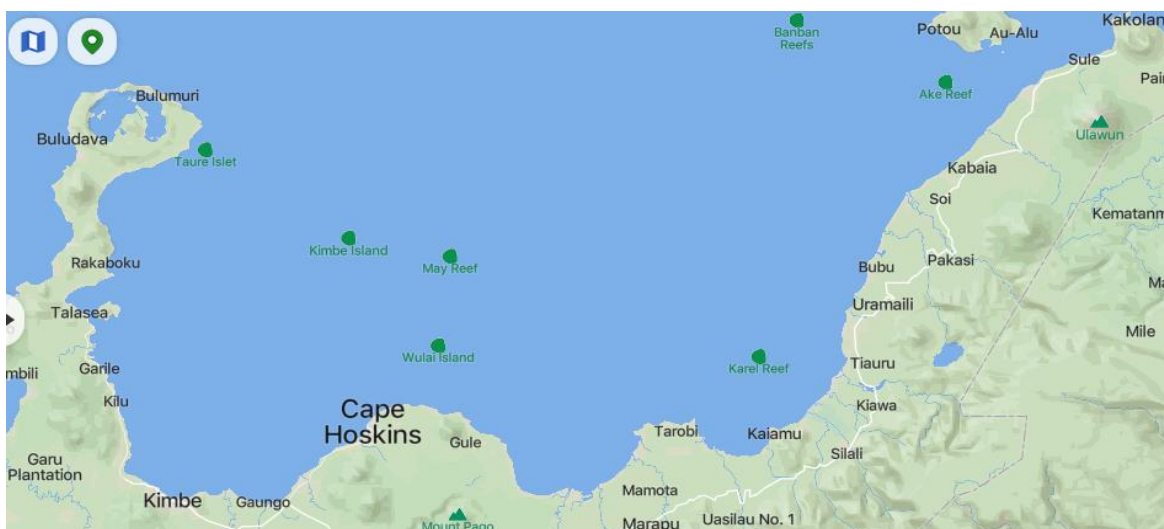
consulted including different focussed groups of young men and women and the older males and females from two Districts in West New Britain Province. The purpose of this process is to achieve the gazetting of Kimbe Bay being the proposed Marine Sanctuary. Refer Annex below for the FPIC process.

- The First Disbursement of the UNDP start-up grants totalling US\$43,000 was given to four Businesses in June 2024.

## 2. Milestones and Adaptations

- The Ecological Assessment was postponed in its implementation until 2025 due to the unavailability of resources. The project was waiting for the 2024 Grant funding from the GFCR to proceed with the commitment of funds. The issue has been resolved with the receipt of the 2024 grant allocation in November of that year.
- The Joint Program (JP) supported the CEPA Marine Team in collaboration with the West New Britain Provincial Environment and Climate Change Division Team to conduct the Free, Prior, and Informed Consent (FPIC) Process in Kimbe Bay, spanning from Kintakiu to Baia. During this process, over 1000 community members were consulted, with more than 90% of the communities expressing their desire to formally establish a Marine Protected Area (MPA) to safeguard their marine resources and unique biodiversity, while also exploring alternative livelihood options. The communities consulted included Kintakiu in Talasea LLG; Ruango in Kimbe Urban LLG; Vavua, Koimumu, Galilo, Galeoale, Gavuvu, Mai, Kasia, Buluma, and Banaule villages in Hoskins LLG; Sulu and Kaiamu villages in Central Nakanai LLG; and Baia, Bakada, Bubu, Matiliuliu, and Baikakea villages in East Nakanai LLG. Additionally, Isunaua, Nantabu, and Apupul were also consulted, although they did not participate in the survey. The Marine Team is currently finalizing the report and preparing a submission to be presented to the Provincial Executive Council in the first quarter of 2025 for the proposed endorsement of the Kimbe Bay Marine Conservation boundary. This initiative has also garnered support from the GEF6 Sustainable Financing of PNG's Protected Area project to assist in the development of the Management Plan for Kimbe Bay as part of the Gazettal process scheduled for 2025.

Figure 1. Map of Kimbe Bay illustrating Bulumuri, Talasea to Potou on Lolobau Island.



- Six businesses finalized under the BE-EIF Blue Economy Accelerator Program, signed the grant agreements in May 2024. The UNDP Start-up grants were disbursed to four businesses in June 2024, while the other two businesses had to wait until January 2025 to receive their first disbursement due to funding unavailability.

- The Low-Value Grant performance-based payment modality used for the businesses is the first of its kind in the PNG Country Office. Policies and SOPs were finalized in December 2024, after the agreements were signed in May 2024. This created some administrative challenges for the project team, highlighting the difficulties in executing the agreement. To address the delay, updated frameworks for the grant agreements were established with new due dates, and a no-cost extension was sought.
- The final draft of the PNG national Blue Economy Investment Strategy took longer to complete due to low response from relevant GoPNG departments and the UNDP administrative process of contract extensions for both national and international parties. The project team had to implement direct contracting to overcome this issue and move the work forward.
- The First Financial Expenditure Reports from the four businesses were sent to the contractor Lochan & Co. to vet the expenditures and acquittals. It is proving to be a great challenge for these community businesses to comply with all the requirements for justifying expenditure and this is delaying the process of making the next disbursements.

### **3. 2025 Outlook**

The key outlook for 2025 implementation will be:

- To incubate at least 4-5 identified Micro, Small, Medium or Enterprise (MSME) businesses in Alotau (Milne Bay), considering the limited time for implementation given that the JP closes in December 2025. The screening of businesses will take place in April 2025. The accelerator will include two training and face to face mentoring sessions, scheduled for June and August 2025, followed by a final mentoring and graduation session in October 2025. The grant agreements with the businesses are expected to be finalized at the start of June 2025.
- Finalize the technical assistance support for the six businesses in Kimbe Bay (including a final training and mentoring session) and proceed with the remaining two disbursements under the blue grants mechanism for the completion of their business projects.
- To progress the administrative process of housing the PNG's Blue Economy Enterprise Incubation Facility (BE-EIF) Website.
- A call for proposals for potential blue initiatives to submit their Expression of Interest for consideration for startup or innovative grants in the submissions is in the first quarter of 2025.
- Progress and finalise establishment of the Blue Economy Portfolio Guarantee facility by the UNCDF at the end of March 2025. This facility is looking at giving loans to 50 blue initiatives or businesses in PNG.
- The JP will continue to create awareness of the blue economy nationally, including holding several Blue Economy fairs.
- Finalising the Papua New Guinea Sustainable Blue Economy Investment Strategy Plan to be ready for publication in the 1<sup>st</sup> quarter, and support its implementation through management of the BE-EIF as a mechanism for investment pipeline development.
- Ecological assessments (including coral reef coverage) to collect baselines for Kimbe Bay that commenced in the first quarter of 2025
- Advance in the process of setting up the BE-EIF under the Biodiversity Climate Fund (BCF) until the end of 2025, aligning and adapting the BCF internal operational procedures and mechanisms to better fit the facility, which will enable greater flexibility in service delivery and reduce management costs by leveraging the BCF's own resources.
- The Final Terminal Evaluation before the JP closes is to be carried out in the last quarter of 2025.
- CEPA and WBNP with the support of GEF 6 – Sustainable Financing of PNG's Protected Area Project to carry out the management Plans of Kimbe Bay Marine Sanctuary in the first quarter of 2025 as a follow-up action on the FPIC Process starting in February 2025.



- Inshore deployment of the Fish Aggregated Devices in Kimbe Bay developed in 2025, in line with the PNG National Fisheries Authority Rules of Engagement. The concept note of the proposed FADs deployment was developed in 2024. Once the baseline data from the Ecological Assessment is submitted in June 2025, and training of the Businesses conducted on how they collect the data to input the GFCR M&E framework or reporting tool,
- The JP will have comprehensive data for the Mid Term report to show the impact on the coral reef or marine conservation related to the business sites.
- Finally, the JP will support the work of conservation by engaging an NGO through the Low-Value Grant modality to develop Management Plans and documentation for potential LMMAs related to the business sites in Milne Bay Province.

## II. Programme Progress Overview

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### 1. Progress Toward Outcomes and Outputs

The joint program has made significant progress in advancing blue economy initiatives, encompassing awareness and advocacy initiatives, policy and strategy development milestones, successful financial and resource mobilization achievements, and impactful capacity-building efforts as highlighted below.

- Finalisation of the PNG's national Blue Economy Investment Strategy Plan contributes to catalysing investing opportunities and demonstrating the proof of concept for PNG's Oceans Policy. The strategy aims to identify and nurture sustainable and inclusive market opportunities across all sectors of the blue economy, catalyzing a transformative shift in PNG's development trajectory. The strategy prioritizes investments and activities that promote the sustainable development and utilization of ocean and coastal resources, protect and restore the coastal and ocean environment, and ensure equitable sharing of benefits derived from the blue economy. In alignment with the Government of PNG's focus on supporting Small and Medium-sized Enterprises (SMEs) to foster a fair and equitable economy, the strategy propose the extension of the Blue Economy-Enterprise Incubation Facilities (BE-EIF) to the provinces to incubate and grow micro, small, and medium blue economy businesses. Furthermore, the strategy underscores the importance of mobilizing additional finance from diverse sources and building investor trust and interest to drive the growth of the blue economy in PNG
- Establishment and operationalising of the BE-EIF, providing financial and technical support to 6 businesses that have been incubated and 100 Women in Blue Businesses Network in Kimbe. Development for the BE-EIF Five-year gender-sensitive financial and revenue plan to progress in achieving outcome 1.
- The FPIC process conducted in Kimbe visited 1000 communities and more than 20 villages in two Districts with 90% expressing a desire to proceed with the Gazettal of the Kimbe Bay proposed marine Sanctuary. Moreover, an Ecological Assessment is being carried out to collect baseline data on Fish Biomass, a benthic survey, and a social economic survey aligning to the METT assessment as well as specifically mapping the sites that the coral reef is connected to whether the businesses are operating. Most of the business sites would be categorised under OECMs. The M&E questionnaires were developed using the Kobo toolbox in preparation for training the businesses to collect the data. All these contribute to achieving the outcome 2.
- Under the BE-EIF Blue Accelerator Program, three financial literacy training sessions were conducted, in addition to offering mentorship sessions and technical support for developing grant and business proposals with the businesses and the Women in Blue Business Network. JP will continue to provide ongoing financial and technical assistance to support the growth of these businesses under the BE-



EIF. Furthermore, knowledge sharing will be facilitated through the Blue Finance Forum held in November 2024, where successful initiatives from around PNG will be showcased. This initiative aims to advance the achievement of outcome 3.

- The JP continues to raise awareness programs during the financial forum held in November 2024 and the communications products that have been established by the JP to achieve outcome 4.
- The Blue Economy Portfolio Guarantee Facility agreement will be finalised with a partnering local financial institution at the end of March 2025. Loans under the guarantee will be issued to the MSME segment within the blue economy sector with at least 30% of the guaranteed amount dedicated for women-owned MSMEs and at least 30% of the guaranteed amount dedicated for MSMEs operating in, or nearby, Kimbe Bay or Milne Bay. This initiative aims to advance the achievement of outcome 4.
- The agreement will entail USD \$200,000 in technical assistance (TA). The purpose of the TA is to support the guaranteed party by training within the Blue Economy field related to eligible sectors, eligible SMEs and pipeline generation. The end beneficiaries should also be supported by a technical assistance program related to financial literacy and business management. The TA package will be co-designed with the Guaranteed Party. This initiative aims to advance the achievement of outcomes 3 and 4.

## 2. Grants, Investment, Revenue Mobilised

### 2) Grants and Investments:

#### **UNDP – GEF6 Sustainable Financing of PNG’s Protected Area Network Project**

The Joint Programme (JP) under the United Nations Development Programme (UNDP) has successfully signed low-value performance-based payment agreements with six businesses in Kimbe, totalling a grant amount of US\$400,000. So far, at least 30% of this grant has been disbursed to four businesses in Kimbe. Additionally, the JP has assisted government partners in conducting the Free, Prior, and Informed Consent (FPIC) process for Kimbe Bay. The Global Environment Facility (GEF-6) project is a crucial source of co-financing and collaboration for the JP, which has now united to support the Management Plan of the Proposed Kimbe Bay Marine Sanctuary. In their 2025 Annual Work Plan, the JP has allocated US\$124,688 to facilitate this process. Furthermore, they have budgeted US\$102,000 for technical support to the Business (BE-EIF) and Fish Aggregating Device (FAD) deployment.

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

CEPA, as the government's implementing partner, will be providing in-kind support by offering office space to the project team in Port Moresby. Additionally, CEPA is committed to providing policy support through the allocation of marine staff time.

#### **West New Britain Provincial Administration**

The Implementing partners Conservation Environment Protection Authority (CEPA) in collaboration with the West New Britain Provincial Administration, set to progress the MOA regarding the support to the JP by 2025. An office space has been allocated to support the JP operations in Kimbe, with the Project Team officially moving into the space in November 2024.

#### **Other Support**

In September 2024, the JP with support from the Implementing partners had a meeting with the West New Britain Provincial Administration Fisheries Division, Hargy Oil Palm company and New Britain Oil Palm (NBPOL) company in Kimbe Bay to support in kind the deployment of FADs in Kimbe Bay in complimenting the efforts the JP to addressing the drivers of degradation and the marine conservation work progressing

in Kimbe Bay was successful and they will support. NBPOL has a current MOA with the CEPA compliance unit that needs to be revisited and revised to reflect the current efforts and Hargy is awaiting CEPA to give them additional information regarding this matter.

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

## **2) Revenue and Sustainability:**

The initial disbursements were provided to six businesses in Kimbe, with four of them receiving their funds in June. These businesses have since submitted their financial expenditures along with their technical reports. Among these businesses, Connas Trading and Boge Investment Ltd stand out, reporting an average monthly revenue of K3000 from June to December 2024. This promising performance indicates the potential for significant growth. Moving forward, the UNCDF component of the Grant or Loan Credit Facility will become accessible after March 2025. Additionally, the financial training provided under the Be-EIF Accelerator program has equipped these businesses with the knowledge and skills necessary to apply for these loans and expand their operations. This strategic combination of financial support and training positions both Connas Trading and Boge Investment Ltd for success as they seek to scale up their businesses.

## **3) Challenges and Next Steps**

The challenge lies in the ambitious 1:4 ratio of the program strategy. The target source has faced complications due to the exclusion of the Conflict Islands from the project. Raising capital in Papua New Guinea is a highly intricate process that will necessitate thorough investigation and cost analysis. Consequently, one of the sites had to be changed, prompting a scoping process in 2023. An additional 12 months was required for scoping the second site, resulting in a loss of implementation time. The board approved the recommended second site in April 2024. As the JP GFCR component is set to close at the end of 2025, this will impact the implementation of JP outcomes at the second site. Additionally, the JP has faced challenges in adapting the site, resulting in a loss of expected revenue from conflict island ships. Moreover, businesses are struggling to meet the justification requirements for grants, leading to delays in the disbursement of funds. These obstacles highlight the need for efficient and timely grant management to ensure successful project outcomes. This will be addressed in 2025 in which the JP will collaborate closely with the contractor to oversee the financial management of grants reporting. Additionally, JP will conduct regular in-person meetings with businesses to ensure they comprehend the required documents for reporting their financial expenditures. The next step is to work with the BCF Team to incubate the criteria for the Blue Reef positive businesses used in Kimbe as part of resource mobilization for funding the Blue Economy initiatives.

The JP strategy aims for a ratio of 1:4 but has faced challenges due to the exclusion of the Conflict Islands from the project. Securing funding in Papua New Guinea is a complex task that requires thorough research and cost analysis, which has yet to be completed. The project team has identified Mine Bay as a potential site for identifying five additional Reef Positive businesses. However, the timeline for working with businesses in Alotau is tight, as the project is set to conclude in December 2025. This timeline poses a challenge anticipating considerations of numerous administrative delays in resource allocation and processes.

## **4. Emerging Risks**

The delay in implementation by the Joint Project (JP) has hindered the assessment of revenue generated by businesses affected by the implementation period, as the JP began its work very late. The Biodiversity Climate Fund (BCF) has not yet been established, raising concerns about how incubating these businesses can be a viable strategy. It is expected that BCF will become a legal entity by the end of 2025 or early 2026. Until now, BCF has been understaffed, with only one individual managing the organization; however, a recruitment process is underway that should increase capacity in 2025. The Joint Program (JP) will hold several meetings with BCF to discuss and refine the proof of concept for the BE-EIF and any adaptations required for its integration into BCF. In the second quarter of 2025, the Biodiversity Climate Fund (BCF) will undertake a consultancy to identify any gaps in its internal procedures and policies, aiming to finalize its management mechanisms before becoming a legal institution. As part of this process, one of the deliverables will include assessing the current BE-EIF and determining the necessary adjustments to BCF policies, procedures and management measures to ensure its full integration

Additionally, an internal workshop is planned for early in the last quarter of 2025 to define the BE-EIF sustainability strategy under BCF. Additionally, delays in starting the second site in Alotau may impact the project timeline, with the potential identification of issues in the first quarter of 2025. This could complicate the accelerator program and other administrative processes related to the Local Value Performance-based Payment Agreement (LVBPA), potentially hindering businesses from completing the entire grant cycle before the project concludes.

### - III. Solutions

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#### 1. Overview of Progress and Composition of Solution Portfolio

##### Status of the Reef Positive Solutions and progress of the outcomes

The six businesses listed below participated in the Blue Accelerator, which included multiple training sessions on financial literacy and business management, as well as mentoring sessions. All six also received blue grants to implement projects for scaling their business.

- I. **LA Transport Services** is a seaweed cultivation project in the coral reefs of Kimbe Bay. This initiative is not only combatting ocean pollution and ecosystem degradation but also promoting women's empowerment through sustainable aquaculture practices and the preservation of marine biodiversity. By providing necessary infrastructure, such as storage facilities and a drying shed, and increasing the production capacity of seaweed cutting, this solution will allow local women in the communities to establish and manage their own eco-farms, thereby creating opportunities for employment for women and youth involved in growing and harvesting seaweed.
- II. **Boge Investment Limited** is deeply committed to educating local fishing communities on sustainable fishing practices and providing them with the necessary tools and equipment as needed. Through the implementation of selective fishing techniques, the business ensures the long-term sustainability of the local fishing industry. With the support of a start-up grant from the BE-EIF, the company has recently established a state-of-the-art refrigeration and processing facility. This facility includes a solar-powered refrigerator and cleaning shed, which will significantly improve the preservation of caught fish and reduce food waste. The business is actively supporting advocacy and training initiatives on sustainable fishing. By prioritizing sustainable fishing practices and investing in infrastructure to enhance fish preservation, Boge

Investment Limited is dedicated to making a positive impact on the local fishing industry and to addressing overfishing and the use of adverse fishing techniques such as poison ropes which are threatening the Kimbe bay marine ecosystem.

- III. **Connas Trading** has cultivated strong partnerships with local fishing communities along Kimbe Bay. Their mission is to champion responsible fishing methods to safeguard the delicate balance of the ocean's ecosystem, particularly by protecting populations of young fish. With the support of a start-up grant from the BE-EIF, they have been able to enhance their operations by constructing a cutting-edge workspace equipped with refrigeration, storage, and ice-making facilities. The new solar-powered freezers and ice makers not only promote clean and cost-effective energy solutions but also empower fishers with the necessary resources to maintain the freshness of their catch. This innovative approach helps to reduce fish spoilage during transportation and minimize waste. In addition to investing in environmentally friendly equipment, the business is educating the fishing community on sustainable practices through informative training sessions on responsible fishing techniques. The goal is to raise awareness and inspire others in rural areas to adopt eco-conscious methods.
- IV. West New Britain boasts a thriving palm oil industry, with most oil palm plantations located on coastal plains. Unfortunately, this has led to the degradation of water quality, potentially impacting the health of ecosystems, particularly the local fishery. **Potou Women Marine Producers Management** is a group of over 100 women who have been producing virgin coconut oil for the past decade. Their coconut oils and soaps are not only fully biodegradable but also sustainable resources with minimal environmental impact. These products offer an alternative source of income for residents in the region, alleviating pressure on palm oil resources and local marine ecosystems. The start-up grant, coming from the BE-EIF, will assist Potou Women Marine Business Management in constructing a workspace and acquiring the necessary equipment to enhance their production capabilities. This will enable the business to efficiently coordinate the production of coconut oils and soaps, increase output, raise awareness about the benefits of coconut products, and explore other sustainable initiatives to protect the unique marine environment of Lolobau Island which is a formalised Local Marine Management Area (LMMA). Potou's business model focuses on empowering female producers, providing them with economic opportunities that may have been inaccessible due to geographical and cultural barriers. By raising awareness, the local community will develop a deeper appreciation for the environmental and health benefits of utilizing coconut as a sustainable alternative to palm oil. Moreover, coconut oil and soaps offer various health benefits, and the business aims to expand its production to capitalize on these advantages using environmentally sustainable methods. In the future, they plan to enter the biofuel market to further reduce their ecological footprint.
- V. **Walindi** is an eco-tourism resort in Kimbe Bay, which specialises in diving experiences, raising awareness globally about Kimbe's unique reef and the need to protect it. **Mahonia Na Dari (MND)** is a local marine conservation NGO, which partners with Walindi to support research tourism and conduct educational programs on marine conservation. Together, Walindi and MND are looking to unlock new revenue streams for their eco-tourism businesses, whilst preserving the health of their local ecosystems. Walindi and MND are jointly seeking assistance with replacing their current jetty to expand and increase its docking capacity. In addition, MND is looking to improve its capacity as a marine research institution to attract more regular research tourism, by increasing staff capacity, expanding its research facility and shifting to a more sustainable power supply, by installing solar packs and reducing the use of fuel.
- VI. Families in Kimbe rely heavily on fishing for subsistence and income. By engaging in poultry farming, **Kabilaso Business Group Inc.** provides economic opportunities and an alternative source of protein to fish for local communities, contributing to food security without adding stress to

marine local ecosystems. The start-up grant from BE-EIF will allow Kabilaso to expand their poultry farm by building an enhanced poultry shed, with proper waste management and disposal infrastructure, and by adding laying hens to produce eggs. Improving poultry infrastructure will support healthy chicken growth and high-quality egg production, allowing the cooperative to develop a new income stream.

## **2. Support and Financing**

During 2024, the BE-EIF carried out the Blue Accelerator program in Kimbe Bay, offering technical assistance and early grants to six businesses. The technical assistance consisted of training and mentoring sessions, including one pre-accelerator phase and three training phases completed so far (with a final phase scheduled for 2025). These training courses focused on financial literacy, business model development, establishing business policies and processes, customer and product validation, and basic marketing, among other topics. During 2024, the BE-EIF also committed a total of 483,607.52 USD in grants to six women-led Blue Businesses in Kimbe Bay. Of this amount, only the first installment—145,154.85 USD—has been disbursed so far, with two more disbursements planned for 2025.

## **3. Challenges and lessons learned**

One of the main challenges the programme has faced is that it began implementation very late, putting it in a position where it is constantly playing catch-up. However, with sufficient time to implement the program, we can expect to see measurable results that can be accurately tracked and reported in a timely manner. Obtaining timely responses from government departments and implementing partners has proven to be difficult, as they are also experiencing capacity constraints within their respective departments.

Most of the businesses identified in Kimbe Bay that took part in the accelerator program and received grants were at a very early stage in terms of business management capacity and financial literacy. This significantly hindered their ability to justify the expenses from their first grant disbursement in line with UNDP's accounting standards, leading to a substantial amount of time spent on virtual communications to resolve accountability issues and resulting in considerable delays in subsequent disbursements.

Another major challenge lies in measuring the real impact of the businesses on coral reefs, given the difficulty of establishing a direct link between the businesses and reef health, and especially the challenge of attributing those positive impacts. A new monitoring tool using Kobo Toolbox was designed in 2024 to address this issue. A first training session for the six Kimbe businesses in the use of this monitoring tool is planned in the first quarter of 2025. Subsequently, the businesses identified in Alotau will receive this training in 2025 from the outset.

## **4. Objectives and Milestones for 2025**

The Joint Program (JP) will be identifying an additional 5 reef-positive businesses in Alotau (Milne Bay Province), as well as advancing the progress of the 6 businesses in Kimbe (West New Britain province). Furthermore, the JP will be initiating and maintaining discussions with the Biodiversity Climate Fund (BCF) secretariat to incorporate criteria on potential for scaling and reef-positive impacts for businesses engaging in resource mobilization with support from the BCF. These reef-positive businesses have shown great potential to make a significant impact in PNG, while also promoting sustainable conservation efforts and the preservation of pristine coral reefs in the region.

## - IV. Facilities and Conservation Trust Funds

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### 1. Design Overview

#### **BRIEF OVERVIEW OF THE DESIGN OF THE BLUE ECONOMY ENTERPRISE INCUBATION FACILITY**

The BE-EIF is intended to serve as a dedicated financing window within the Biodiversity Climate Fund (BCF) to fill gaps in funding opportunities and capacity of blue business and promoting the role of women and Micro, Small and Medium Enterprises (MSMEs) in the blue economy transition, supporting sustainable and scalable women-led reef positive blue livelihoods from cradle to exit.

To support the design of the BE-EIF, several strategic documents were developed, such as a Sustainable Blue Economy Investment Strategy, a BE-EIF five-year gender-sensitive business and revenue plan and a BE-EIF communications and outreach strategy.

The BE-EIF has two arms: one focused on technical assistance and the other on financial incubation. Under the first arm, micro, small and medium enterprises (MSMEs) considered as blue business, can participate in a “Blue Accelerator Program”, which includes training on financial literacy and business management, along with personalized mentoring sessions. This component also facilitates the creation and training of Blue Business Women’s Networks.

Under the second arm focused on financial incubation, early-stage grants are allocated to blue businesses that participated in the Blue Accelerator program. Also, through UNCDF, BE-EIF will establish a risk capital credit facility to unlock capital from a microfinance institution to leverage Blue Loans.

Until now, the businesses that have received services from the BE-EIF have primarily focused on promoting sustainable fisheries, developing cold storage facilities to reduce post-harvest fish losses, seaweed farming, poultry, coconut oil production and eco-tourism.

This pilot phase currently offers services only in Kimbe Bay (West New Britain Province) and in Alotau (Milne Bay Province). However, the aim is to expand to other provinces once this project concludes and the facility becomes fully integrated into the BCF.

The BE-EIF Accelerator Program was meticulously designed based on the training needs identified during initial participant interviews and proposals in Kimbe, West New Britain province. This comprehensive program is divided into six phases, each tailored to provide participants with the necessary skills and knowledge to succeed in their respective fields.

#### **1. Pre-Accelerator Solution Design Stage - Idea validation and business basics.**

At this phase, the group and individual provide support to prepare entrepreneurs for the accelerator program.

- I. Business registration and business bank set-up.
- II. Support to finalise grant proposals
- III. Basic solution and business model validation and introduction to blue economy practices.

#### **2. Phase 1 – Business Model Canvas and Sustainability.**

At this phase, support is given to entrepreneurs to develop their business Model Canvas.



### **3. Phase 2- Financial Literacy and Business Financial Management.**

At this phase, Financial Literacy and Business Financial Management support is given to the entrepreneurs to develop their Business Model Canvas in the areas.

- I. Financial Literacy basics
- II. Separating family and business money
- III. Support businesses to further develop their financial plans

### **4. Phase 3- Market Validation.**

At this phase, the customer product is validated, and the Basic Marketing Mix (the 5 P's) is considered. Entrepreneurs are encouraged to test their identified targeted market and understand how they reach their customers.

### **5. Phase 4- Business Planning**

This is the stage where Business Planning support is given to the entrepreneurs to re-develop their business plans into a simple 2-page clear plan for potential financial support in these areas.

- I. SMART Goals setting and action planning
- II. Two-page business plan
- III. Understand the environmental impact of your business
- IV. Graduation

### **6. Mentoring**

- This is the phase where group mentoring enables entrepreneurs to learn from each other's challenges and develop problem skills and the 1:1 mentor provides individualise support
  - I. 1:1 Mentoring – entrepreneurs will receive a group and 1:1 mentoring throughout the program.
  - II. Group mentoring circles will be conducted by mentors outside of the group workshops.

The exit strategy for the BE-EIF Accelerator Program is that it will be transitioned to the Biodiversity Climate Fund Secretariat once the JP concludes in December 2025.

## **2. Progress and Challenges**

- The pre-program commenced in 2023 following the completion of the call for proposals in May, which concluded in September of the same year. A thorough pre-screening process was carried out on the 17 applicants, resulting in the identification of eight promising businesses. In May 2024, the BE-EIF Accelerator Program was officially launched in Kimbe, where six businesses were selected to receive start-up grants from UNDP. The following are the names of the successful Blue Reef positive businesses/MSMEs.
  1. Potou Women Marine Producers Management
  2. Boge Investment Limited
  3. LA Transport Services
  4. Connas Trading
  5. Kabilaso Business Group
  6. Walindi Plantation Resort & Mahonia na Dari



The UNDP utilized a low-value performance-based payment agreement approach to distribute the grants. This method involves dividing the implementation of milestones into three tranches. A results framework has been established to oversee the execution of activities according to the work plan and budget.

Due to the limited availability of funds, only four businesses were awarded the UNDP start-up grants in June 2024; two other businesses had to wait until November 2024 when additional programme funds were available. As a result, some businesses have experienced delays in achieving their milestone implementations as scheduled for 2024. This situation has also presented administrative challenges for the JP, necessitating a revision of the results framework and consideration of a no-cost extension in 2025 to validate the grant agreement dates.

***Refer to the link below for the BE\_EIF Accelerator Program Reports.***

**[BE EIF Accelerator Program Reports](#)**

## **- V. Enabling Environment**

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### **1. Policies at National and Sub-National Levels**

The Joint Program (JP) is in the implementation phase in 2024 as it works towards achieving its goal of proof of concept in demonstrating Papua New Guinea's Ocean Policy. This is being accomplished through the development of the national PNG Sustainable Blue Economy Investment Strategy. As part of the accelerator program, the JP is also focusing on integrating gender considerations into blue Micro, Small, and Medium Enterprises (MSMEs) by creating a BE-EIF five-year Gender Sensitive Business and Revenue Plan which is aligned with the PNG Financial Inclusion Policy. The JP has provided support to the CEPA Marine Team and the West New Britain Administration Environment and Climate Change Team in conducting the Free, Prior, and Informed Consent (FPIC) Process. This process is a crucial step towards the gazettal of the proposed Kimbe Bay as a Marine Sanctuary, aligning with PNG's Protected Area Policy and the PNG Aichi targets. Additionally, the JP has influenced the CEPA Marine Team to develop the Gender Equality and Social Inclusion (GESI) framework. Meanwhile, at the provincial level, discussions are underway within the Environment and Climate Change team to develop the West New Britain Provincial Administration Environment Plan and the Environment Management Plan. This collaborative effort aims to enhance environmental sustainability and climate resilience in the region.

**Blue Economy Investment Strategy and Marine Protection Policies**, validated in November 2024. This national strategy provides a clear roadmap for investments in ocean-based industries, including sustainable fisheries, marine tourism, and conservation projects. It also includes policy support for Marine Protected Areas (MPAs) under the GEF-6 framework, ensuring robust regulatory backing for conservation finance initiatives.

Another significant reform focuses aligning efforts with the **Bank of Papua New Guinea's (BPNG) Green Finance Centre** to develop a financial taxonomy for green & blue investments. This taxonomy will ensure that climate-friendly economic activities receive appropriate incentives, while also supporting financial institutions in adopting climate-aligned lending criteria and green & blue finance instruments. These reforms collectively aim to create an enabling environment for sustainable investments and resilience-building in PNG.

## - 2. Other Enabling Environment Factors

The final draft of the national Blue Economy Investment Strategy (Output 1.1) was completed in late 2024 and was validated by the relevant stakeholders and follow-up actions with the implementing partners Conversation Environment Protection Authority (CEPA) and National Oceans Office (NOO). The Blue Economy Investment Strategy will assist in operationalizing the Papua New Guinea Oceans Policy and demonstrate the feasibility of blue economy business for potential enterprises and domestic and international investors. The Strategy is intended to be a high-level policy document that provides a brief overview of BE sub-sectors in PNG, challenges and opportunities, and outlines the establishment of the BE-EIF to stimulate the growth of viable blue business options in Kimbe Bay and other locations. The Strategy includes criteria for approved 'blue business', scanning of business options, financial and technical needs, market demand assessment, and prioritized pipeline.

The Gender Action Plan, finalized in 2023 as part of the project's comprehensive approach, intends to provide an analysis of the gender landscape across selected sites in the Kimbe Bay area. This analysis is crucial for understanding and addressing gender disparities and ensuring that women are actively engaged and empowered in the blue economy sector. The Gender Action Plan aligns with the broader objectives of promoting gender inclusivity and women's leadership in economic activities related to the blue economy. The recommended action plans in collaboration with the West New Britain Provincial Administration Community Development Division are in progress in 2025.

## - 3. Complementary Initiatives

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

This GEF6 programme created and launched PNG's first National Biodiversity and Climate Fund in 2022, which will receive and channel donor funds and innovative finance to PNG's protected area network (terrestrial and marine). The Joint Programme will create a subsidiary of this Fund (the Blue Economy Enterprise Incubation Facility) which will target blue livelihoods development by 2025. The GEF project also funds the Kimbe Bay LMMA gazettal and sustainable livelihood development with implementing partner Wildlife Conservation Society. Thus, the GEF project is an important source of co-financing and collaboration for the JP. In 2025 the GEF project will compliment the JP with a funding allocation of US\$124,688 for the Management Plan of the proposed Kimbe Bay Marine Sanctuary as part of the gazettal process and also has allocated another US\$102,000 in their 2025 Annual Work Plan to support the work on the blue initiatives in Kimbe Bay, which will support the outcomes of the JP as well as PNG's recently updated NBSAP targets.

## - VI. Gender Equity and Social Inclusion (GESI)

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### **1. Gender Roles and Risks:**

The Joint Program (JP) carefully considers the diverse roles and responsibilities of women and men in relation to natural resources management and sustainable use within the blue economy. Despite the fact that six businesses participating in the BE-EIF Accelerator Program are led by women, with 50% of decision-making regarding resource allocation being done by women, the JP has made it clear from the outset that men and marginalized groups are not excluded and are encouraged to participate in the program to support these community businesses. As a result, the businesses were given the opportunity to select at least 3-4 individuals to take part in program activities, with those chosen attending the

trainings under the Accelerator Program. Out of the 25 participants from the six businesses, 8 are men and 17 are women, including young individuals.

One of the businesses, Connas Trading, is a family-oriented enterprise managed through a collaboration between a husband and wife, which goes against the local cultural norm where men typically make decisions regarding resource allocation. This serves as a powerful example of how communities are willing to shift their mindset for the betterment of their livelihoods.

## **2. Programme Actions and Outcomes:**

The JP finalized its Gender Analysis Action Plan in 2023 and has also developed monitoring and evaluation questionnaires with a focus on gender considerations. Once the program has trained businesses on how to collect data using these questionnaires, it will be able to report on progress made. This tool demonstrates the JP's commitment to incorporating gender-responsive measures into the program's logical framework and monitoring and evaluation processes, and includes using gender-sensitive indicators, disaggregation targets, reporting requirements, and targeted budget allocations to promote women's empowerment.

## **3. Lessons Learned & Future Direction:**

The lesson learned is to maintain ongoing awareness efforts, and in 2025, JP will collaborate with the West New Britain Provincial Administration to address the recommendations outlined in the Gender Analysis Action Plan.

# **- VII. Partnerships**

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## **1. Partner Contributions**

UNDP and UNCDF continue to work together to implement the JP despite the very slow start of implementation. In 2024, the partnership contributions of CEPA were highlighted by the leadership of the CEPA Marine Team. They successfully coordinated with the WNBPA Environment and Climate Change Division Team to advance the FPIC process, which had been pending since TNC began work in 1991. Thanks to this collaboration and the support of JP, the communities in Kimbe bay were consulted in 2024.

Additionally, CEPA took the lead in fostering partnerships with Hargy Oil Palm and New Britain Oil Palm (NBPOL) to facilitate the deployment of a Fish Aggregation Device. These efforts, in conjunction with reef-positive businesses, offer solutions to combat the drivers of degradation in Kimbe Bay.

One significant impact of land-based activities is the deforestation for development purposes, which exposes the land to erosion from heavy rainfall, leading to sedimentation into the bay. By addressing these effects, CEPA has made a promising start in mitigating environmental issues. It is hoped that these efforts will continue into 2025 and beyond.

## **2. Fostering Collaboration Among Partners**

The Joint Program (JP) collaborates with both the national and sub-national governments to implement the program in the designated pilot sites. The national government entity involved is the Conservation and Protection Authority, and the National Oceans Officer. The sub-national partners consist of the West New Britain Provincial Administration's Environment and Climate Change Division, as well as the Milne

Bay Provincial Administration. Regular meetings are held with the CEPA Marine Team, and frequent visits are made to the pilot sites to ensure the program's progress. The JP also works closely with partners under the BE-EIF, who help maintain various aspects of the accelerator program. These partners include KPMG (responsible for providing technical assistance to businesses at the Kimbe site), Lushomo (responsible for designing the website and assisting with communication products), and six businesses in Kimbe. By collaborating with these government entities and partners, the JP ensures the successful implementation of the program in the pilot sites. The Joint Program (JP) maintains regular communication with key stakeholders who are members of the Board, including the Investment Promotion Authority, Conservation Environment Protection Authority (CEPA), National Oceans Office (NOO), West New Britain Provincial Administration, and Mine Bay Provincial Administration. The main challenge faced by the JP is securing the participation of the National Fisheries Authority, which is a crucial entity in Papua New Guinea's oceanic sector. This has proven to be quite difficult. In addition, at the provincial level, the Provincial Fisheries team has been slow to align with the JP's goals for provincial development. Lastly, the JP has supported the Eco Custodian Advocates, who in collaboration with R&C Marine Services, will conduct the Ecological Assessment in Kimbe Bay.

## - VIII. MONITORING & EVALUATION

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### **1. Overview of M&E Activities**

The Ecological Assessment for Kimbe Bay, originally scheduled to begin in 2024, faced delays due to pending funding commitments. The contract was signed by Eco Custodians Advocates in collaboration with RC Marine Services, with the fund's contingent on the 2024 grant allocation for the JP. This assessment is crucial for gathering baseline data on coral refugia, and fish biomass, and conducting a socio-economic survey. Additionally, it aims to map the coral reefs in relation to the site locations and perform a benthic survey of the ocean floor. Despite the initial setbacks, the JP finally committed the necessary funds in November 2024, the assessment field work took place in January 2025, and the results of this field work is now being assessed and the report will be finalized in Q2 2025.

### **2. Entities Responsible for M&E**

As per UNDP requirements, UNDP Papua New Guinea's M&E Analyst will be conducting a monitoring visit to Kimbe in 2025. Additionally, the JP has partnered with Eco Custodian Advocate and R & C Marine Services to also conduct monitoring in the same year.

### **3. Key Achievements and Insights**

The Joint Programme (JP) has collaborated with the contractor, Lushomo, to create the Monitoring and Evaluation (M&E) framework questionnaire for the GFCR project. This questionnaire has been developed using the Kobo Tool application. Additionally, the JP team will provide training in 2025 to businesses on how to effectively utilize this tool.

### **4. Challenges and Lessons Learned**

The challenge we faced was to identify and contract a company in 2023 to conduct an ecological assessment that should have been completed at the onset of the project implementation. Establishing a baseline would have provided crucial guidance for aligning data collection and reporting, as well as training businesses from the inception of the Accelerator programme. The development of questionnaires should have been initiated in 2023 when the Monitoring and Evaluation (M&E) framework was being

drafted. By implementing these questionnaires and providing training, we will be equipped to gather the necessary data to evaluate the effectiveness of the reef-positive solutions approach in Kimbe Bay.

## **5. Next Steps and Timeline**

As per UNDP requirements, the M&E Analyst will be conducting a monitoring visit to Kimbe in 2025. Additionally, the JP has partnered with Eco Custodian Advocate and R & C Marine Services to also conduct monitoring in the same year.

## **- IX. Programme Management**

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### **1. Decisions and Resolutions by Governance Body:**

The Joint Programme (JP) held two board meetings or Steering Committee Meetings in 2024. The first meeting took place in April 2024, followed by the second meeting on November 19th, 2024.. The composition of the board of directors is as follows:

- Co-Chairs: Deputy Resident Representative UNDP PNG. Executive Manager Marine Division of SEP Wing CEPA.
- Members: Managing Director Investment Promotion Authority. Director Environment & Climate Change Division, West New Britain Provincial Administration. Director National Oceans Office,
- Observers: Representative National Fisheries Authorities. Country Lead UNCDF, Project Admin and Finance Assistant Gutpela Solwara Gutpela Bisnis (Good Oceans, Good Business) project.
- Project Manager: Project Manager Gutpela Solwara Gutpela Bisnis (Good Oceans, Good Business) project

During the first 2024 board meeting, the board approved the recommendation of the Project Management Unit (PMU) to finalize the BE-EIF Accelerator Program for six businesses. Additionally, the board approved UNCDF's recommendations to provide grants to 50 businesses under the loan credit facility. The 2024 annual work plan and budget were also approved, along with the second pilot project in Milne Bay Province. During the second board meeting in November 2024, the board members approved the 2025 Annual Workplan and budget. They also endorsed the recommendation of CEPA Marine to deploy inshore Fish Aggregation Devices at six sites in Kimbe Bay. Additionally, UNCDF and Milne Bay Provincial Administration were welcomed as new board members.

Overall, the board meetings in 2024 were productive and resulted in important decisions being made to progress the Joint Programme.

### **2. Work Plan & Budgetary Adjustments:**

No changes were made to the budget. The annual work plan for the 2024 and 2025 budgets was presented.

### **3. Operational Adjustments:**

As a result of pending administrative decisions, the recruitment process for the JP Technical Specialist, driver, and PAFA positions took over six months to finalize. The Project Management team has now reached full capacity and is eager to make significant progress in 2025. The project management team is composed since December 2024 of a Technical Specialist, a Project Manager, a Project Administrative and Finance Assistant, and a driver.

### **4. Operational Challenges & Mitigation:**

It was initially anticipated that the PNG's national Blue Economy Investment Strategy would be validated and finalised in 2023, however, the feedback from the relevant government partners was quite slow and also there was an additional request by the implementing partner CEPA to do an implementation plan and so JP had to continue the consultancy for the International and national consultants to finalise this work in 2024. The challenge was with the administrative process of identifying the best contract approach. JP mitigated the best option and finalised the contracts in which we continued the work and validated the document in November 2024.

## 5. Replenishment

One of the challenges that had a bigger impact on the implementation of the JP was the disbursement of grants from the donor. For the UNDP component, the first disbursement was paid in 2021, the second disbursement was made in February 2024, and the 2024 allocation was received in November 2024.

See link to the 2024 First board meeting minutes ; [First Board Meeting Minutes for 2024 Signed..pdf](#)

## - X. 2025 Objectives

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### 1. 2025 Objectives

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

The key activity to be implemented to achieve Outcome 1 is to publish PNG's national Blue Economy Strategy Investment Plan. Continue to conduct awareness of the blue economy concept in Milne Bay Province and to do a call for proposals to identify at least 5 more reef-positive businesses in Milne Bay Province whilst providing one more financial Training for the Women in Blue Business Network in Kimbe and continue to work with the businesses in Kimbe to achieve their expected milestones under the early stage grants they received. In addition to maintaining and operationalizing the Blue Economy Website.

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

The activities required to achieve outcome 2 involve collaborating with the GEF6 Project to provide support to the CEPA Marine Team and the West New Britain Provincial Administration Environment and Climate Change Team. This collaboration aims to advance the Management Plan for the proposed Kimbe Bay Marine Sanctuary and submit a report to the Provincial Executive Council (PEC) for approval of the new boundaries of the Marine Protected Area (MPA). Additionally, efforts will be made to train local businesses in utilizing the Monitoring and Evaluation (M&E) Framework questionnaires. An NGO based in Milne Bay will also be identified to assist in progressing the establishment of a Locally Managed Marine Area (LMMA) linked to these businesses. Lastly, the Ecological Assessment of Kimbe Bay will be finalized, focusing on the specific sites of the six businesses in Kimbe. This comprehensive approach will ensure the successful implementation of outcome 2 and contribute to the sustainable management of the marine environment in the region.

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

In order to achieve this goal, the Joint Programme (JP) will collaborate with Women-Led Reef Positive Businesses in Kimbe and Alotau to offer financial training and mentorship sessions. Furthermore, the JP



in collaboration with the West New Britain Provincial Administration Division of Community Development will provide support to help implement the Gender Analysis Action Plan in Kimbe.

UNCDF, through its Blue Economy Portfolio Guarantee, is providing a USD 1 million portfolio guarantee to Women's Micro Bank Limited (WMBL) to support women-led MSMEs in the blue economy. At least 30% of the guaranteed amount is dedicated to women-owned businesses, reducing collateral requirements and subsidizing interest rates by 12%, making loans more affordable. Complementing the guarantee, UNCDF is funding a USD 200,000 technical assistance program to enhance financial literacy, business management, and outreach for both WMBL and women entrepreneurs. This initiative strengthens WMBL's capacity to develop gender-responsive financial products, while expanding Mama Bank Access Points (MAPs) to improve access to banking services for women in informal markets. Women entrepreneurs also receive tailored support for sustainable livelihoods in sectors such as fishing, aquaculture, marine tourism, waste management, and conservation, promoting both economic independence and environmental sustainability. By de-risking lending and equipping women with essential business skills, UNCDF is fostering inclusive growth and resilience within local value systems

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

To achieve this outcome another Knowledge forum and the Exit Strategy Workshop will be conducted in the last quarter of 2025.

The Blue Economy Portfolio Guarantee Facility is scheduled for finalization with WMBL by the end of March 2025. The facility will feature a Pari Passu risk-sharing structure with a coverage of up to USD 1,000,000 (PGK 4,000,000), ensuring balanced risk allocation given the emerging nature of this sector.

The guarantee will be structured as a revolving mechanism, allowing funds repaid by beneficiaries to be recycled into new lending cycles. This approach is expected to enhance development impact by enabling a greater number of loans to be issued over the lifetime of the facility. Additionally, while the revolving structure extends the duration of the guarantee beyond that of the underlying loans, it also necessitates careful risk management due to the potential for higher credit exposure associated with increased loan issuance.

Duration is to be 4 years since the Scoping study has shown that MSMEs under normal circumstances in PNG do not obtain loans with longer durations. The coverage is to amount to 70%.

As the guarantee is unfunded, 100% of the liquidity will come from the bank's various sources of funding, which currently includes equity, domestic loans and deposits. WMBL is actively seeking foreign equity and debt investors, including the UNCDF Builder Fund.

If the guarantee is fully utilized, WMBL will be able to offer loans up to an outstanding loan portfolio of USD 1,425,000 at any given time, equivalent to PGK 5.7 million.

Loans under the guarantee will be issued to the MSME segment within the blue economy sector with at least 30% of the guaranteed amount dedicated for Women owned MSMEs and at least 30% of the guaranteed amount dedicated for MSMEs operating in, or nearby, Kimbe Bay or Milne Bay. WMBL will receive TA to develop their pipeline of at least 50 reef positive MSME's by the end of 2025.



By enhancing business capacity and reducing risk for the participating financial institution, UNCDF is catalysing private sector investment while promoting sustainable, reef-friendly enterprises in PNG. These initiatives aim to advance the achievement of outcome 4.

Further updates on the implementation and expected outcomes of the facility will be provided as the agreement progresses.

## - XI. Communication, Visibility and Knowledge Management

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### **1. Strategic Role of communications:**

A comprehensive Communications Strategy Plan was created for the BE-EIF, targeting four key audience groups. Consideration was given to the varying levels of capacity within each group. These groups include Local Level Governance, Participants of the Blue Accelerator Programme and Women in Blue Business Network, Potential Investors, and the General Public.

### **2. Alignment with programme goals:**

The development of the Communications Strategy Plan, the Blue Economy Website, and the social media platform for the Women in Blue Businesses Network was intended to achieve Output 1.2, which involves establishing a Blue Economy enterprise incubation facility to support businesses that will pilot the Strategy. Additionally, Output 4.1 aims to raise awareness of blue economy investment opportunities in Papua New Guinea.

### **3. Effectiveness and Future Planning:**

Moving forward, it is important to consider the long-term benefits of investing in blue economy businesses. This includes gaining insight into the incubated businesses, understanding their potential, identifying their needs, and recognizing the opportunities for social, environmental, and financial returns on investments. For planning purposes, the JP works with the UNDP Communications Team to do an annual communications plan. So far, 3 Blue Reef Positive Businesses Profiles are featured on the UNDP YouTube channel and several communications products are featured on the UNDP Social Media Platform regarding the work JP is doing in Kimbe Bay, and with the BE-EIF Blue Accelerator Program and in Alotau.

### **4. Knowledge Sharing:**

The Kobo Toolbox was utilized to facilitate consultations and collect data. It was also instrumental in developing questionnaires for the Monitoring and Evaluation (M&E) process, which will be taught to businesses by the Joint Programme (JP). Additionally, the UNDP Communications Team conducted interviews with local communities to provide insight into the JP's objectives, effectively sharing knowledge about the program. The resulting communications product was featured on UNDP's social media channels, making it accessible to the public and serving as an educational tool for Papua New Guineans on the concepts of blue economy and reef-positive businesses. The Theory of Change Storyboard was created to connect the outcomes of the JP and educate the audience on the expected achievements.

**Communication products for 'Gutpela Solwara, Gutpela Bisnis' (Good Oceans, Good Business) Joint Programme, Papua New Guinea - Annual Report 2024**

**Blue Finance Business Visitor to Kimbe Bay Area – January 2024**

[https://www.linkedin.com/posts/undp-papua-new-guinea\\_png-coralreefs-ecotourism-activity-7152473226399338496-ACMo?utm\\_source=share&utm\\_medium=member\\_desktop](https://www.linkedin.com/posts/undp-papua-new-guinea_png-coralreefs-ecotourism-activity-7152473226399338496-ACMo?utm_source=share&utm_medium=member_desktop)

**BE EIF Pre-Accelerator Program which involves Financial Training and the Mentor Session 1:1 on 13<sup>th</sup> -21<sup>st</sup> March 2024**

[https://www.linkedin.com/posts/undp-papua-new-guinea\\_blueeconomy-msme-westnewbritain-activity-7175845979433132041-ZLIZ?utm\\_source=share&utm\\_medium=member\\_desktop](https://www.linkedin.com/posts/undp-papua-new-guinea_blueeconomy-msme-westnewbritain-activity-7175845979433132041-ZLIZ?utm_source=share&utm_medium=member_desktop)

**Pre Accelerator Programme and the 1:1 Mentoring Session 13/03 to 21/03/2024 UNDP prepares to launch its Blue Economy Accelerator in Kimbe Bay**

<https://new.express.adobe.com/webpage/YQrWG6lIkZf8w#undp-prepares-to-launch-its-blue-economy-accelerator-in-kimbe-bay>

**Blue Economy Entrepreneur Incubation Facility or Blue Accelerator Program launching in Kimbe on 15<sup>th</sup> May 2024**

**1. LA Transport Services Business profile**

<https://www.youtube.com/watch?v=BcVXHtZ3ots>

**2. Connas Trading Business Profile**

[https://www.youtube.com/watch?v=-c\\_ZnR0CSl4&t=5s](https://www.youtube.com/watch?v=-c_ZnR0CSl4&t=5s)

**3. Kabilaso Women Business Group Incorporation Business Profile**

<https://www.youtube.com/watch?v=VTMDvkD6-g0>

[https://www.linkedin.com/posts/undp-papua-new-guinea\\_didyouknow-coralreefs-activity-7217034318827728896-eeHW?utm\\_source=share&utm\\_medium=member\\_desktop](https://www.linkedin.com/posts/undp-papua-new-guinea_didyouknow-coralreefs-activity-7217034318827728896-eeHW?utm_source=share&utm_medium=member_desktop)

**Women in Blue Businesses Network First Training and Phase II of the Blue Reef Positive Business Mentorship Session 1:1**

**Alotau, Milne Bay Province Scoping Exercise**

<https://www.postcourier.com.pg/group-concludes-successful-scoping-mission-in-milne-bay/>

**UNDP Newsletter- Bolstering Milne Bay Blue Economy**

[Newsletter August-September 2024 \(adobe.com\)](https://www.adobe.com/newsletters/undp-papua-new-guinea-bolstering-milne-bay-blue-economy)

**UNDP Newsletter featuring the story on “Bolstering Milne Bay’s Blue Economy”**

<https://www.undp.org/papua-new-guinea/blog/bolstering-milne-bays-blue-economy>

**UNDP LinkedIn Post on the story of “The Kimbe Bay FPIC Consultations”.**

[https://www.linkedin.com/posts/undp-papua-new-guinea\\_didyouknow-activity-7255390823238807552-Txn6?utm\\_source=share&utm\\_medium=member\\_desktop](https://www.linkedin.com/posts/undp-papua-new-guinea_didyouknow-activity-7255390823238807552-Txn6?utm_source=share&utm_medium=member_desktop)

**Social Media post from Eugene Wallis**

[https://www.linkedin.com/posts/eugene-wallis-2aa246209\\_title-sharing-my-experiences-with-the-starter-activity-7254393087169347584-6-cH?utm\\_source=share&utm\\_medium=member\\_android](https://www.linkedin.com/posts/eugene-wallis-2aa246209_title-sharing-my-experiences-with-the-starter-activity-7254393087169347584-6-cH?utm_source=share&utm_medium=member_android)



## - ANNEX A– Results Framework

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See separate document

## - Annex B – Programme Milestones by Activities

**Programme Milestones by Activities Table**

Deliverable or Milestone	Target Date of Completion	Status	Supporting Text
Outcome 1 – Financing ecosystem is in place which supports sustainable and scalable blue livelihoods from cradle to exit in Kimbe Bay			
Output 1.1 –Oceans Policy is operationalised through a Blue Investment Strategy			
Activity 1.1.1 – Completion of a Blue Investment Strategy Plan			
The final draft of the PNG's National Sustainable Blue Economy Strategy Investment Plan and final validation completed	November 2024	achieved	There were delays in achieving this result due to slow review and feedback from the relevant government departments that were consulted. Additional administrative challenges in consultant contract extensions to progress this deliverable in 2024.
Activity 1.1.2 – [Insert Name of Activity]			
The BE-EIF Launched	May, 2024	achieved	BE-EIF Fully Operational
Six Businesses signed the grant agreement	May 2024	achieved	
Output 1.2 – Blue Economy enterprise incubation facility is established to incubate BE businesses that pilot the Strategy			
Activity 1.2.1 – Recruitment and establishment of technical secretariat and local hub of BE-EIF			
Recruitment of PAFA and Driver	August 2024	completed	The Project Management Unit fully capacity
Recruitment of the Technical Specialist	November 2024	Completed	The Project Management Unit fully capacity
Activity 1.2.2 – Supplies, commodities and materials			
Activity 1.2.3 – Communication plan, website and online presence developed			
Website Launched	November 2024	Achieved	The website is developed to promote the blue economy initiatives and has followed actions that the PMU is required to do before it becomes operationalised or accessible by the public.
Output 1.3 BE-EIF identifies and delivers targeted TA and financial support services to blue enterprises			



Activity 1.3.1: Identification of at least five blue-economy initiatives for incubation to provide a proof of concept for different business models and develop a pipeline of bankable projects for investment.			
8 pipeline businesses were identified and recommended to the board who approved 6 businesses	April 2024	Achieved	6 Reef Positive Businesses finalised.
Outcome 2 – Protection of coral reefs and the marine environment is strengthened.			
Output 2.1 – Area of new sites under formal MPA protection			
Activity 2.1.1 – Community consultation with stakeholder groups			
FPIC was conducted and new boundaries coordinators collected	September 2024	achieved	The gazettal of the proposed Kimbe Bay Marine Sanctuary in progress.
Activity 2.1.2 – Development of the registration for MPA status			
Management Plan of Kimbe Bay Marine Sanctuary	2025	In progress	Initiation started in September 2024 and with the support from GEF6 and JP, CEPA and the West New Britain Provincial Administration Environment & Climate Change Team will continue the process in 2025
Output 2.2 – Management plans are development and being implemented			
Activity 2.2.1 – Community consultation with stakeholder groups			
Management Plan of Kimbe Bay Marine Sanctuary	2025	In progress	Initiation started in September 2024 and with the support from GEF6 and JP, CEPA and the West New Britain Provincial Administration Environment & Climate Change Team will continue the process in 2025
Activity 2.2.2 – Decisions on zoning and allowable activities and completion of the management plans			
New boundaries proposed for Kimbe Bay from 1.33m hectares will be reduced.	September 2024	In progress	The FPIC data and report are finalised, and a submission will be put to the Provincial Executive Council for endorsement of the new boundaries in the first quarter of 2025.
Output 2.3: M&E Strategy and Reporting			
Activity 2.3.1: Development of M&E Strategy and Management Effectiveness Tracking Tool (METT) scores			
Contract for the Ecological Assessment Finalised with Eco Custodian Advocates in collaboration with the R&C Marine Services	June 2024	In progress	Unfortunately, funds could not be allocated to advance the implementation of the assessment in 2024 due to a delay in the donor allocation for that year. The assessment involves the METT Assessment conducted in the Locally Managed Marine Areas (LMMAs) of Kimbe Bay and is linked to six businesses that will commence in 2025.
Activity 2.3.2: Ecological survey for biomass - Biomass of commercially significant fish (g/100m2)			



Contract for the Ecological Assessment Finalised with Eco Custodian Advocates in collaboration with the R&C Marine Services	June 2024	In progress	Unfortunately, funds could not be allocated to advance the implementation of the assessment in 2024 due to a delay in the donor allocation for that year. The assessment involves the ecological survey for fish biomass of Kimbe Bay and is linked to six business sites that will be commence in 2025
Activity 2.3.1: Ecological survey for coral cover - % live coral cover			
Contract for the Ecological Assessment Finalised with Eco Custodian Advocates in collaboration with the R&C Marine Services	June 2024	In progress	Unfortunately, funds could not be allocated to advance the implementation of the assessment in 2024 due to a delay in the donor allocation. The assessment involves the ecological survey of coral cover and mapping of Kimbe Bay linked specifically to the six business sites will commence in 2025
Output 3: Women access technical and financial assistance for transformative "blue" livelihoods in accordance with local value systems			
Output 3.1: High-quality TA delivered in support of transformative blue livelihoods			
Activity 3.1.1: Establish women's leadership and support network in collaboration with women's groups			
Activity 3.1.2: Training in financial literacy and project preparation for women			
Two Finance and literacy training held for the at least 100 Women in Blue Business Network in Kimbe	2024	Progressing	The remaining training will be held in the 2 <sup>nd</sup> quarter of 2025.
Activity 3.1.3: Training to all investees on gender equity			
Output 3.2: Financial products for women in business developed			
Activity 3.2.1: Training workshops and awareness-raising with the domestic financial sector			
Outcome 4: Private sector capital is crowded-in to scale-up investment in conservation and reef-first business models connected to the blue economy			
Output 4.1: Raise awareness of blue economy investment opportunity in PNG			
Activity 4.1.3: Outreach to domestic and international investors in blue economy investment opportunities in PNG			
Activity 4.1.4: Annual Knowledge Forum			
The Blue Finance Forum held in Port Moresby	November 2024	completed	This is an event that is held annually provides a platform for knowledge sharing

- Annex C– Dashboard Intake Form

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See separate document



## - Annex D – Risk Log

Event / Risk	Cause	Impact/s	Risk Category	Risk Level	Mitigation / Management Measures	Remarks
Specify the event (past) or risk (potential future event) and indicate whether and how this has changed since programme inception	Explain the event / risk causes	Describe the actual / potential impact/s of the event or risk identified	Choose an item.	See GFCR Risk Management System	What actions have been /will be taken to mitigate / manage this? Who is responsible for treatment and the status of treatment?	Indicate whether risk / event is new or existing and provide additional details if necessary
<b>Political instability and political interference over BE-EIF operations</b>	Blue Enterprise Incubation Facility and National Biodiversity and Climate Fund established as legally independent entities with clear transparent accountable governance structure comprised of multiple stakeholders	1-Medium	Political	3	Both the BE-EIF and the BCF are currently operational, with the BCF making progress with an established organizational and governance structure and grants management system in place.	Existing
<b>Programmatic risks</b>						
<b>Blue Enterprise Incubation Facility attracts little interest and is undersubscribed relative to its capital endowment</b>	UN teams and partners have identified strong candidates for the initial TA phase. Local consultations have ascertained high levels of local interest. Significant awareness-raising will be carried out	2-Medium	Organization and Reputation	3	UNDP in partnership with the West New Britain Provincial Administration and the Conservation and Environment Protection Authority (CEPA), organized a series of awareness campaigns on the blue economy concept. These initiatives aimed to promote the BE-EIF support available to women-led businesses. As a result of these efforts, six businesses were successfully incubated under the Accelerator Program in May 2024. Furthermore, the stakeholders and	Existing

					communities including the government partners are gaining better understanding of the Blue Economy Concept and the BE-EIF Accelerator Program's objectives of women led Businesses.	
<b>Blue Enterprise Incubation Facility struggles to be inclusive (i.e. meet needs of disadvantaged populations, women etc.)</b>	Strengthen budget allocated to leadership and skills development programmes for women and work with local women's associations to understand blockages and deliver targeted technical support	2-Medium	Operational	3	Six women reef-positive businesses were finalised in Kimbe Bay, with progress being made towards launching an additional five businesses in the second pilot site in Alotau. Furthermore, several Financial Literacy Training sessions have been conducted in Kimbe Bay, resulting in 100 women joining the Women in Blue Business Network.	Existing
<b>Blue Enterprise Incubation Facility may receive many non-eligible applications (costly to process)</b>	Local consultations will ensure that the "rules of the game" are clear to potential candidates for support; BE-EIF will also work with local chambers of commerce, women's associations and state entities to ensure investees with the highest potential are identified and reached	1-Low	Operational	1	17 potential applicants were received and assessed against specific criteria developed as part of the BE-EIF Accelerator Program. Ultimately, six businesses were selected and finalized in May 2024.	Existing
<b>Blue Enterprise Incubation Facility cannot source appropriate qualified personnel</b>	Unlikely as the National Biodiversity and Climate Fund is being set-up to attract the best national and international staff; in cases where appropriate or where there are vital skills shortages, PUNOs can source highly specific blue economy and gender expertise from their extensive networks	1-Medium	Operational	3	The BCF is currently recruiting a Programme Manager and a Monitoring & Evaluation Specialist to join our team in 2025 while the PMU continues to oversee the BE-EIF Accelerator Program which has been run by KPMG since its established in September 2023.	Existing
<b>Delays to operationalisation of the National Biodiversity and Climate</b>	It is unlikely that the establishment of the National Biodiversity Fund will be delayed as substantial work on the governance and legal structure has already been conducted. However, in	2-Low	Operational	3	The Biodiversity and Climate Fund was launched in September 2022, and since then, multiple calls for proposals have been issued, resulting in the disbursement of	Existing



<b>Fund</b>	such a circumstance, an interim measure to channel funds through the UN MPTO would be an alternative				grants to various conservation NGOs and CBOs. This initiative aims to support organizations dedicated to preserving biodiversity and combating climate change. Moving forward, the fund will continue to provide financial assistance to further these important causes.	
<b>National Biodiversity and Climate Fund is not well-capitalised leading to limited capacities to fund protected areas</b>	A well-developed resource mobilization and investment plan has been developed for the Fund. It also has high level political support and donor buy-in. Trust and reputation established over time will help to mitigate this risk	2-Low	Organizational and Reputation al	3	The BCF has developed a comprehensive resource mobilization and investment plan. In addition, they have secured funding from both the New Zealand and French governments.	Existing
<b>Lack of local community buy-in/engagement</b>	Work with local organisations and ongoing community education/awareness initiatives to strengthen local knowledge and engagement. Use existing structures.	2-Medium	Operational	3	UNDP is utilizing current structures and partners already in place in Kimbe Bay to reach communities and build engagement, including utilizing the WNB Provincial Government contacts and the GEF-6 provincial coordinator and partners. UNDP Continues to do that.	Existing
<b>Institutional risks</b>						
<b>BE-EIF funds are used for activities that cause environmental or societal harm (or harm to specific individuals)</b>	Stringent investment criteria will be in place to ensure this risk is reduced to an absolute minimum. A robust grievance procedure and the highest standards of transparency will also be in place	1-Medium	Operational	4	The Grievance Mechanism established under the Social and Environmental Safeguard Policy (SESP) and Environmental and Social Impact Assessment (ESIA) has been finalized and is currently operational. The Project Management Unit (PMU) is actively monitoring potential risks to ensure compliance with the established mechanisms.	Existing
<b>BE-EIF resources not used by</b>	Unlikely due to strong due diligence/pre-screening of	1-Medium	Operational	3	Tested in 2023 and progressed in 2024.	Existing



investees for intended purpose(s)	prospective clients combined with strong ongoing monitoring of investees in partnership with local stakeholders such as women's CSOs with strong community relationships					
<b>Fiduciary risks</b>						
<b>Resources channeled to the National Biodiversity and Climate Fund are not used for the purposes of the BE-EIF private sector window or cannot be accounted for</b>	Unlikely due to the strong governance and accountability framework being established for the National Biodiversity and Climate Fund in line with international best practice. PUNOs will monitor use of funds and performance on an ongoing basis.	1-Medium	Operational	3	In 2024, the BCF will continue to distribute grants to conservation non-governmental organizations (NGOs) and community-based organizations (CBOs). A contractor is engaged to assist with grants financial management in 2024.	Existing
<b>Resources channeled to the National Biodiversity and Climate Fund are not used for the purposes of the BE-EIF private sector window or cannot be accounted for</b>	Unlikely due to the strong governance and accountability framework being established for the National Biodiversity and Climate Fund in line with international best practice. PUNOs will monitor use of funds and performance on an ongoing basis.	1-Medium	Governance	3	In 2024, the BCF will continue to distribute grants to conservation non-governmental organizations (NGOs) and community-based organizations (CBOs). A contractor is engaged to assist with grants financial management in 2024.	Existing

## Annex E – Solution Case Study

<b>Solution Title</b>	<b><i>Establishment of a Blue Economy Enterprise Incubation Facility (BE-EIF) in Papua New Guinea</i></b>
<b>Context</b>	<p>With an estimated area of 40,000 sq km, PNG coral reefs are part of the Coral Triangle, the area with highest levels of marine biodiversity in the world. PNG's coral reefs are critical for both sustaining the livelihoods of many coastal communities and generating significant revenue for the Government of PNG through a vibrant fishing industry. Coastal communities rely heavily on marine resources for both sustenance and livelihoods, often resorting to unsustainable practices, such as dynamite reef fishing, when no viable alternatives exist. In Papua New Guinea, for example, marine protected areas do not generate revenue, offering little incentive for long-term conservation efforts. More broadly, in places where the local economy is tied to natural resources, there is limited support available to foster sustainable or “blue” economic models that could both protect marine ecosystems and promote community well-being. With this solution, the programme aims to establish a dedicated financing and technical assistance window, under the existing Biodiversity Climate Fund, to fill gaps in funding and capacity and promoting the role of women and Micro, Small and Medium Enterprises (MSMEs) in the blue economy transition, supporting sustainable and scalable women-led reef positive blue livelihoods from cradle to exit.</p>
<b>Website or other links</b>	<p><b>A website has been designed but not yet launched in the net.</b></p>  <p>The screenshot shows a website with the title 'Healthy oceans and sustainable livelihoods'. The background image is a close-up of a woman wearing a traditional headwrap. The text on the page describes the Blue Economy Enterprise Incubation Facility (BE-EIF) as a GCF initiative to support and grow the blue economy in Papua New Guinea. It mentions support for small and medium enterprises through mentoring, capacity building, and financial support. It also states that by supporting small businesses, especially those owned by women, the BE-EIF aims to show that it is possible to grow sustainable ocean-based livelihoods while protecting Papua New Guinea's incredible marine resources and coral reefs.</p>

Image



[https://drive.google.com/file/d/1Pjdy1urGXMM\\_CRyap\\_19KYZrzpFRk4y8/view?usp=sharing](https://drive.google.com/file/d/1Pjdy1urGXMM_CRyap_19KYZrzpFRk4y8/view?usp=sharing)

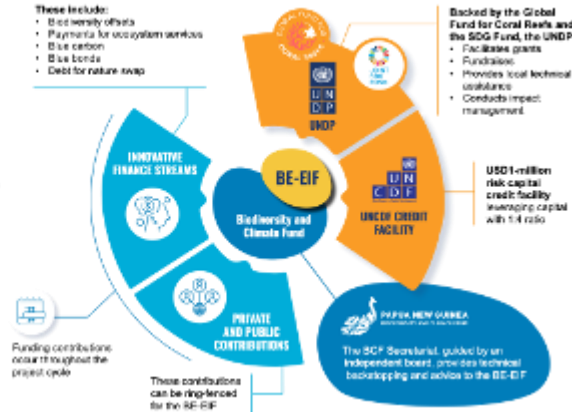
## FINANCE SOLUTION

Finance Solution  
Diagram

### The Blue Economy Enterprise Incubation Facility BE-EIF

The BE-EIF aims to catalyze the blue economy in Papua New Guinea (PNG) by helping to fill gaps in funding and capacity, and promoting the role of women and Micro, Small and Medium Enterprises (MSMEs) in the blue transition.

**What is the BE-EIF?**  
Located within the Biodiversity and Climate Fund (BCF), the BE-EIF is a dedicated financing window that provides finance and technical assistance to catalyze the blue economy in PNG.



<https://drive.google.com/file/d/110qlBOFUuvoejEDu7eqBJrehXCD8G4rM/view?usp=sharing>

## PNG Blue Economy Credit Guarantee Facility (CGF)

The guarantee facility aims to accelerate sustainable livelihood opportunities through Technical Assistance and access to finance for coral Positive solutions enterprises



### UNCDF role

#### Advisory

- Develop the financial mechanism to drive investment
- Technical Assistance to Youth-led start-ups/SMEs through local Financial Institutions
- Coordinate with PSPs to ensure on lending to Blue Entrepreneurs



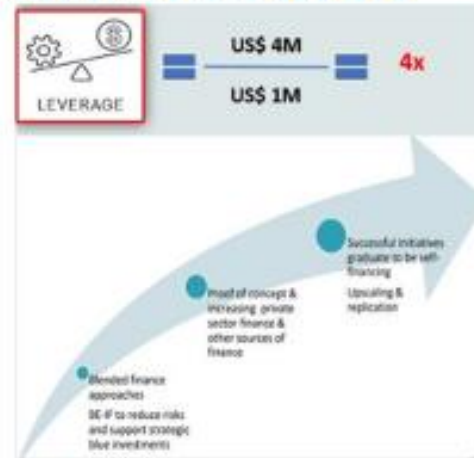
UNCDF support 2024 - 2027



### Credit guarantee scheme

1. UNCDF has committed USD \$3M.
2. The money is to be used to set up a non-funded guarantee facility to support strategic blue investments.
3. 50 SMEs to be supported.

Joint Project with UNCDF and UNDP



### GFCR Fund usage

Leaving aside the funds used for the design and operationalization of the BE-EIF itself, this financing and technical assistance mechanism has so far committed grants to six women-led Blue Businesses in Kimbe Bay, totalling USD 483,608. Of that amount, only the first of three planned transfers has been made available to the blue businesses, with USD 145,155 has been distributed so far. The second round disbursements to these six businesses will begin soon, and five new businesses will be identified in Alotau, Milne Bay that together will be eligible to receive USD 200,000.

Through UNCDF, the BE-EIF will shortly make USD 1 million available as a risk capital credit facility to unlock USD 4 million from a microfinance institution; this USD 5 million will fund additional 50 reef-positive blue businesses in the country. Reef-positive businesses anywhere in the country will be eligible to apply for financing from the facility; the Joint Programme will support the businesses it is working with in Kimbe and Alotau to access funds from this facility.





**Finance Solution  
Overview**

The BE-EIF is intended to serve as a dedicated financing window within the existing Biodiversity Climate Fund (BCF) and therefore should comply with and respond to the internal procedures and policies of this conservation fund trust. However, since this institution is still in the early stages of becoming independently established, the BE-EIF has not yet been fully integrated and has thus far operated on an ad hoc basis as a pilot initiative to test its usefulness and impact in coastal communities and coral reefs.

The BE-EIF has two arms: one focused on technical assistance and the other on financial incubation. Under the first arm, an initial group of micro, small and medium enterprises (MSMEs), including 4 micro, 1 small and 1 medium enterprise considered as blue businesses in Kimbe Bay, were selected to participate in a “Blue Accelerator Program”, which included training by a professional accountancy firm on financial literacy and business management, along with personalized mentoring sessions. This component also facilitated the creation and training of approximately 25 women who are part of the Blue Business Women’s Network in Kimbe Bay.

Under the second arm focused on financial incubation, six early-stage grants were allocated to the six blue businesses that participated in the Blue Accelerator program in Kimbe Bay. The choice of the financial deployment was Low Value Performance-Based Payment Agreements (LVPBPA) between UNDP and the MSMEs. These grants are supporting various business initiatives among the six MSMEs, such as build a cleaning fish shed, install solar-powered freezers, fridges and ice makers; promote sustainable fishing practices through community awareness and business practices; build a poultry shed and expand poultry operations and implementing safe waste disposal practices; construction of a seaweed storage and drying shed, conducting trainings on seaweed farming and promote the expansion of seaweed farms.

An external company was hired to handle the financial management of the grants, verifying the supporting documents and sources of verification associated with the MSMEs’ expenses. Only if this company gives a favourable opinion on the justification of the previous disbursement’s expenses, and if the businesses submit the expected deliverables, can the next transfer of funds—already specified in the contracts—be released. For grants of more than or equal to USD 150,000, UNDP programme and operations policies and procedures require that a micro assessment be conducted by a qualified third-party service provider.

To support the design of the BE-EIF, several strategic documents were developed, such as a Sustainable Blue Economy Investment Strategy, a BE-EIF five-year gender-sensitive business and revenue plan, and a BE-EIF communications and outreach strategy. These documents are still under review for final or updated versions.

## IMPACT

### Impact Ambition

A first expected level of impact is the establishment in the country of a mechanism that allows women-led MSMEs focused on blue business to access technical and financial support to catalyse their businesses, since one of the main challenges in promoting blue-focused community enterprises is precisely the difficulty of obtaining such services. Therefore, if the BE-EIF can be formally integrated into the BCF, its very existence and the ability to offer these services would generate a positive impact in the sector of Blue MSMEs. A second expected level of impact is derived from the positive environmental and social impacts that will be generated by the businesses that go through the accelerator and/or receive grants, as well as those that will access blue loans. Criteria related to the potential positive impacts on the marine environment and on communities were used in selecting the businesses eligible to receive BE-EIF services.

In the early-stage grants, the businesses developed a results framework containing indicators and milestones that are part of the Low Value Performance-Based Payment Agreements (LVPBPA). Although most of these indicators are product-oriented rather than impact-oriented—showing how the businesses perform according to the proposed business model to be applied in the grant—some of the six businesses' indicators are indirectly tied to impact, such as: the number of fishers trained in sustainable fishing, the number of participants in sustainable fisheries awareness sessions, the reduction in kilos of post-harvest fish losses, the increase in fish, coconut oil and seaweed production and sales values, the increase in the number of seaweed producers in the communities, and the rise in the number of visiting coral reef researchers.

Because this is not sufficient to measure impact, a new monitoring tool using Kobo Toolbox has recently been designed to address this issue. A first training session for the six Kimbe businesses is planned soon, and subsequently, the businesses identified in Alotau will receive this training from the outset. The programme will have to wait to see whether this tool helps measure any positive impact on coral reefs, given the difficulty of establishing direct links between the businesses and reef health, and especially the challenge of attributing those positive impacts.



Fund Indicators	<p><i>If you disaggregate data collection by solution, please provide information on any of the following indicators:</i></p> <table border="1"> <tr> <td data-bbox="464 240 884 354">% Local coral cover</td><td data-bbox="884 240 1698 354">           Baseline:            Target:            Current status:         </td></tr> <tr> <td data-bbox="464 354 884 467">Local Fish biomass</td><td data-bbox="884 354 1698 467">           Baseline:            Target:            Current status:         </td></tr> <tr> <td data-bbox="464 467 884 751">Area of coral reefs under conservation and sustainable management</td><td data-bbox="884 467 1698 751">           MPAs and OECMs:            Baseline            Target            Current status:            LMMAS and fisheries management:            Baseline            Target            Current status:         </td></tr> <tr> <td data-bbox="464 751 884 833"># Local jobs maintained and new jobs to be created</td><td data-bbox="884 751 1698 833">           Target: Data not collected at this point.            Current status:         </td></tr> </table>	% Local coral cover	Baseline: Target: Current status:	Local Fish biomass	Baseline: Target: Current status:	Area of coral reefs under conservation and sustainable management	MPAs and OECMs: Baseline Target Current status: LMMAS and fisheries management: Baseline Target Current status:	# Local jobs maintained and new jobs to be created	Target: Data not collected at this point. Current status:
% Local coral cover	Baseline: Target: Current status:								
Local Fish biomass	Baseline: Target: Current status:								
Area of coral reefs under conservation and sustainable management	MPAs and OECMs: Baseline Target Current status: LMMAS and fisheries management: Baseline Target Current status:								
# Local jobs maintained and new jobs to be created	Target: Data not collected at this point. Current status:								
Project Indicators	<p><i>Please share any additional indicators that you are planning to track regarding this solution.</i></p>								
Community and Stakeholder Engagement	<p>The Blue Economy Enterprise Incubation Facility (BE-EIF) has been implemented in close collaboration with the Conservation and Environment Protection Authority (CEPA) and with the support and involvement of the provincial government of West New Britain. Communities have played an active role in disseminating it, and most of the businesses that have gone through the Blue Accelerator can be considered community-based enterprises.</p>								
TAKEAWAYS									



<b>Process Challenges</b>	<b>and</b> <p>When the project began, the concept of the Blue Economy was not very widespread in PNG. Through meetings and thematic workshops, the project worked intensively to raise awareness among various decision-makers and stakeholders about Blue Economy concepts and the importance of investing in policies and developing financial and technical support mechanisms for MSMEs, aiming for both social benefits and marine environmental conservation by promoting more sustainable use and management of marine resources.</p> <p>Because the institution that was supposed to house the BE-EIF—the Biodiversity Climate Fund (BCF)—had not yet reached a sufficient level of maturity in terms of legal composition, internal policies and procedures, management tools, technical capacity, and availability of human resources, the BE-EIF’s services had to be implemented ad hoc, mainly through external service providers and support from UNDP technical staff. This resulted in a high management cost and thus lower overall efficiency of the facility.</p> <p>Furthermore, the requirement to apply UNDP’s operational procedures and policies to manage the early-stage grants led to administrative overload in some cases, causing delays and generating additional expenses. This was due to the need to involve intermediaries not only to deliver technical assistance to the businesses, but also to handle the financial management of the grants and, in some cases, to conduct micro-assessments of the businesses receiving grants.</p> <p>Another major challenge encountered was that most of the businesses identified, which took part in the accelerator and received grants, were at a very early stage in terms of business management capacity and financial literacy. This significantly hindered their ability to justify the expenses from their first grant disbursement in line with UNDP’s accounting standards, leading to a substantial amount of time spent on virtual communications to resolve accountability issues and resulting in considerable delays in subsequent disbursements, which have not yet been made. As mentioned in the previous chapter on impact ambitions, another major challenge lies in measuring the real impact of the businesses on coral reefs. Some of the actions the programme is taking to address this challenge have already been described in the previous chapter, such as the imminent implementation of a Kobo Toolbox for monitoring impacts.</p>
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## Key Takeaways

### Key Takeaways and Next Steps for Improving the BE-EIF

- **Initial Promotion and Awareness in Communities:** The initial phase of promoting the mechanism and raising awareness in communities to identify potential businesses for support is crucial. Greater involvement of provincial technical staff is needed at this stage, and this engagement should be multisectoral, involving not only environmental technicians but also those from economic and productive promotion government sectors. In particular, a stronger role for the institution responsible for fisheries promotion and management, the National Fisheries Authority and its provincial counterparts, would be highly beneficial. A good pre-selection process is critical to ensure that the businesses joining the Blue Accelerator are the most relevant and can fully benefit from the opportunity.
- **Local Technical Support and Mentoring:** In addition to the technical support sessions and mentoring provided through periodic visits and virtual means by the Blue Accelerator’s implementing team, it is essential to have on-site support from local specialists—whether from the technical assistance provider or from provincial governments—who can offer closer guidance. This local support would not only help develop project proposals but also serve as an intermediary between grant managers and businesses, facilitating financial reporting for the grants received.
- **Institutional Integration for Sustainability:** It is vital for the facility to be housed under an umbrella institution to ensure its sustainability, making it easier to integrate and develop innovative financing mechanisms. Moreover, this institution must have internal procedures and mechanisms specifically designed for the facility, enabling greater flexibility in service delivery and reducing management costs by relying on its own resources—such as implementing technical assistance or managing grants. The Biodiversity Climate Fund (BCF) is taking important steps to establish itself as an independent institution by late 2025 or early 2026 and to strengthen its policies, internal operational procedures, and human resources. Over the coming months, various measures will be taken to align processes so that the BE-EIF can finally be integrated into the BCF.

- Annex F – GESI Action Report

Linked Programme Outcome	Objective	Action	Indicator	Milestone – 2024	Remarks
<b>Outcome 1: Strengthened. Safe, inclusive and equitable participation of more women than men, including marginalised groups in the blue economy</b>	To advance equal access to and benefit from Global Fund for Coral Reefs-financed programmes for women and men in reef-dependent communities. Specifically, Global Fund for Coral Reefs-financed programmes will integrate gender in their assessment, consultation, design, implementation and monitoring and evaluation processes (e.g., socio-economic indicators disaggregated by sex).	Financial support to blue economy enterprises with high development impact and conservation potential New finance lines secured and crowded-in from domestic financial sector partners Capacity building and awareness of domestic financial institutions of blue economy Establishment of Marine Protected Areas (MPAs) and LMMAs	10% Businesses Incubated which 50% women-led  100 Women Identified as part of the Women in Blue Business Network	The training Reports	<p>Six women reef-positive businesses were finalised in Kimbe Bay, with progress being made towards launching an additional five businesses in the second pilot site in Alotau. Furthermore, several Financial Literacy Training sessions have been conducted in Kimbe Bay, and at least 100 women are part of the Women in Blue Business Network.</p> <p>Annual Blue Finance Forum held as a knowledge sharing platform.</p> <p>FPIC Process conducted in 2024 as part of the gazettal process of Kimbe Bay being a proposed Marine Sanctuary.</p> <p>Ecological Assessment contracts finalised in 2024 and work to be completed in the second quarter of 2025.</p>



<b>Outcome 2: Shared socio-economic and financial benefits from safe and inclusive participation in the blue economy</b>	To minimize assessed potential Programme risks for women and men in relation to programmes and interventions financed by the Fund, in line with the <a href="#">GFCR Social and Environmental Safeguards Policy</a> .	Blue economy credit lines with domestic financial institutions developed with special focus on women  Deployment of risk guarantees to incentivise the domestic financial market	The UNCDF Loan Credit Facility	UNCDF Reports	Progressed in 2024 and will be finalised in the first quarter of 2025
<b>Outcome 3: Sustained opportunities that are supported through inclusive and respectable community engagement, and through the implementation of national policies that promote the safe and just use of natural resources (coral reefs) for shared benefits.</b>	To advance learning, knowledge generation and enhancement of stakeholders' capacity about effective gender-responsive actions.	A corporate 5-year gender-sensitive business plan developed for the BE-EIF to provide overall strategic direction A strategic plan for supporting women in blue enterprises developed	The Five-year gender-sensitive business and revenue plan has been drafted to promote gender equality and emphasise gender considerations in business operations.	The Plan	This document is a working document and it was reviewed in 2024 and feedback provided back to the Contractors incorporate these feedbacks and finalise it in 2025.



## - Annex G – Safeguards

<b>CHECKLIST POTENTIAL SOCIAL AND ENVIRONMENTAL RISKS</b>	
<b>Principles 1: Human Rights</b>	
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?	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? The JP has developed a Stakeholder Engagement Plan (SEP), The ESMP contains the grievance redress mechanism (GRM). Furthermore, an Indigenous People Plan (IPP) has been developed in the form of a Community Engagement Plan (CEP) with requirements for Free Prior and Informed Consent (FPIC) documentation. The CEF and SEP are aligned. The CEF has been integrated into the Project Environmental and Social Management Plan (ESMP) to support consolidation of implementing SES measures. During stakeholder engagement and FPIC processes it will be essential that all stakeholders who wish to take part are included.	Yes
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?	No
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
<b>Principle 2: Gender Equality and Women's Empowerment</b>	
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
<b>Principle 3: Environmental Sustainability:</b> Screening questions regarding environmental risks are encompassed by the specific Standard-related questions below	



<b>Standard 1: Biodiversity Conservation and Sustainable Natural Resource Management</b>	
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?	No
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?	Yes
1.8 Does the Project involve significant extraction, diversion or containment of surface or groundwater? <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
<b>Standard 2: Climate Change Mitigation and Adaptation</b>	
2.1 Will the proposed Project result in significant <sup>1</sup> 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

<sup>1</sup> In regards to CO<sub>2</sub>, '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.]



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
<b>Standard 3: Community Health, Safety and Working Conditions</b>		
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
3.3	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
<b>Standard 4: Cultural Heritage</b>		
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
<b>Standard 5: Displacement and Resettlement</b>		
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? <sup>2</sup>	No
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
<b>Standard 6: Indigenous Peoples</b>		
6.1	Are indigenous peoples present in the Project area (including Project area of influence)?	No
6.2	Is it likely that the Project or portions of the Project will be located on lands and territories claimed by indigenous peoples?	No
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
<b>Standard 7: Pollution Prevention and Resource Efficiency</b>		
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

<sup>2</sup> 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.



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

## Annex – Updated Social and Environment Safeguards Plan

### Part B. Identifying and Managing Social and Environmental Risks

QUESTION 2: What are the Potential Social and Environmental Risks? <i>Note: Complete SESP Attachment 1 before responding to Question 2.</i>	QUESTION 3: What is the level of significance of the potential social and environmental risks? <i>Note: Respond to Questions 4 and 5 below before proceeding to Question 5</i>			QUESTION 6: Describe the assessment and management measures for each risk rated Moderate, Substantial or High
<b>Risk Description<sup>3</sup></b> <b>(broken down by event, cause, impact)</b>  <b>(primary principle or standard indicated in underlined bold)</b>	<b>Impact and Likelihood (1-5)</b>	<b>Significance (Low, Moderate Substantial, High)</b>	<b>Comments (optional)</b>	<b>Description of assessment and management measures for risks rated as Moderate, Substantial or High</b>
<p><b>Risk 1:</b> Marginalized members of participating communities may not be able to engage with project activities or have equal opportunities to participate in decision making processes during project implementation.</p> <p><b>Event:</b> marginalised members of communities don't have equal opportunities to participate in project decision making.</p>	I = 3 L = 2	Moderate	<p>This may include settler groups, people with disabilities or other stakeholders who might not be fully involved in project design and therefore not engaged in, supportive of, or benefit from project activities.</p> <p>Insufficient numbers may take part due to poor access, lack of information, perceived</p>	<p>Assessment No specific additional assessment measures required.</p> <p>Management <b>Stakeholder Engagement Plan</b></p> <ul style="list-style-type: none"> <li>- The project has a <b>Stakeholder Engagement Plan (SEP)</b>.</li> <li>- The ESMP contains the grievance redress mechanism (GRM).</li> <li>- An Indigenous People Plan (IPP) has been developed in the form of a Community Engagement Plan (CEP) with requirements for Free Prior and Informed Consent (FPIC)</li> </ul>

<sup>3</sup> Risk 3 in former SESP related to child labour has not been identified as a risk in the review and update of this SESP. No justification was provided in previous SESP for potential use of child labour. This is not a risk which was identified in previous similar SESPs (GEF-8), furthermore a review of the project design and document does not provide context for where the child labour risk stems from. Have removed the risk from this updated SESP as it cannot be verified or justified.

<p><b>Cause:</b> poor identification of stakeholders and poor design of community engagement models</p> <p><b>Impact:</b> Marginalised or vulnerable groups are not accorded some of their basic human rights.</p> <p><b>Principle: Human Rights</b></p> <p>Risk Owner: CEPA</p> <p>Outcomes/Outputs: Outcome 2: Protection of coral reefs and the marine environment is strengthened. Output 1.2: BE-EIF delivers targeted TA and financial support services to sustainable blue enterprises</p>			<p>insufficient benefit, bureaucratic delay, additional labour requirements or different priorities.</p> <p>Design already includes: Planning processes will include screening for direct, indirect and cumulative social and environmental impacts (such as restrictions on access to resources) that might be associated with restoration and maintenance interventions across the full area of influence of the plans.</p> <p>(Risk 1 in former SESP. Likelihood reduced from 4 to 2 to more accurately reflect: i) standard approaches to project implementation in PNG which inherently ensure broad and inclusive engagement with all community members. It is a well understood context that projects without broad community support in the Pacific islands have less chance of being successful and the cultural approach to design and implementation of projects is inherently inclusive regardless of stipulations within SEP, etc), and ii) reflects the likelihood assessment given and approved for very similar activity related risks under recent UNDP PNG GEF-8 SESP)</p>	<p>documentation. The CEF and SEP are aligned. The CEF has been integrated into the Project Environmental and Social Management Plan (ESMP) to support consolidation of implementing SES measures.</p> <ul style="list-style-type: none"> <li>- During stakeholder engagement and FPIC processes it will be essential that all stakeholders who wish to take part are included.</li> <li>- The community engagement models implemented by the government (i.e., CEPA the Pirung Islands MPA) and civil society partners (including WCS for the Murat and Lavongai MPAs in New Ireland, and the Kunua Conservation Network for the proposed Kunua Protected Area in Bougainville) for stakeholder identification and inclusive community consultation including FPIC will be followed in conjunction with relevant requirements under the UNDP SES for this project (capturing lessons learned).</li> </ul> <p><b>Gender Action Plan</b></p> <ul style="list-style-type: none"> <li>- A GAP has been developed which also targets gender mainstreaming for project outcomes.</li> <li>- Consultation arrangements throughout the project will be structured specifically to include vulnerable and marginalized groups.</li> </ul> <p><b>ESMP</b></p> <ul style="list-style-type: none"> <li>- The EMSP captures the required management measures and assigns responsibilities needed during project implementation to specifically target the needs and concerns of marginalized groups. The ESMP ensures that individuals' rights (including customary rights, land tenure and traditional use rights) will be considered and mainstreamed throughout project implementation.</li> <li>- The UNDP Country Office Project Manager and M&amp;E Analyst will be responsible for overseeing the implementation of ESMP, stakeholder engagement plan, community engagement plan, gender action plan and other safeguard management plans and/or frameworks.</li> </ul>
<p><b>Risk 2:</b> Duty bearers, project implementing partners or on-granting agencies may not</p>	<p>I = 3 L = 2</p>	<p>Moderate</p>	<p>(Risk 2 in former SESP. Impact increased from 2 to 3 to reflect the level of impact and a lack of</p>	<p>Assessment</p> <p><b>Capacity Development</b></p> <ul style="list-style-type: none"> <li>- A capacity development scorecard of CEPA for protected</li> </ul>

<p>have the capacity to meet their SES obligations in the project.</p> <p><b>Event:</b> project outcomes or objectives are not successfully designed or implemented.  <b>Cause:</b> low levels of capacity within the implementing partners/agencies.  <b>Impact:</b> Failure of project implementation.</p> <p><b>Principle: Accountability</b></p> <p>Risk Owner: CEPA</p> <p>All project outcomes and outputs</p>			<p>capacity within duty bearers to effectively implement the project. An impact rating of '2' indicates only very minor impacts from a failure of duty bearers. An impact rating of 3 is more appropriate and is in line with the approach taken under GEF-8 SESP.)</p>	<p>area management as it relates to the implementation of the PNG Policy on Protected Areas has been undertaken by the UNDP PNG GEF-8 BGI PPG in 2024. This was coupled with a HACT assessment of CEPA for financial management.</p> <p>Management</p> <p><b>Capacity Building</b></p> <ul style="list-style-type: none"> <li>- Based on the findings of the GEF-8 BGI capacity assessment and the capacity development plan produced for that project, the Project PMU will identify opportunities to integrate capacity building into the ongoing Project implementation to ensure that duty bearers understand their responsibilities.</li> <li>- A monitoring and evaluation process will monitor the success of capacity building initiatives.</li> </ul>
<p><b>Risk 3:</b> There is a risk that if engagement of women is not mainstreamed across the design or implementation of all project activities, the Project might not fully incorporate or reflect views of women and girls or ensure equitable opportunities for their involvement and benefit. The Project might also miss opportunities to involve women and girls in BE-EIF, MPA development, access to Blue Economy grant financing opportunities, key awareness raising and capacity building activities. Prevailing gender biases could unintentionally discriminate against women, limiting or adversely impacting their opportunities to access and/or influence project activities.</p> <p><b>Event:</b> opportunities to enhance the outcomes and benefits for women and girls are not reflected in implementation of project activities.  <b>Cause:</b> Poor implementation of the Gender Action Plan and Stakeholder Engagement Plan</p>	<p>I = 3 L = 2</p>	<p>Moderate</p>	<p>(Risk 4 in former SESP. Impact increased from 2 to 3 to reflect the level of impact a lack of women within the project activities. An impact rating of '2' indicates only very minor impacts from a failing to mainstream gender. An impact rating of 3 is more appropriate and is in line with the approach taken under GEF-8 SESP. And also aligns it with the impact identified for lack of engagement with vulnerable and marginalised under risk 1 above)</p>	<p>Assessment</p> <p><b>Gender Analysis</b></p> <ul style="list-style-type: none"> <li>- During project design, a gender analysis was performed to inform the development of a Gender Action Plan (GAP). The analysis assessed the position of women in target provinces and the overall role of women and men in biodiversity conservation and natural resource management.</li> </ul> <p>Management:</p> <p><b>Gender Action Plan</b></p> <ul style="list-style-type: none"> <li>- The project has been designed to specifically target women owned SMSEs for the BE-EIF grants.</li> <li>- The risk is managed through the project design, which incorporates a GAP which actively promotes the role of women and girls in the project.</li> <li>- Recommendations from the GAP have been mainstreamed within the project results framework, activity design and project budget</li> <li>- Under the guidance of the GAP, the CEP is designed to ensure that the concerns of women within discrete communities are taken into account to ensure communication, and the participation of women is culturally sensitive.</li> </ul>

<p><b>Impact:</b> Prevailing gender biases could unintentionally discriminate against women, limiting or adversely impacting their opportunities to access and/or influence project activities.</p> <p><b>Principle: <u>Gender Equality and Women's Empowerment</u></b></p> <p>Risk Owner: CEPA</p> <p>Outcomes/Outputs:</p> <p>All project areas</p>				
<p><b>Risk 4:</b> The project could have unintended impacts on valuable natural habitats, globally threatened or endemic species, or production systems if activities are improperly planned and executed, e.g. establishing BE-EIF activities and improving/introducing marine resource management could result in increased pressure in adjacent habitats or other fishing grounds; or, BE-EIF grants could include aquaculture activities that may inadvertently introduce non-native or invasive species.</p> <p><b>Event:</b> project interventions impact on habitats or species within or adjacent to the intervention areas.</p> <p><b>Cause:</b> Inadequate integration of environmental or social screening and assessment during activity planning.</p> <p><b>Impact:</b> Sustainability of project outcomes would be compromised due to unintended negative impacts on biodiversity or natural resources.</p> <p><b><u>S1 – Biodiversity Conservation and Sustainable Natural Resources</u></b></p>	<p>I = 2 L = 3</p>	<p>Moderate</p>	<p>(Risk 6 in former SESP. This risk also integrates Risk 9 in the former SESP)</p>	<p>Assessment:</p> <p><b>Ecological Assessment</b></p> <ul style="list-style-type: none"> <li>- Baseline ecological assessments have been undertaken on the coral reefs within the project target areas to provide updated ecological baseline information and to enable monitoring of ecological status. End of project assessments will be carried out prior to project completion.</li> </ul> <p><b>SES Screening</b></p> <ul style="list-style-type: none"> <li>- A SES screening assessment will take place as part of the BE-EIF grant proposal selection process. The ESMP details the requirements for this.</li> </ul> <p>Management:</p> <p><b>SES Screening</b></p> <ul style="list-style-type: none"> <li>- The BE-EIF funding for implementation of various Blue Economy initiatives will be designed to ensure that there are no unintended negative impacts to natural habitats, ecosystems or species and management methods are not destructive.</li> <li>- Known invasive species will not be used. Indigenous species will be promoted for BE-EIF aquaculture activities.</li> <li>- Informed by the requirements of the SES screening assessment and management of any identified risk will be incorporated into targeted management plans. The ESMP</li> </ul>



<p>Risk Owner: CEPA</p> <p>Outcomes/Outputs: Outcome 2: Protection of coral reefs and the marine environment is strengthened. Output 1.2: BE-EIF delivers targeted TA and financial support services to sustainable blue enterprises</p>				<p>provides minimum requirements for any proposed aquaculture interventions.</p> <ul style="list-style-type: none"> <li>- The PMU and UNDP CO will ensure that management measures will be implemented and monitored.</li> </ul>
<p><b>Risk 5:</b> Improved management within existing MPAs or creation of new MPAs may affect traditional uses or access to some land and resources. If not designed in an inclusive and participatory way, resource management measures associated with the project could have the potential to involuntarily disrupt access to natural resources for subsistence or livelihood activities for individuals or groups within the community and likely affecting more marginalised or vulnerable groups such as ‘settlers’ or ethnic groups thereby creating some level of economic displacement. There is also the risk perceived inequitable benefit sharing or disproportionate negative impacts experienced between groups.</p> <p><b>Event:</b> subsistence or livelihood resource use is disrupted because access to land and resources is restricted <b>Cause:</b> creation of new MPAs or enhanced enforcement of existing MPA management plans and regulations <b>Impact:</b> resource users aren’t accorded some of their basic human rights to resources leading to economic displacement.</p> <p><b>Standard 5: Displacement and Resettlement</b></p> <p>Risk Owner: CEPA</p>	<p>I = 3 L = 3</p>	<p>Moderate</p>	<p>Note that Standard 5 does not apply in the case of activities whereby a community decides to restrict its own access to natural resources based on an appropriate community decision-making process that reflects voluntary, informed consensus.</p> <p>(Risk 5 in former SESP. Have increased impact to 3, and likelihood to 3 to align with the GEF-8 risk ratings for new MPAs. The previous rating of I=2 and L=2 is understating the inherent risk, particularly as UNDP compliant FPIC processes for new MPAs haven’t been embedded in project design or accounted for in project budget or processes. This increases the risk rating to moderate, and aligns with the UNDP CO approach to similar activities under GEF_8)</p>	<p>Assessment:</p> <p><b>Stakeholder Analysis</b></p> <ul style="list-style-type: none"> <li>- Identification of all project affected parties or groups, resource users, customary landowners and affected clans for each finalised project site will be undertaken early in project implementation to identify where conflicts may appear.</li> </ul> <p>Management:</p> <p><b>Community Engagement Framework</b></p> <ul style="list-style-type: none"> <li>- As the majority of project activities will be undertaken within customary lands or marine tenure, the free, prior and informed consent (FPIC) of customary landowners will be required for the establishment of any new MPAs or the strengthening of any management measures within existing managed areas.</li> <li>- Integrating an inclusive and participatory planning process into activity design, encompassing FPIC, will ensure that selected sites and associated restrictive management measures linked to MPAs have the broad support of all affected community members.</li> <li>- Proposed resource management measures within new or existing MPAs will be designed to avoid any economic displacement. This will be identified through the FPIC process described in the ESMP.</li> <li>- This community support will be established using FPIC principles (driven by the CEF) and a GEDSI approach (driven by the GAP and SEP). Obtaining FPIC will be given highest priority during the implementation stages and should be aligned to raising peoples’ understanding of their rights to the project interventions.</li> </ul>

<p>Outcomes/Outputs:</p> <p>Outcome 2: Protection of coral reefs and the marine environment is strengthened.</p>				<ul style="list-style-type: none"> <li>- There are National REDD+ FPIC guidelines that the project will refer to. In addition to this, CEPA/WCS MPA on New Ireland project demonstrated proven methods which the communities are now familiar with and will therefore be considered in this project consistent with UNDP SES.</li> <li>- To support the FPIC approach, the CEF further defines measures to ensure that the project is well informed by nominated community representatives throughout all planning and implementation phases.</li> </ul>
<p><b>Risk 6:</b> Natural disasters and climate change may affect the implementation and results of project initiatives if, for example BE-EIF initiatives are not designed in a manner that will ensure that they are resilient to meteorological and geological events such as earthquakes, floods, heavy rainfall and drought, all of which are projected to be exacerbated by climate change.</p> <p><b>Event:</b> Project interventions are not resilient to the impacts of meteorological or geological events.</p> <p><b>Cause:</b> interventions are not designed to take climate change impacts into account.</p> <p><b>Impact:</b> Project interventions, such as blue economy grant initiatives, are not successful in achieving the expected increased climate resilience results.</p> <p><b>Standard 2: Climate Change and Disaster Risk</b>  Risk Owner: CEPA  Outcomes/Outputs:  Output 1.2: BE-EIF delivers targeted TA and financial support services to sustainable blue enterprises</p>	<p>I = 2 L = 1</p>	<p>Low</p>	<p>Papua New Guinea is one of the most at-risk countries to climate change and natural disasters. There is a potential to project areas subject to hazards such as earthquakes, floods, landslides, severe winds, storm surges, tsunami or volcanic eruptions.</p> <p>(Risk 7 in former SESP. Likelihood has been reduced from 2 to 1 to align with GEF-8 SESP reflecting that the BE-EIF interventions under this project are smaller in scale and do not involve constructing structures such as NbS seawalls which would be more vulnerable to climate change.)</p> <p>This Risk also replaces the duplicated Risk 8 in the original SESP)</p>	<p>Management:</p> <p><b>Climate and Disaster Risk Screening</b></p> <ul style="list-style-type: none"> <li>- Climate and disaster risks will be identified, and mitigation measures will be incorporated in the design and implementation of the BE-EIF funded initiatives.</li> <li>- The project's Chief Technical Advisor and other members of the project management unit will be responsible to ensure project deliverables are appropriately addressing climate and disaster risks during the implementation phase, consistent with UNDP SES.</li> </ul>
<p><b>Risk 7:</b> Due to a variety of political and socio-economic issues within PNG, there is a security risk to project personnel during site</p>	<p>I = 3 L = 3</p>	<p>Moderate</p>	<p>UNDP Operational Policies for travel and security apply to this project.</p>	<p>Assessment</p> <ul style="list-style-type: none"> <li>- Prior to any field travel, the UNDP PNG Office will assess the current security risk at the project site to determine</li> </ul>

<p>visits to plan MPA management measures or undertake consultations. This risk level could increase or decrease over the course of project implementation. Associated with this is the risk posted to community members from security providers associated with the project.</p> <p><b>Event:</b> Project personnel or community safety and security is at risk while undertaking project activities.</p> <p><b>Cause:</b> Security risk of project sites or vetting of security providers is not considered during field mission planning.</p> <p><b>Impact:</b> risks posed to personnel by unrest in communities, or risk posed to communities from service providers result in people hurt or placed in danger.</p> <p><b>Standard 3: Community Health, Safety and Security</b></p> <p>Risk Owner: CEPA</p> <p>Outcomes/Outputs: Outcome 2: Protection of coral reefs and the marine environment is strengthened. Output 1.2: BE-EIF delivers targeted TA and financial support services to sustainable blue enterprises</p>			<p>(new risk – triggered by review of screening checklist as part of the SESP update)</p>	<p>whether duty travel is possible.</p> <ul style="list-style-type: none"> <li>- Prior to any contracting of security providers, the Country Office will ensure that only approved and vetted providers are being used.</li> </ul> <p>Management</p> <ul style="list-style-type: none"> <li>- All consultants will be required to have comprehensive insurance and to register with UNDP internationally approved travel security alert organisations, such as International SOS.</li> <li>- All travel within project sites will be with registered security firms using their vehicles. Only security firms currently cleared for use by the UNDP PNG Office will be used during project implementation. Security measures will extend to escorting teams in vehicles only. Security firms will have clear contracting arrangements with UNDP which will state expectations of behaviour of individual security drivers.</li> <li>- GRM will be in place to receive any grievances from communities towards the security firms.</li> </ul>
<p><b>Risk 8.</b> While SMSEs can apply to the BE-EIF, there is a focus on supporting community groups, women, youth and other vulnerable marginalised groups to access funding opportunities. Targeting funding to these communities and groups has the potential to create a perceived imbalance in existing social norms or a perceived imbalance in project benefits by non-marginalised people</p>	<p>I = 4 L = 2</p>	<p>Moderate</p>	<p>This likelihood of this risk occurring is rated as moderate because the BE-EIF is operated as a window within the existing and well-established UNDP GEF-6 Biodiversity and Conservation Fund (BCF). The BCF has been widely supported throughout its implementation in communities of</p>	<p><b>Assessment:</b></p> <ul style="list-style-type: none"> <li>- A high-level assessment of the award and implementation of BCF grants will be undertaken through engagement with the UNDP project team.</li> </ul> <p><b>Management:</b></p> <p><b>Stakeholder Engagement Plan</b></p> <ul style="list-style-type: none"> <li>- The SEP and CEP requires meaningful consultation with all members of the communities and includes providing</li> </ul>

<p>and may create or exacerbate conflicts potentially leading to violence targeted at these vulnerable groups.</p> <p><b>Event:</b> vulnerable or marginalised people or groups benefiting from BE-EIF funding are subject to negative behaviours from non-marginalised people.</p> <p><b>Cause:</b> Lack of support from wider community on the BE-EIF purpose and objectives.</p> <p><b>Impact:</b> There may be potential violent incidents targeting the vulnerable. Subsequently, BE-EIF initiatives are not successful due to unwarranted negative behaviour.</p> <p><b><u>Standard 3: Community, Health, Safety and Security</u></b></p> <p>Risk Owner: CEPA</p> <p>Outcomes/Outputs: Output 1.2: BE-EIF delivers targeted TA and financial support services to sustainable blue enterprises Output 3.1: Women receive high quality technical assistance on blue economy enterprise development in accordance with local value systems</p> <p>(Risk 10 in former SESP)</p>			<p>PNG since 2017. The BCF is a successful implementation model and has not generated any reported negative repercussions for grant recipients to date.</p>	<p>information on the objectives of the BE-EIF along with the targeting recipients of grants.</p> <ul style="list-style-type: none"> <li>- The Grievance Redress Mechanism, that will take into consideration the local grievance mechanism already in place, will be implemented during the project's implementation.</li> <li>- At all times the Project team will ensure clear and consistent messaging on the purpose and objectives of the BE-EIF and will highlight opportunities for non-marginalised groups to access funds from the BE-EIF as SMSEs.</li> </ul>
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