



GLOBAL FUND FOR
CORAL REEFS



Joint Programme Document

A. COVER PAGE

<p>Programme Title: 'Gutpla solwara, gutpla bisnis' (Good oceans, good business).</p>	<p>Recipient Organisation(s): UNDP; UNCDF</p>
<p>Programme Contact: Andrew Rylance, UNDP, Andrew.rylance@undp.org</p>	<p>Programme Location: Papua New Guinea Kimbe Bay, New Britain, PNG Milne Bay, Louisiade Archipelago, PNG</p>
<p>Programme Description: The joint programme (JP) will establish a Blue Economy Enterprise Incubation Facility (BE-EIF) to accelerate sustainable livelihoods opportunities linked to the marine environment in Kimbe Bay, New Britain and Louisiade Archipelago, Milne Bay. Through its technical assistance and finance facilities, the BE-EIF will provide cradle to exit support for blue enterprise development, crowd-in private capital through partnerships with domestic financial institutions and provide incentives for the long-term conservation of key marine ecosystems, directly advancing SDG 14, SDG 9, SDG 17, SDG 12, SDG 8 and SDG 5.</p> <p>The JP will support the development of a national Blue Investment Strategy before establishing the BE-EIF with a focus on incubating marine focused women-led businesses. Simultaneously, multiple-use MPAs will be established at site with globally important coral reef systems. The BE-EIF will demonstrate proof of concept for new blue business models and catalyse a new blue economy in Papua New Guinea, which will also crowd-in domestic financial institutions to provide blue-focused financial products, expanding the market for micro-finance for women and youth in the country.</p>	<p>Grant Allocation Approved by GFCR:</p> <ul style="list-style-type: none"> • UNDP-PNG: US\$3,010,000 • UNCDF-Blue Bridge: US\$1,484,248 <p>Grant Requested from the Joint SDG Fund: \$724,400</p> <p>As per GFCR Executive Board decision, disbursements will be determined based on fiduciary assessment, expenditures and GFCR Secretariat's performance review.</p> <p>Joint SDG Fund interventions timeline: January 1, 2022 to December 31, 2023</p> <p>GFCR interventions timeline: January 2022 – December 2025 (monitoring of environmental impacts will continue under established management plans until 2030).</p> <p>The start date will be triggered by the first tranche of disbursement from GFCR.</p>



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The BE-EIF has already identified a 'quick win' to attract private investment in marine management through the establishment of an MPA in Milne Bay. This will help build momentum for the BE-EIF as it issues Blue Innovation grants to businesses that positively contribute to reef protection, as well as income generation, prioritizing women-led businesses. Risk guarantees will also be issued to crowd-in domestic financial institutions and developing and launching women-focused credit lines. The BE-EIF will learn and evolve, looking to expand to two further sites beyond the period of the project.

Key expected results:

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

Joint SDG Fund outcomes/outputs:

- Blue Investment Strategy developed to support financing for improved marine biodiversity protection and the blue economy
- Strategic plan for supporting women in blue enterprise developed
- Blue Economy Enterprise Incubation Facility established
- 5 blue economy businesses identified and incubated
- Locals/entrepreneurs and women employed in businesses with a positive impact on coral reefs

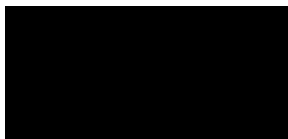
Signature of Recipient Organisation:

Organisation: United Nations Capital Development Fund

Name: Preeti Sinha

Title: Executive Secretary

Signature: _____



Date: 07-Dec-2021



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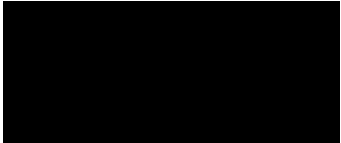
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Signature of Recipient Organisation:

Organisation: United Nations Development Programme

Name: Edward Vrkic

Title: UNDP Deputy Resident Representative


Signature:  _____

Date: 02-Dec-2021

Signature of GFCR Executive Board Partner, UN Agency:

Print Name: Andrew Hudson

Title: Head, Water & Ocean Governance Programme, UNDP

Signature:  _____

Date: 08-Dec-2021

4.1 Budget per UNDG categories

UNDG BUDGET CATEGORIES	PUNO 1: UNDP	PUNO 2: UNCDF (Blue Bridge)	TOTAL
	GFCR (USD)	GFCR (USD)	GFCR (USD)
1. Staff and other personnel	547,163	40,600	587,763
2. Supplies, Commodities, Materials	40,016	-	40,016
3. Equipment, Vehicles, and Furniture (including Depreciation)	-	-	-
4. Contractual services	915,372	-	915,372
5. Travel	260,106	-	260,106
6. Transfers and Grants to Counterparts	1,000,407	1,346,548	2,346,955
7. General Operating and other Direct Costs	50,020	-	50,020
Total Direct Costs	2,813,084	1,387,148	4,200,232
8. Indirect Support Costs (precisely 7%, except WFP)	196,916	97,100	294,016
TOTAL Costs	3,010,000	1,484,248	4,494,248



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Ecosystem Area Targeted

	Area (ha)
Coral Reefs	23,286
Mangroves	2,452
Seagrasses	197,500
Total	223,238

Types of activities supported:

- Blue economy credit lines with domestic financial institutions developed with special focus on women
- Deployment of risk guarantees to incentivize domestic financial market
- 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 investment opportunities
- Corporate 5-year gender-sensitive business plan developed for the BE-EIF to provide overall strategic direction
- Strategic plan for supporting women in blue enterprise developed
- Establishment of Marine Protected Areas

Estimated Number of Beneficiaries	Number of People
Number of Papua New Guineans who will benefit directly or indirectly from interventions	10,000
Number of sustainable ocean-based jobs created	250
Number of sustainable ocean-based enterprises incubated during initial project period	5

11. Overview of budget

GFCR grant window contribution	USD 4,493,024.00
Joint SDG Fund contribution	USD 724,400
GEF	USD 4,775,000
Government of PNG	USD 5,000,000
Carnival Cruises	USD 720,000



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Co-funding anticipated: National Biodiversity and Climate Fund (<i>additional revenues in place from 2022</i>)	USD 2,000,000
TOTAL	USD 17,711,424
Co-financing anticipated: National Development Bank, Bank of South Pacific, MiBank, Kina Bank	USD 4,000,000.00
Co-financing ratio (1: Total/GFCR)	1:4

12. Timeframe:

Start date	End date	Duration (in months)
01/01/2022	31/12/2025	48 months

13. Gender Marker: 3

14. Target groups (*including groups left behind or at risk of being left behind*)

List of marginalized and vulnerable groups	Direct influence	Indirect influence
Women	X	
Children		X
Girls		X
Youth	X	
Persons with disabilities		X
Older persons		X
Minorities (incl. ethnic, religious, linguistic...)	X	
Indigenous peoples	X	
Rural workers	X	
Internally displaced persons		X

15. Human Rights Mechanisms related to the Joint Programme

Human Rights Treaty Bodies

[Committee on Economic, Social and Cultural Rights \(CESCR\)](#)

Special Procedures of the Human Rights Council

3.4 Working Group on the issue of human rights and transnational corporations and other business enterprises

3.10 Special Rapporteur on the issue of human rights obligations relating to the enjoyment of a safe, clean, healthy and sustainable environment

3.21 Special Rapporteur on the rights of indigenous peoples

3.30 Special Rapporteur on extreme poverty and human rights

3.35 Independent Expert on protection against violence and discrimination based on sexual orientation and gender identity

16. PUNO and Partners:

16.1 PUNO



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- Convening **agency:** UNDP, Andrew Rylance, Chief Technical Advisor, Sustainable Financing of Papua New Guinea's Protected Areas Network: Andrew.rylance@undp.org Tel: (+675) 321 2877
- **Other PUNO:** UNCDF, Jagdeep Dahiya, Country Lead: jagdeep.dahiya@uncdf.org Tel: (+675) 321 2877

16.2 Partners

- **National authorities:** Conservation and Environment Protection Agency (CEPA); Provincial Government of West New Britain; National Fisheries Authority (NFA); Investment Promotion Agency of Papua New Guinea.
- **Civil society organizations:** Mahonia Na Dari, Conflict Islands Conservation Initiative.
- **Private sector:** National Development Bank of Papua New Guinea; Bank South Pacific; Women's Micro-Bank Limited (WMBL); Conflict Islands Group; Carnival Cruises.
- **Other partners:** National Biodiversity and Climate Fund; Centre for Excellence on Financial Inclusion (CEFI); Small and Medium Enterprise Corporation (SMEC); Business Link Pacific (BLP); Market Development Facility (MDF).



SIGNATURE PAGE

<p>Resident Coordinator <i>Dirk Wagener, Resident Coordinator</i></p>  <p>25-Aug-2021</p> 	<p>National Coordinating Authority <i>Conservation and Environment Protection Authority</i> <i>Gunther Joku, Managing Director</i> <i>Endorsement letter on next page</i></p>  <p>22-Oct-2021</p> 
<p>Participating UN Organization (lead/convening) <i>United Nations Development Programme in Papua New Guinea</i> <i>Dirk Wagener, Resident Representative</i></p>  <p>25-Aug-2021</p> 	
<p>Participating UN Organization <i>UN Capital Development Fund</i></p>  <p>27-Aug-2021</p> <p>UNCDF Representative Papua New Guinea</p>	



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**CONSERVATION AND ENVIRONMENT PROTECTION AUTHORITY
OFFICE OF THE MANAGING DIRECTOR**

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Date: 5th October 2021

Ms. Lisa Kurbiel,
Head of Secretariat,
Joint SDG Fund.
United Nations Headquarters.
405 East 42nd Street,
New York, 10017, USA.
Email: lisa.kurbiel@un.org

Dear Ms. Kurbiel,

SUBJECT: ENDORSEMENT OF UNDP/UNCDF JOINT PROGRAMME SUBMISSION 'GUTPLA SOLWARA, GUTPLA BISNIS' (GOOD OCEANS, GOOD BUSINESS) TO JOINT SDG FUND AND GLOBAL FUND FOR CORAL REEFS.

I fully endorse this SDG Fund Joint Programme and Global Fund for Coral Reefs full proposal titled 'Gutpla solwara, gutpla bisnis' (Good oceans, good business) with the support of the United Nations Development Programme (UNDP) and United Nations Capital Development Fund (UNCDF). If approved, the full proposal will be prepared and implemented by the Conservation and Environment Protection Authority.

The proposal is directly aligned with the Government of Papua New Guinea's priorities and national vision. Thriving coral reefs are vital to the country's efforts to protect our critical ecosystems as well as to catalyze transformative change in the country's blue economy, creating new diversified investment and employment opportunities for communities whilst simultaneously addressing the impacts of climate change. The proposal contributes directly towards and accelerates the implementation of the Sustainable Development Goals.

Thank you for your continued collaboration and partnership with the Government and people of Papua New Guinea.

Yours Sincerely,

Gunther JOKU
Managing Director



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B. STRATEGIC FRAMEWORK

1. Call for Proposal: Building Resilience and Ending Vulnerability in Small Island Developing States (2021)

2a. Relevant Joint SDG Fund Outcomes

- Outcome 1: Integrated multi-sectoral policies to accelerate SDG achievement implemented with greater scope and scale.
- Outcome 2: Additional financing leveraged to accelerate SDG achievement.

2b. Relevant GFCR Outcomes and Indicators:

- Outcome 1 (protect priority coral reef sites and climate change-affected 'refugia'):
 - o Indicator 1.1 Area (ha) of new climate refugia and priority sites designated as MPAs or LMMAs for coral reef and associated ecosystems (i.e., mangroves and seagrasses) protection
- Outcome 2 (transforming the livelihoods of coral reef-dependent communities):
 - o Indicator 2.3 Number of local entrepreneurs (total # of individuals) and women managing (# of women) businesses with a direct or indirect positive impact on coral reef and associated ecosystems vs. baseline (t=0)
 - o Indicator 2.4 Number of locals and women employed in businesses with a direct or indirect positive impact on coral reefs and associated ecosystems vs. baseline (t=0)]
- Outcome 3 (restoration and adaptation technologies):
 - o Indicator 3.4 Government and private sector investments (US\$) into coral reef restoration efforts and coral reef restoration businesses

3. Overview of the Joint Programme Results

3.1 Outcomes

- 1: People: Inclusive human development and equitable services
- 2: Prosperity: Inclusive and sustainable growth
- 3: Planet: Sustainable Management of Natural Resources, Biodiversity Conservation, Strengthened Climate and Disaster Resilience

3.2 Outputs

- 2.2: By 2023, Papua New Guineans have increased access to and utilization of financial services and markets with enhanced opportunities to participate in the labour market contributing to equitable and sustainable inclusive growth;
- 3.1: By 2023, Papua New Guinea has strengthened legislative and policy frameworks with institutional support for natural resources management;
- 3.2: By 2023, Papua New Guinea has enhanced capacity to address climate and disaster risks, deliver clean and affordable energy, improve management and conservation of forest and marine ecosystems;
- 3.3: By 2023, people, particularly marginalized and vulnerable, are empowered to manage climatic risks, develop community resilience and generate development opportunities from protection of land, forests and marine resources.



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4. SDG Targets directly addressed by the Joint Programme

4.1 List of targets

- SDG5 (gender equality): Target 5.5 (ensure women’s full and effective participation in political, economic and public life); Target 5.a (reforms to give women equal rights to economic and natural resources); Target 5.b (enhance use of technology to promote the empowerment of women)
- SDG8 (decent work and economic growth): Target 8.2 (achieve higher levels of productivity through economic diversification, technology and innovation); Target 8.3 (promote decent job creation, entrepreneurship, creativity and innovation, and encourage growth of micro, small and medium-sized enterprises); Target 8.6 (decrease youth unemployment); Target 8.9 (promote sustainable tourism that creates jobs and respects local culture and products); Target 8.10 (strengthen domestic financial system)
- SDG9 (industry, innovation and infrastructure): Target 9.3 (increase access of small-scale and industrial enterprises to financial services)
- SDG12 (responsible production and consumption): Target 12.2 (achieve sustainable management and use of natural resources); Target 12.6 (encourage companies to adopt sustainable practices and integrate sustainability into reporting cycles); Target 12.8 (ensure people have relevant information for lifestyles in harmony with nature)
- SDG14 (life below water): Target 14.1 (reduce marine pollution of all kinds); Target 14.2 (sustainably manage and protect marine and coastal ecosystems); Target 14.4 (sustainably manage fish stocks and combat destructive fishing practices); Target 14.7 (increase economic benefits to SIDS and LDCs from sustainable use of marine resources); Target 14.b (provide access for small scale fishers to marine resources)
- SDG15 (life on land): Target 15.1 (conserve key terrestrial and inland freshwater ecosystems, in particular forests and wetlands); Target 15.5 (action to reduce loss of natural habitats and loss of biodiversity); Target 15.9 (integrate ecosystem and biodiversity values into national and local planning and development strategies); Target 15.a (mobilise and increase financial resources from all sources for conservation)
- SDG17 (partnerships for the goals): Target 17.3 (mobilise additional financial resources for developing countries); Target 17.9 (enhance support for capacity building in developing countries); Target 17.16 (enhance global partnerships that mobilise and share knowledge, expertise, technology and financial resources); Target 17.17 (promote public-public, public-private and civil society partnerships)

The joint programme will have important secondary impacts on multiple additional SDGs. These include: SDG1 (zero poverty); SDG2 (zero hunger); SDG10 (reduced inequalities); SDG13 (climate action). Further details are included in part C, 1.3.

4.2 Expected SDG impact

Through the creation of a Blue Economy Enterprise Incubation Facility (BE-EIF), which will provide cradle to exit technical and financial support for nature-first business models, the joint programme aims to transform livelihoods opportunities linked to the marine environment in Papua New Guinea, boosting SDGs 8 and 14. It will expand opportunities for women and other disadvantaged populations, advancing SDG 5. Through a focus on crowding-in private sector capital and building capacities on business and finance, as well as on supporting businesses to adopt sustainable practices, SDGs 9, 12 and 17 will be accelerated.



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5. Relevant objective/s from the national SDG framework

- **Vision 2050 (2009):** The vision maps out Papua New Guinea's development strategy between 2010 and 2040. The Joint Programme will support the following pillars: 1) human capital development, gender and youth; 5) environmental sustainability and climate change.
- **Papua New Guinea's Medium-Term Development Plan III (2018-2022):** The plan sets out Papua new Guinea's goals on inclusive sustainable economic growth. The JP will support: Key Result Area 1 (increased revenue and wealth creation); Key Result Area 3 (sustainable social development); Key Result Area 7 (responsible sustainable development).
- **Papua New Guinea's Protected Area Policy (2015):** The policy establishes a protected area network across land and sea. The JP supports implementation of the following pillars: Pillar 2 (sustainable livelihoods for communities); Pillar 3 (effective and adaptive biodiversity management); Pillar 5 (sustainable and equitable financing for protected areas).
- **National Oceans Policy (2020):** The policy outlines a pathway to reaching the seven targets of SDG 14 (life below water) by facilitating the blue economy processes – i.e. improved livelihoods and jobs while protecting ocean health. The JP will support sustainable livelihoods development linked to the blue economy.
- **PNG National Financial Inclusion Strategy 2016-2020** (updated strategy under current elaboration): Provides a strategic framework for financial inclusion in Papua New Guinea. The framework outlines 7 priority areas. The JP will support the following priority areas: (1) digital financial services and the use of technology; (2) inclusive insurance; (3) financial literacy and financial education; (5) enhance access to finance in the informal economy and agricultural finance; (6) SME finance; (9) government engagement.

6. Brief overview of the Theory of Change of the Joint programme

6.1 Summary

Conservation projects, particularly around marine ecosystems, are not able to attract commercial or impact capital at the same pace as other economic sectors due to a confluence of factors. These include: a lack of knowledge about the blue economy; a lack of expertise and capacity to develop bankable projects for investment; low financial literacy, especially amongst women and other disadvantaged populations; lack of affordable finance and inability to fulfil bank/investor requirements and risk aversion on the part of domestic and international investors to diversity portfolio into more environmentally-focused (non-traditional) investment areas.

Through the Blue Economy Enterprise Incubation Facility (BE-EIF), PUNOs will provide technical assistance and starting (grant) capital (through Blue Innovation Grants) to nurture a pipeline of high development, impact investment-ready, conservation-first businesses with special focus on coral reef ecosystems and a particular focus on women and on social and community enterprise models that are consistent with local value systems (which emphasise community and clan benefit and are particularly important to women). Through the Blue



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Economy Enterprise Incubation Facility, the JP will contribute to creating a pipeline of projects to accelerate the flow of commercial capital focused on the protection and enhancement of the marine environment, which plays a critical role in contributing to human rights and advancing the SDGs. Without the interventions proposed in the JP, blockages to leveraging commercial capital would remain.

6.2 List of main ToC assumptions to be monitored

The Government of Papua New Guinea is keen to diversify away from its current growth model and throw its weight behind new ideas. The Provincial Government of West New Britain in the pilot site of Kimbe Bay is also strong and engaged. UN Agencies, in particular UNDP, have a long and established relationship with the Provincial Governments on both sustainable livelihoods and marine protection. There is therefore a strong enabling environment politically.

Additionally, there is considerable momentum behind the new National Biodiversity and Climate Fund, which enjoys both high-level government buy-in and donor support. The BE-EIF will be established as a financing “window” within the National Biodiversity and Climate Fund, where it will be able to benefit from the Fund’s institutional structures, financial resources and monitoring and evaluation framework in addition to its own resources. This affiliation will boost the BE-EIF’s profile and legitimacy as a central actor in the environmental sphere.

In the secondary project site, Milne Bay, the project will partner with the Conflict Islands Conservation Initiatives, owners of the Conflict Islands Group. Grants from the GFCR will support the establishment of a sustainable-use marine protected area (MPA) and support local community-based businesses on aquaculture and tourism. Once established, the Carnival Cruise Ship company, which utilises the site for international tourists, has agreed to introduce an environmental levy for each visitor in order to contribute to the management of the MPA and further fisheries support. It is expected the levies will generate a minimum of US\$720,000 over the project period for the management of the Conflict Group’s MPA. The continuation of the environmental levy will contribute to the sustainable financing of the MPA.

The ToC is also founded on strong local community buy-in and demand for the technical assistance facilities and financial services offered by the JP and that domestic financial institutions will work alongside programme stakeholders to deliver tailored support services and financial products that meet local needs. These assumptions are based on extensive consultations with key stakeholders at the national and regional level including from local industry, local officials, financial institutions and CSOs. These indicate widespread support and demand for the proposed interventions.

7. Trans-boundary and/or regional issues *(list and briefly explain, if relevant)*

None.



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C. JOINT PROGRAMME DESCRIPTION

1. Executive Summary

1.1 Overall purpose of the programme

Papua New Guinea is classified as one of seventeen “megadiverse” countries in the world and its marine ecosystems are of international significance. Its coral reefs are part of the Coral Triangle – the area with the highest levels of marine biodiversity in the world. Despite its extraordinary natural heritage, most of Papua New Guinea’s highly biodiverse marine and coastal ecosystems and species are not well protected or resourced and are subject to multiple anthropogenic pressures.

With a few exceptions, there is no revenue being generated by protected areas for active conservation management and little incentive to manage natural resources sustainably. At the same time, local communities lack the skills, knowledge and finance to develop conservation-first business models connected to the marine and coastal environment, which could provide both livelihoods and conservation outcomes. This is particularly the case for women who remain marginalised in the business and labour markets. On the finance side, there is high liquidity in the domestic financial sector in Papua New Guinea, yet commercial financial institutions are highly risk averse and the market is small and poorly understood and few prospective clients would meet financial institutions’ requirements. On the international investment side, Papua New Guinea is considered one of the riskier investment destinations in the Pacific with many (impact) investors also unaware of the business and investment opportunities it provides, holding perceptions of low-quality products.

Papua New Guinea recently adopted an oceans policy, which is the first mention in the country of integrating blue economy principles into its ocean management. How Papua New Guinea operationalizes this vision is a critical next step in which this JP strategically focuses its support. The JP provides an opportunity to shape Papua New Guinea’s national direction in the blue economy.

In doing this, UNDP proposes to develop a Blue Investment Strategy to operationalize the policy and establish the “Blue Economy Enterprise Incubation Facility” (BE-EIF) to stimulate the growth of viable business options in the new blue economy space. The BE-EIF will provide dedicated technical assistance and a mix of financial instruments, particularly early-stage finance and risk guarantees, to unearth, incubate and grow sustainable blue enterprise investment-readiness from cradle to exit with a particular focus on small and medium sized enterprises (SMEs) and on women.

1.2 Description of the specific interventions, business models, financial instruments quick wins and longer-term vision

The JP will establish a “Blue Economy Enterprise Incubation Facility” (BE-EIF) to accelerate the identification and development of sustainable blue economy livelihood opportunities and catalyse private sector investment at-scale. It will have a particular focus on small- and



medium-sized enterprises (SMEs), social and community enterprise models, and on women, youth and other marginalised communities. The BE-EIF will have an initial focus on Kimbe Bay and the Conflict Group with plans to expand to two further sites (New Ireland and the Bismarck Sea) over 10 years. The BE-EIF is well-timed since US\$450,000 in finance has recently been secured through the UNDP-GEF Sustainable Financing of PNG's Protected Area Network project to create a 1.3 million hectare marine protected area (MPA) in Kimbe Bay and US\$720,000 has been committed by a private investor to support the establishment and management of the Conflict Group's MPA. Supporting small-scale business development connected to these MPAs represent a smart development opportunity.

Through the JP, support will go toward developing the National Blue Investment Strategy and kick-starting the establishment of the BE-EIF and a local hub in Kimbe Bay. These activities, in addition to providing proof of concept of blue economy businesses, will help to operationalise the Government of Papua New Guinea's Oceans Policy (Section 3.6 Focal Area(s) Environmental, Social and Policy Analysis).

Following the BE-EIF's establishment, the facility will identify viable business models, conduct feasibilities and set aside US\$1M of grant capital. The set aside grant capital will go toward five enterprises in Milne Bay (Blue Innovation Grants) to support them from start-up to growth phase, as well as toward the establishment of the Conflict Group MPA, which has been identified as a 'quick win' for private investment.

The JP will support blue enterprises to receive technical assistance, targeted capacity building and project preparation support. It will assist to expand the reach and intensity of support to the newly-identified blue enterprises, providing detailed technical support prioritizing areas of tourism, aquaculture and fisheries, as well as providing business training including management and financial literacy training. The JP will support access to markets of the selected businesses as well as provide continued ongoing mentoring.

Additionally, the JP will develop a plan for supporting women in blue enterprise, provide financial literacy training for blue economy businesses and establish credit lines for women-focused blue economy businesses. The establishment of credit lines will be incentivized by providing risk guarantees to the financial domestic market for early stage movers into the blue economy.

The JP will use the experience and lessons learned from the BE-EIF to crowd-in additional financial institutions, such as the National Development Bank, Bank South Pacific, MiBank and Kina to expand the financial support to blue economy investment potentials. The JP will be able to scale up to raise awareness within the wider domestic financial industry and international industry of the opportunities in Papua New Guinea by developing a blue economy investment prospectus to attract international impact investment and a Blue Economy Investment Fair to expand oceans investment in Papua New Guinea.



Figure 1



Joint SDG Fund	Global Fund for Coral Reefs
<ul style="list-style-type: none"> ◆ Blue Investment Strategy. ◆ Establishing the BE-EIF. ◆ Creating gender-sensitive business plan. ◆ Financial literacy training and technical support for women. ◆ Developing a strategic plan for supporting women in blue enterprise and annual knowledge forum. 	<ul style="list-style-type: none"> ◆ Extended operational support to the BE-EIF. ◆ Technical and financial support to blue businesses in project sites. ◆ Provide grant capital prioritizing women-led blue economy businesses (Blue Innovation Grants). ◆ Develop financial products and credit lines with domestic financial institutions. ◆ Risk guarantees. ◆ M&E Strategy and Ecological Surveys. ◆ Support for women-led blue economy enterprises and gender equity training to all investees.

Figure 2

PROGRESS ON THE NATIONAL BIODIVERSITY AND CLIMATE FUND
<p>The Facility will be established as a dedicated and highly-specialised financing “window” within the newly-created National Biodiversity and Climate Fund (similar to the private sector window within the World Bank’s IDA Fund for low-income countries). This structure will: (i) maximise operational efficiencies; (ii) maximise synergies with broader conservation activities in the country; and (iii) reduce transaction costs. With this structure, the BE-EIF will be able to leverage the institutional structures, technical expertise, financial resources, social and environmental safeguards framework and high-level political buy-in enjoyed by the new fund in addition to its own resources.</p> <p>The Biodiversity and Climate Fund is currently being established. Following extensive stakeholder consultation, best practice and legal reviews it has been confirmed that it will be established under the Fund Administration of the UN Multi-Partner Trust Fund. The MOU and TOR (Strategic Plan) for the Fund is currently being drafted and will be signed by October 2021. The Fund will receive close incubation support from UNDP, specifically from their Chief Technical Advisor.</p> <p>The Fund will be co-chaired by the UN Resident Coordinator and the Department of National Planning and Monitoring. It will contain a multi-stakeholder Steering Committee comprising of national stakeholders with equal representation from the Government of Papua New Guinea, Development Partners, Non-Governmental Organisations and Private Sector representatives. The Steering Committee will be supported by a Secretariat</p>



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comprising of an Executive Director, Programme Manager and Financial Manager. The Secretariat office is currently being established in country and the recruitment of the Secretariat staff is underway. The operational manuals of the Fund are also currently being developed. The BE-IF will benefit from utilising the same structures, operational guidelines and Steering Committee.

1.3 Importance of project areas

The project will be initially focused on Kimbe Bay, New Britain and Milne Bay, Louisiade Archipelago (see section 3.6: Focal areas Environmental, Social and Policy Analysis).

Specifically, Kimbe Bay is one of the world's most biodiverse marine environments comprising of a wide variety of shallow marine habitats (coral reefs, mangroves, seagrass) and deep-water marine habitats (oceanic waters, seamounts and possible deep-sea canyons and hydrothermal vents). Rapid ecological assessments conducted in 2002 described healthy coral reefs and high biodiversity but limited systematic ecological research has since been conducted. More than 12 species of marine mammal have been recorded in the bay (including sperm whales, orcas, spinner dolphins and dugong), as well as a number of threatened and endangered species (sea turtles and seabirds). The close proximity of shallow and deep-water marine habitats represents a significant opportunity to protect a wide range of marine habitats in one location (TNC, 2007). The bay also supports the livelihoods of over 100,000 people that live in Kimbe Bay.

Milne Bay encompasses the most extensive coral reef area of any province in Papua New Guinea with reefs scattered over 265,000 km² of ocean. The overall fish fauna of Milne Bay consists of 1109 species, the highest for any area in the Melanesia region. Sea turtles, sharks, dugongs, whales and dolphins are among the marine mammals in Milne Bay. The Conflict Group, part of the Louisiade Archipelago in Milne Bay, consist of 7,857 ha of pristine coral reefs. The reefs have been documented to have one of the highest biodiversity in the world. Nearby communities of up to 60,000 inhabitants are dependent on the reefs for sustenance, exacerbated by the loss of tourism income due to COVID 19. The islands are under threat from damaging and unsustainable fishing practices and require protection.

1.4 Co-Implementing partners and their added value

The Joint Programme (JP) will be co-implemented by UNDP and UNCDF. UNDP is the largest development partner in the environment sector. It has over four decades of experience providing technical support at a national and sub-national level on biodiversity conservation, climate change mitigation and adaptation, renewable energy, fisheries management and sustainable livelihoods. It is also spearheading the development of the new National Biodiversity and Climate Fund, which has resources for the first six years of implementation, after which the Fund's resource mobilisation strategy will ensure a mix of sustainable revenue streams. UNDP also has extensive women's rights and female entrepreneurship programmes.



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It is well placed to ensure interventions effectively integrate women's rights and groups into the design and implementation of the BE-EIF to ensure inclusive blue economy growth.

UNCDF meanwhile has a particular focus on remote and unbanked populations (especially women) excluded from formal financial networks. In the UN system, it has a unique capital and investment mandate, structuring investments with high risk and small ticket sizes, the core territory of the BE-EIF. In Papua New Guinea, UNCDF has excellent relations with the private sector, financial institutions and regulators and has access to a global pool of technical expertise to nurture innovation and build a pipeline of investment-ready projects. UNCDF enjoys a long-standing relationship with the Bank of PNG and Financial Institutions in the country and is known for assisting institutions in venturing into new geographies, offering new products and services to specific market segments through providing TA, grant funding and the ability to deploy risk guarantees to de-risk financial institutions to take on innovations, which otherwise would not be pursued. Therefore, the expansion of blue and green enterprises financing will become a natural fit by leveraging on existing and new partnerships.

1.5 Grant needs and leverage potential – Capital needs (equity and debt)

The JP requires US\$3.4m in grant finance and US\$1m for risk guarantees from the GFCR and US\$724,400 from the Joint SDG Fund to supplement the existing commitment co-financing of US\$12 million in grants. Furthermore, leveraged private investment (in debt and equity) is expected to achieve US\$4 million from domestic financial institutions (National Development Bank, Bank South Pacific, MiBank and Kina) in targeted credit lines, likely to be for working capital finance, however other areas will be included and made available to start-ups in eco-tourism and sustainable fisheries, among other ocean-based livelihood sectors. The facilitation of the creations of domestic credit lines and products will be implemented through UNCDF and their expertise with the domestic financial market in Papua New Guinea.

The JP will work on both the supply and demand side to identify and plug in gaps in access to finance for blue enterprises. This will require capacity building of financial intermediaries around specific needs of blue economy enterprises and developing specialised financial products and working with enterprises to improve skills and ability to draft bankable proposals.

1.6 Expected environmental, economic and social impact

- 1.33M hectares of marine space under protection by 2026.
- More than 10,000 community members impacted by project activities.
- More than 250 local sustainable ocean-based jobs created.
- At least 5 new blue economy initiatives demonstrating proof of concept.
- New financing lines established in the country by domestic banking sector for blue economy.

1.7 Exit strategy for financial sustainability once GFCR grant and concessional finance is exhausted



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From the outset the BE-IF will be embedded within the national Biodiversity and Climate Fund to ensure the sustainability of its actions. The Fund will be financially and technically supported through a co-financing UNDP-GEF project until 2026. Further additional technical support will be available until 2026 to establish new finance solutions to build a diversified finance portfolio managed through the Fund, which will also benefit the BE-EIF. New financing initiatives will be implemented in coordination with the domestic financing sectors, creating a new market for domestic investment and ensure financing of blue economy initiatives forms part of the banking sector's portfolio.

1.8 Timeline

It is expected the initial phase of the JP will be implemented over a 4-year period.

2. Baseline and Situation Analysis

2.1 Problem Statement

Less than one percent of Papua New Guinea's marine areas are under formal protection. Climate change, unsustainable fisheries activities and an increase of marine and land-based pollution is resulting in the rapid decline of ocean resources. Coastal populations are growing rapidly, placing pressure on coastal and marine resources.

The Government of Papua New Guinea recognises the country's natural resources cannot be protected unless local communities are able to derive sustainable livelihoods from their natural environments; however, most economic opportunities in Papua New Guinea linked to marine ecosystems are underexplored and financing the development of the blue economy is a challenge.

The overall aim of the JP is to transform local livelihood opportunities connected to the marine environment, boost incomes, conservation and nutritional outcomes by putting in place the long-term structures needed to unearth new enterprise opportunities, build local skills and ultimately unlock private capital from domestic and international sources by building market confidence and demonstrating the viability of conservation and reef-first enterprise models.

The results are aligned with – and reinforce – the UN Development Assistance Framework (UNDAF) 2018-2022. The JP reinforces three of the four UNDAF outcomes, namely: 1) inclusive human development with a focus on the most vulnerable and marginalised; 2) inclusive and sustainable growth; 3) the sustainable management of natural resources, biodiversity conservation and strengthened resilience to climate change.

It will accelerate progress on the SDGs by realizing Papua New Guinea's marine resources as both socio economic and environmental growth drivers, including through advancing decent work and economic growth (SDG 8) and life below water (SDG 14). With a specific focus on women and youth empowerment, it will advance gender equality (SDG 5) and reduce



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inequalities (SDG 10). The JP is aligned with Papua New Guinea's National Strategy for Responsible Sustainable Development, which recognizes a three-pillar model of sustainable development (economic growth, social equity and environmental sustainability).

Protection of Papua New Guinea's rich marine biodiversity is a central objective of the Government of Papua New Guinea (GoPNG). Yet by and large, there is little incentive to manage natural resources sustainably with no generation of revenue by protected areas for sustainable management. This includes Papua New Guinea's network of locally managed marine areas (LMMAs) that fall under customary community ownership and control. In Kimbe Bay, New Britain, one of the pilot sites for the joint programme, 14 LMMAs are in existence, most of which are not funded at all.

Additionally, there is little support and assistance available to local enterprises and communities to develop blue economy business models. This is particularly the case for women. The high poverty rate in Papua New Guinea has a significant impact on the disadvantaged, especially women and girls. This is exacerbated by disparities in education levels with women and girls often having very limited formal education. While women tend to be aware of basic financial services, such as savings, there is limited awareness of more advanced services such as loans and services. Additionally, restrictions such as the prohibitive high cost of registering businesses disproportionately disadvantages women.

On the finance side, the domestic financial sector in Papua New Guinea including the commercial financial institutions are highly risk averse, preferring to invest in a traditional portfolio with limited exposure to small and micro businesses. Papua New Guinea ranks 120 out of 190 countries in ease of doing business in 2019 (as per World Bank). Access to finance is one of the barriers identified as a challenge for businesses in Papua New Guinea. Whilst the micro credit space is growing it remains limited due to few players available in the microfinance space and a squeezing financial sector. This reflects the need for capacity building and support to banks to invest in environmentally responsible businesses and the blue and green economy.

On the international investment side, Papua New Guinea is considered one of the riskier investment destinations in the Pacific with many (impact) investors unaware of the business and investment opportunities it provides.

The focus of the BE-EIF will be to support businesses that actively contribute to the protection, restoration and resilience of Papua New Guinea's coral reefs. The critical importance of the reef systems at the first two pilot sites (Kimbe Bay and Conflict Group) reflect this mission (see Section 3.6).

The BE-EIF will be housed within the new National Biodiversity and Climate Fund to become operational with an initial US\$7.7 million in resources. This structure and its affiliation with the National Biodiversity and Climate Fund will enable the BE-EIF to be part of a much larger nation-wide conservation finance project (UNDP-GEF Sustainable Financing of PNG's Protected Area Network project), which enjoys high-level political and donor support. The Fund would also aim to manage US\$6m of grants from the Green Climate Fund Results-Based Payment



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submission, currently under review. It is also currently discussing the option to manage the UNDP-GEF Small Grants Programme to complement other funding streams.

The JP contains similar stakeholders to the UNDP-GEF project as it co-finances \$4.2m of actions under the JP (such as the establishment of the Kimbe Bay MPA and managing the Fund). Costs, technical expertise and social and environmental standards and frameworks will also be shared, maximising efficiencies.

2.2 Target groups

Target Groups	Details	Impact/ Influence	Needs/ interventions
Individuals / Households	People in coastal communities including women and youth	Direct	The most basic unit and the ultimate beneficiaries of the project with specific focus on youth and women with entrepreneurship potential. Support of blue economy initiatives with focus on women and youth will positively impact community members.
Communities	Villages/ LLGs etc. having common social fabric	Direct	Awareness and capacity building need, should appreciate the need for blue economy and be willing to contribute and benefit.
MSMEs	Registered businesses operating the communities	Direct / Indirect	Starting from small entrepreneurs to micro and medium enterprises. Backbone of the project acting as catalyst for fulfillment of the LNOB agenda in a sustainable manner.
Sub-National Government	Govt at LLG, District and Provincial level	Indirect	The key office bearers to influence and support the blue economy enterprise and facilitating through conducive eco-system development.
National Government	Govt. departments an CEPA, NFA, BPNG, IPA	Indirect	Policy alignment with Govt's plan and mandate for blue economy expansion and preservation of natural resources.
Financial service Providers	All FIs including – Banks, Insurance companies, remittance service providers etc.	Direct	Invests driving youth and women lead enterprises in blue economy to channelize private sector funding.
Industry Bodies & Support agencies	CSOs, NGOs, FBOs, Associations, programs (CEFI, MDF etc.)	Indirect	Support overall growth and support services to help flourishing blue economy.

2.3 SDG targets

The Joint Programme will have an impact on multiple SDGs directly and indirectly. The focus of the joint programme and the interlinkages are as follows:

1. Restored reef systems, and sustainable stewardship of PNG's marine environment, will boost biodiversity and resilience (SDG 14, 15 and 13), and produce a sustainable source of protein, improved health and nutrition (SDG 2) for coastal communities.
2. Innovative partnerships with the private sector will showcase new inclusive and sustainable business models and leverage new finance from the private sector (SDG 9, 12 and 17), creating more diversified and productive livelihoods opportunities for



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coastal communities, especially for women, leading to reduced poverty and inequalities (SDG 1, 5, 8 and 10).

3. Capacity development support to communities will provide greater access to information, new markets, finance and business opportunities (SDG 8, 9 and 10).
4. Companies supported to integrate sustainable practices and sustainability into company reporting cycles, boosting investor confidence, crowding-in new capital and leading to better marine stewardship (SDG 9, 12 and 14)

The JP will use household data and data collected from the blue economy enterprises and financial institutions that are partners to the UNJP to measure SDG progress. Data will be disaggregated by sex. SDG progress will be measured as follows:

- SDG 1 no poverty (Target 1.2): changes in incomes of beneficiaries over programme period
- SDG 2 no hunger (Targets 2.1 and 2.3): consumption of nutritious food of JP beneficiaries and families
- SDG 5 gender equality (Target 5.5 and 5.a): number of women supported by JP (technical and financial assistance); number of women-owned businesses; participation in women's support network; increase in women's incomes; number of women in leadership positions in blue economy enterprises; number of women using new technologies
- SDG 8 decent employment (Targets 8.2; 8.3; 8.6; 8.9; 8.1): number of jobs created through businesses supported by JP, disaggregated by gender and age; number of SMEs supported by technical and financial assistance; growth of businesses over programme period; number of businesses receiving 'Blue Innovation' grants
- SDG 9 industry, innovation and infrastructure (Target 9.3): amount of finance committed and delivered by domestic financial institutions through dedicated credit lines; amount accessed disaggregated by gender
- SDG 10 reduced inequalities (Target 10.1): number of people at bottom 40% of income-earners reached by the JP
- SDG 12 responsible production and consumption (Target 12.6): number of companies that integrate sustainability into their practices and reporting cycles
- SDG 13 climate action (Target 13.1): number of companies developing and implementing climate resilience strategies
- SDG 14 life below water (Targets 14.2; 14.4; 14.7; 14.b): improvements to local marine environments are measured through, *inter alia*: amount coral cover; amount mangrove cover; levels of fish stocks of key indicator species in key sites; number of businesses implementing improved ESG standards and reporting on sustainability; uptake of new technologies to monitor protected areas and report problems; use of new technologies in blue economy businesses; reduction in pollution in key sites
- SDG 17 (Targets 17.3; 17.9; 17.7): amount of additional finance mobilised from commercial private sources; amount finance mobilised for BE-EIF through sustainable innovative finance streams; number of partnerships with private financial institutions created; capacity development support provided to investees in partnership with other stakeholders (e.g. workshops, mentoring services etc.); number of blue enterprises in pipeline; growth of business over the programme period; financial return of businesses

2.4 Stakeholder mapping

The coordination of identified stakeholders will be managed in partnership with the UNDP-GEF project on Sustainable Financing of PNG's Protected Area Network which is already engaging the below stakeholders through the process to establish the national Biodiversity and Climate Fund. This proposal would work in partnership with the Fund to strengthen this coordination toward mutual benefits.

Stakeholder	Type/ Nature	Role/ Interest
Conservation & Environment Protection Authority (CEPA)	Government/ Authority	CEPA is the lead government authority mandated to oversee protection of the environment, including protected areas. CEPA will be the lead government partner at the national level and would be integral to monitoring the impact of project interventions on marine conservation and biodiversity.
Provincial Government West New Britain	Government/ Sub-national	The provincial government would be the lead provincial authority. It will act as the link between the BE-EIF and blue economy businesses. It will be a champion for the BE-EIF and support awareness raising in the local business community.
National Fisheries Authority (NFA)	Government/ Authority	NFA will be responsible for ensuring that all blue economy actions correspond with the sustainable fisheries management plan within the Kimbe Bay and Milne Bay pilot site. NFA will determine and monitor quotas and landed catch amongst small scale fishers, conduct abundance and market surveys and provide key data. It will also support capacity building on sustainable fisheries management.
PNG Investment Promotion Authority	Government/ Authority	Government agency responsible for providing information on investment opportunities in PNG and on export opportunities. The agency will support blue economy businesses access new markets and investment.
Bank of PNG	Government/ Regulator	As a regulatory to help with conducive policy environment and support to encourage financial intermediaries for investments in Blue/ green Economy.
Bank South Pacific	Private sector/ Commercial Bank	Technical assistance for blue economy enterprises and dedicated finance and credit lines.
National Development Bank (NDB)	Private sector/ Development	Technical assistance for blue economy enterprises and dedicated finance and credit lines. NDB will also assist with awareness raising activities.
MiBank	Private sector/ Micro-Bank	Awareness raising, technical assistance for blue economy enterprises and dedicated finance and credit lines, especially for the smallest players, as the leading MicroBank offering Digital Financial Services.
Women's Micro-Bank (Ltd)	Private sector / Micro-bank	Awareness raising, technical assistance for blue economy enterprises and dedicated finance and credit lines, especially for women entrepreneurs, being the only financial institution dedicated to women financial inclusion.
Market Development Facility (MDF)	Specialized Program	Industry support body which is also active in tourism. Support capacity building of local blue enterprise through market development and linkages.
Provincial Chamber of Commerce	Private sector	The provincial chamber of commerce will support awareness raising of the BE-EIF services to SMEs and coordinate meetings of key economic players in the province. Will also support businesses with sustainability standards and reporting.
Centre for Excellence in Financial Inclusion	Private sector/ Industry Body	Provides information to SMEs on loan products, encourages financial sector innovation and monitors financial inclusion activities. Will coordinate stakeholder meetings and monitor and collect data on financial inclusion relating to the blue economy.
Mahonia Na Dari	CSO	Mahonia Na Dari is experienced in local education, research and awareness of the marine environment and conservation. It has an extensive community network which will be leveraged to raise awareness of the BE-EIF.



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Source <https://unsdg.un.org/sites/default/files/Interim-Draft-Operational-Guide-on-LNOB-for-UNCTs.pdf>

As per the above table, the JP will work with a range of stakeholders across the spectrum following the eco-system development approach to have interventions at all levels impacting individuals and communities through changes to the environment they operate in. Having national and provincial Government, private sector and support agencies involved but with limited dependencies, the support available and the impact achieved will be substantial.





3.1 Overall strategy

The joint programme will establish a “Blue Economy Enterprise Incubation Facility” (BE-EIF) to accelerate the identification and development of sustainable blue economy livelihood opportunities and catalyse private sector investment at-scale, with a focus on SMEs, social and community enterprise models and on marginalised communities, particularly women and youth.

The BE-EIF, established as a financing window within the National Biodiversity and Climate Fund, aims to be a highly customised fund that will increase local capacities, unearth and nurture new blue economy business opportunities and use its financial firepower strategically to crowd-in private capital for high development impact conservation-first businesses that would otherwise struggle to access finance. It will aim to incubate about 5 businesses over the initial programme period which will have a positive impact on coral reef ecosystems in the two priority sites and support the establishment of credit lines, incentivized through deploying risk guarantees to the domestic financial market.

The BE-EIF will focus on two project sites: Kimbe Bay, New Britain and Conflict Group, Milne Bay. An assessment of the blue economy potential of Kimbe Bay and Conflict Group has been conducted. The project pipeline will be established, with a special focus on businesses that have a positive impact on coral reef ecosystems, and up to five blue business models will receive starting grant capital (US\$1M will go toward ‘Blue Innovation Grants’). The viability of establishing, managing and sustainably financing a MPA in the Conflict Group has already been confirmed. The GFCR support will finance the establishment of the MPA, at which point Carnival Cruises has agreed to invest US\$720,000 toward the management of the MPA and support to local fishers during the project period with continued annual investment of US\$180,000 secured through environmental levy payment to supplement grant financing from the GFCR toward the MPA establishment.

The blue enterprises will be required to demonstrate a positive impact on marine biodiversity and should be able to receive loans either in their present form or in near future (3-5 years). It will prioritize businesses that are potentially scalable and currently or potentially offer large-scale employment, especially women, as well as businesses that provide options for value addition or accessing new markets (i.e., export). The following areas will be prioritised for phase one:

1. Fisheries, mariculture and aquaculture

The JP proposes to set aside approx. 50,000 hectares of Kimbe Bay’s 1.3 million hectare MPA for the development of sustainable fisheries, mariculture and aquaculture, in particular farmed tropical sea cucumbers (beche-de-mer), seaweed, mud crabs, lobsters, crayfish and other fish (e.g. tuna, mackerel and red emperor), that can be certified as sustainably harvested, principally for the tourism and export markets. It will also invest in storage, cooler and other preservation facilities to expand trade and ensure the quality of the produce is maintained. An app will be developed to connect sellers to markets. The beche-de-mer industry is



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especially lucrative with high demand across Asian markets, and demand for seaweed and dried processed seaweed products is also high due to interest in its medicinal properties and health benefits. Other products can also be developed, such as seaweed soap and other beauty products. Seaweed farming is an area which holds especially high potential for women. Pilako seaweed is also a trademark from Kimbe Bay. Experiences from Kavieng, New Ireland province demonstrate that well managed sea cucumber and seaweed farms can be both sustainable and profitable and reduce the incidence of illegal and unsustainable practices. The BE-EIF will also support established entities in fisheries (harvesting and processing) to boost their social and environmental credentials, reducing environmental impact and increasing their competitive edge for selling to the US and other major markets where marine stewardship certification is increasingly valued. This may also help increase their access to impact capital.

At the Milne Bay project site, an initial scoping of projects has identified establishing a beche-de-mer fishery as a viable option for local fishers. This requires further investigation to determine whether it is both financially and ecologically sustainable. The GFCR grant to the Conflict Group will conduct the feasibilities to validate and prioritise projects.

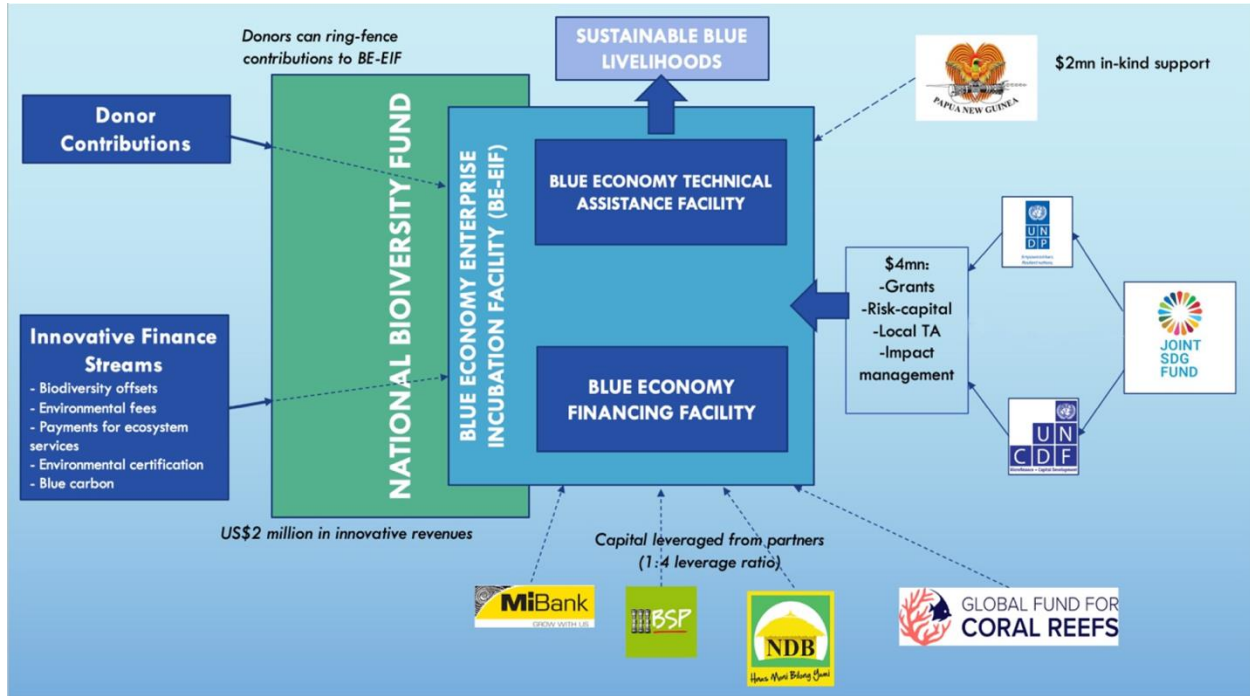
The JP will work in partnership with the National Fisheries Authority, Mahonia Na Dari (local NGO based in Kimbe Bay) and Conflict Islands Conservation Initiative.

2. Eco-tourism

The JP will support opportunities to develop sustainable marine tourism in Kimbe Bay where over 2/3 of tourism is dive-related due to its exceptional coral reefs. Walindi Plantation Resort has been paying fees to communities with traditional ownership over specific reefs in return for protection of the reef. The BE-IF could support and expand the reach of this initiatives to support game fishing (tag and release). Opportunities to support eco-lodge development, coral farms, the expansion of dive and snorkel tourism and other tourism products will be explored. This will also create important spillovers in terrestrial tourism (e.g. trekking and birdwatching).

The National Biodiversity and Climate Fund will also carry-out analytical work on the potential for community-based enterprises in natural fertilizer and biofuels, which could then receive finance from the BE-EIF to help them develop and be both sustainable and profitable. The BE-EIF will only be able to deliver if it works in collaboration with a range of government, private sector and non-governmental/community partners that have longstanding relationships with local communities.

Business model:



The Blue Economy Enterprise Incubation Facility (BE-EIF) will have two inter-related “arms” structured to provide cradle to exit support for conservation-centred business models connected to the marine environment. These are summarised below:



3.2 Theory of Change

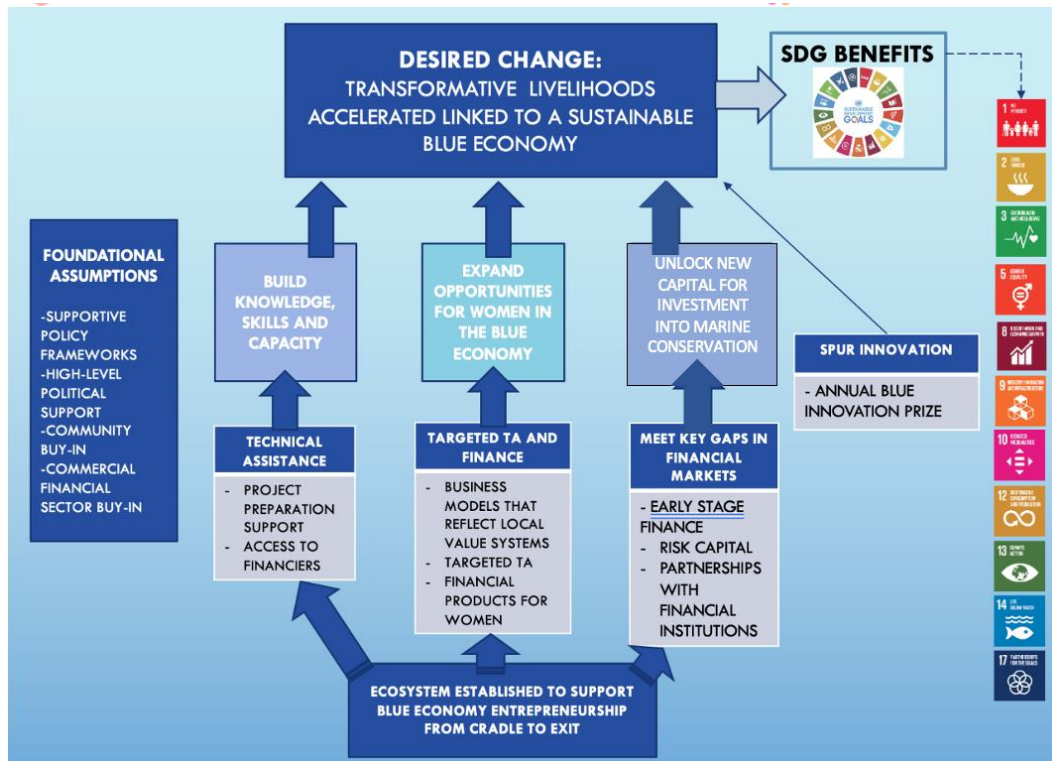
The JP’s transformational potential lies in its ability to influence the development trajectory of the blue economy in Papua New Guinea, a relatively underexplored and untapped area in the country due to a historical focus on the extractive industries and forest environments. This JP provides a unique opportunity to diversify away from a growth model based on the extractive industries toward one centred on high quality livelihoods in balance with the local marine environment. There will be an initial focus on business incubation in the areas of sustainable fisheries, mariculture, aquaculture and tourism. The aim is to incentivize the local communities that manage these marine areas to conserve and improve them, which will also



increase resilience to climate change and natural hazards. It will proactively seek to ensure that inequalities between women and men in the blue economy space are not replicated and that women are able to maximise new development opportunities. The intervention contributes positively to shaping and creating new markets for communities to access (ie, tourism activities to international tourists and sale of produce to export markets, such as Japan) and puts in place the structures such that local capacities and skills are developed on the blue economy and access to finance is broadened so that new development opportunities do not bypass local populations and are not simply taken-up by foreign-owned interests. The pilot is in turn expected to be replicated to other regions within Papua New Guinea. The UN has the opportunity to be a first mover in this space within Papua New Guinea, positioning it well within the international donor and development finance communities.

Key assumptions: The Government of Papua New Guinea is keen to diversify away from its current growth model and throw its weight behind new ideas. The Provincial Government of West New Britain in the pilot site of Kimbe Bay is also strong and engaged. UN Agencies, in particular UNDP, have a long and established relationship with the Provincial Government on both sustainable livelihoods and marine protection. There is therefore a strong enabling environment politically. Additionally, there is considerable momentum behind the new National Biodiversity and Climate Fund which enjoys both high-level government buy-in and donor support. The BE-EIF's affiliation to the National Biodiversity and Climate Fund will boost its profile and legitimacy as a central actor in the environmental sphere.

The ToC is also founded on strong local community buy-in and demand for the technical assistance facilities and financial services offered by the JP, and that domestic financial institutions will work alongside programme stakeholders to deliver tailored support services and financial products that meet local needs. These assumptions are based on extensive consultations with key stakeholders at the national and regional level from local industry, local officials, financial institutions and CSOs. These indicate widespread support and demand for the proposed interventions.



3.3 Expected results and impact

Short-term (1-4 years): The BE-EIF will be established as a dedicated financing “window” within the National Biodiversity and Climate Fund to provide targeted technical assistance, expert advice and financial support via a mix of instruments to blue economy enterprises with high development impact and conservation potential. The BE-EIF will demonstrate proof of concept for scalable and replicable blue economy business models that are also *inclusive* (e.g. of women). The domestic financial sector will deliver targeted credit lines incentivized through risk guarantees and incubated businesses will receive grant capital (Blue Innovation Grants).

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 stag (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)



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- 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).

Mid-term (5-10 years): The JP will learn lessons from the short-term results to focus on its replication in additional sites whilst retaining its core principle that women in particular are able to access high quality technical assistance and appropriate financial instruments to develop sustainable blue economy livelihoods. Specifically, it expects to be able to achieve the following results and impacts.

Key outcomes and outputs:

- At least 25% of reef-first business incubated and matured to no longer need grant capital (Year 5).
- More than 250 sustainable ocean-based jobs are created (Years 5 and 6).
- The BE-EIF will offer guarantees, subordinated debt and other financial instruments to de-risk investments (Years 6 and 7).
- Expansion from the Conflict Group and Kimbe Bay, New Britain to at least two further regions within Papua New Guinea (Years 6 and 8).
- At least three domestic financial institutions and impact investors are offering new credit lines to blue economy businesses (year 7).
- 50% targeted expansion of the BE-EIF over the next 5 years (Year 10).
- 50% increase in reef fish biomass from key indicator species (Year 10).
- Over 10,000 Papua New Guinea's will benefit directly or indirectly from JP interventions, of which more than 50% will be women and youth (Year 10).
- The BE-EIF is sustainable through a mixed revenue model that includes credit reflows, innovative finance streams catalysed through the National Biodiversity and Climate Fund and donor contributions (Year 10).

Long-term (10+ years): The joint programme's long-term vision and expected results are "the transformation and diversification of economic sectors and livelihoods in coastal communities in ways that protect and improve the marine environment, and include vulnerable communities, in particular women and youth." This will be achieved by putting in place a fully constituted, operationally functional and strategically focused blue enterprise incubation system across at least three areas in Papua New Guinea, which has a proven track record.

Key outcomes:

- The BE-IF will have sustainable revenue streams from multiple recurrent income sources of at least US\$ 2 million per annum and the ability to deploy catalytic capital.
- At least 30 blue enterprises will have received technical and financial support through the BE-EIF system. The BE-EIF will have leveraged additional capital at-scale from the private sector. The enterprises nurtured will be gender sensitive and inclusive.
- 30,000 hectares of MPAs will be under formal protection and demonstrate marine ecosystems are retained in a healthy condition and the positive socio-economic and environmental impacts to communities and ecosystems are measured and verified.



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- At least 10 new blue economy sub-sector has been incubated through the BE-EIF.
- At least 50% of female owned and operated blue economy businesses or linked support through the BE-IF.
- Improvements in the sustainable management of marine protected areas due to shifts in incentive structures.
- Increased fish stocks of key indicator species, specifically around identified key reef systems.
- Increased coral cover and mangrove protection, resulting in reduced coastal erosion.

Accountability for specific results: UNDP will assume overall responsibility for the delivery of the UNJP with specific responsibility for the establishment of the BE-EIF and its integration within the National Biodiversity and Climate Fund. UNDP will lead the designation of the MPA in Kimbe Bay and develop plans for permitted marine activities under local sustainable fisheries plans. It will lead on technical assistance to local communities, deploy start-up grant financing, and impact measurement and management services. UNDCF will strengthen capacity in financial literacy and work with domestic financial institutions to build blue economy focused finance and credit lines.

Progress towards achieving the results: Papua New Guinea's National Biodiversity and Climate Fund will be the country's first independently managed institutional structure dedicated to the financing of Papua New Guinea's extensive protected area network. It will be the institutional home for the BE-EIF. US\$1.55m has been secured for the financing of the Fund's secretariat for the following five years. It will benefit from an initial US\$5 million capitalisation from the Government of Papua New Guinea and a further US\$2.7 million from Global Environment Facility. A "National Protected Area Finance and Investment Plan" has also been developed for the National Biodiversity and Climate Fund which will put in place long-term sustainable revenue streams for the Fund from conventional and innovative sources, some of which will be made available to the BE-EIF for its work over the long-term.

UNDCF is known for promoting innovation and assisting institutions in venturing into new geographies, adopting new/ digital channels and offering new products and services to specific market segments through TA and grant funding. Therefore, the expansion of blue and green enterprises financing will become a natural fit by leveraging on existing and new partnerships with commercial banks, microbanks, Savings & Loan Societies (SLSs), telco (mobile-wallet services provider) and other financial institutions, industry bodies and Bank of Papua New Guinea.

Substantial work has already been carried out to gauge interest of potential players and build on the partnerships to secure finance from the domestic financial sector. Consultations with the Bank South Pacific, MiBank, Women's MicroBank and the National Development Bank have resulted in interest to participate in the roll-out. Through awareness creation, capacity-building and addressing the pain-points at both demand and supply there is huge potential to leverage private sector finance for blue and green economy enterprises. UNDP has also led a survey of blue economy enterprise development opportunities in Kimbe Bay (the pipeline). Analytical work on training and financing needs took place at end-2020.



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On the policy side, the Government of Papua New Guinea has put in place substantial new legislation related to the improved management of protected areas. These create an important enabling environment for conservation work in Papua New Guinea and the BE-EIF specifically.

These include:

- The establishment of a 1.3 million hectare marine protected area (MPA) in Kimbe Bay, the pilot site.
- A new National Oceans Policy (2020 -2030) which establishes a national framework for integrated oceans management, improved ocean governance and sustainable use of marine resources.
- A new National Protected Areas Bill will shortly be tabled with parliament that will progress the growth in protected areas throughout the country.
- A draft national policy on biodiversity offsets will be finalised in 2021. On the marine side, this would be applicable to industries that have an impact on the ocean (i.e. run-off from agriculture or mining activities).

Further investigations into the viability of a blue bond and valuing blue carbon opportunities will commence in 2021.

3.4 Financing (grant cost, co-financing and leverage potential of the Programme)

The BE-EIF requires US\$3.4m in grant finance and an additional US\$1m in risk guarantees from the Global Fund for Coral Reefs and US\$724,400 from the Joint SDF Fund because it is the first of its kind and the opportunity to fund a fundamental shift in development trajectory. The Government of Papua New Guinea has developed impressive policies aimed to achieve this change but the BE-EIF represents the first effort to establish new sustainable blue market opportunities. Investments in Papua New Guinea represent an opportunity to build the foundations of an entirely new sector.

The BE-EIF will be initially focused on Kimbe Bay, New Britain and Louisiade Archipelago, Milne Bay. US\$450,000 in finance has been secured for a 1.3 million hectare marine protected area (MPA) in Kimbe Bay, and in Milne Bay, an initiative to establish and manage a MPA has leveraged private investment of US\$720,000. Both sites provide secured locations for BE-EIF investments with leveraged co-financing and private sector investment. Additionally, US\$4 million in leveraged private investment is expected from domestic financial institutions (Section 1.5: Grant needs and leverage potential).

The JP is the first in Papua New Guinea to have an explicit focus on the blue economy, thus far an underexplored and largely untapped economic sector. It is also unique in its focus on blue enterprise development and on supporting women, youth and marginalised communities to maximise the opportunities presented by this high-development potential sector. It will be the first to offer dedicated financial resources and technical expertise on the blue economy.

It will be the first to put in place the structures to enable long-term private investment in this sector in Papua New Guinea. It will incentivize the domestic financial sector to use its



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substantial liquidity through the UN joint programme's use of early-stage finance and risk guarantees, helping to shape and create a new market in Papua New Guinea. This will, in turn, attract new participants and actors to the Papua New Guinea market over time. Most importantly, this will provide new livelihoods opportunities for local communities, especially women, reduce poverty and ensure that the structures are in place to incentivize the ongoing conservation of valuable marine environments.

The BE-EIF is well-positioned to be a market leader as there are no other alternatives or competitors in this new space within Papua New Guinea. Such an initiative was not formerly possible since there were no independent and well-capitalised institutional structures for conservation finance and protected area management in the country. These structures are now being formalised and provide an ideal opportunity to demonstrate new models of economic growth are possible, as well as position the UN as first-mover in an investment space that is growing in momentum internationally. Similarly, local financial institutions have the liquidity but do not have the knowledge or risk tolerance to move into this space without external support, both technical and financial, which underscores the UN's particular added value.

The BE-EIF will be housed within the new National Biodiversity and Climate Fund, which will be administered through the UN Multi-Partner Trust Fund and managed by a multi-stakeholder board consisting of PNG and international development partners. High-level support for the Fund already exists with formal announcements of support from the Minister for Environment, Conservation and Climate Change. The legal structure for the fund is currently being finalised and the Secretariat recruited. All strategic and operational manuals are currently being developed.

GFCR grant window contribution	USD 4,493,024.00
Joint SDG Fund contribution	USD 724,400
GEF	USD 4,775,000
Government of PNG	USD 5,000,000
Carnival Cruises	USD 720,000
Co-funding anticipated: National Biodiversity and Climate Fund (<i>additional revenues in place from 2022</i>)	USD 2,000,000
TOTAL	USD 17,711,424
Co-financing anticipated: National Development Bank, Bank of South Pacific, MiBank, Kina Bank	USD 4,000,000.00
Co-financing ratio (1: Total/GFCR)	1:4

Category	Amount (US\$)
GFCR Grant Window (Pure Grant)	\$4,493,024.00
Joint SDG Fund	\$724,400.00
Grant Co-financing	\$16,495,000.00
Total Grant Costs	\$17,711,424

Financial sustainability and exit strategy: The BE-EIF business model will implement a mixed revenue model and will be sustainable over time. The BE-EIF is being structured to



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capture a share of the revenues of the conventional and innovative finance streams under the National Biodiversity and Climate Fund. These are being developed through the “National Protected Area Finance and Investment Plan” led by UNDP and the Conservation and Protection Environment Agency (CEPA) which has carried out a detailed analysis of viable revenue-generating options for protected areas.

These include: biodiversity offsets, blue carbon, payment for ecosystem services, environmental fees and taxes and others. The technical and financial feasibilities of these options have been validated in Papua New Guinea’s first national Protected Area Finance and Investment Plan. The consultation, implementation arrangements and legislations to operationalise the proposed finance solutions is currently underway and is expected to be concluding by the end of 2022. The amount allocated to the BE-EIF will depend on the volume of deal flow and its track record. In addition, donors (public sector and philanthropic) will be able to inject funds into the BE-EIF via ring-fenced contributions to the National Biodiversity and Climate Fund. We would expect the BE-EIF to be an attractive proposition to donors once proof of concept and scalable business models are demonstrated.

The BE-EIF will operate according to four key investment principles: 1) additionality and market creation: going where other investors don’t; 2) catalytic effect: paving the way for others and mobilising capital from other sources; 3) project sustainability: projects must be financially viable as well as impactful; 4) minimum concessionality: the project subsidy should be as small as possible to avoid market distortions. The BE-EIF will implement gender equity in its investment strategy.

Once the JP is completed, it is expected that the BE-EIF will have sustainable revenue streams from multiple sources to enable it to carry-out and scale-up its functions. These include reflows from credits and revenues from the finance streams put in place by the National Biodiversity and Climate Fund, such as tourism/environmental fees and biodiversity offsets. The National Biodiversity and Climate Fund has a target to source finance from “innovative” sources of US\$50 million over 5 years. This calculation is based on work carried out as part of the GEF6 funded programme to put in place a long-term sustainable revenue plan for the National Biodiversity and Climate Fund. The BE-EIF will aim to capture at least US\$2 million of these revenues over 4 years.

Through this structure, donors will be able to ring-fence contributions for the BE-EIF. Once the BE-EIF establishes a track-record and can demonstrate impact (and over-time, leverage), it is anticipated that it will be able to attract considerable donor funds in addition to revenues from other sustainable sources.

Following the pilot period in Kimbe Bay and Conflict Group, there are plans to expand the BE-TIF’s scope to at least two other regions within Papua New Guinea: New Ireland and the Bismark Sea. Community-driven locally managed marine areas, with fisheries management plans, have been established in 13 communities in New Ireland Province and 10 communities in Manus Province (Bismark Sea). This will result in two community-driven marine protected areas of 750,000 hectares each. These two sites have received substantial conservation



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support as well as commitments from the Government of Papua New Guinea to gazette these sites as large-scale MPAs.

The Conflict Group and Kimbe Bay is also expected to have an important demonstrative effect on other regions within Papua New Guinea (as well as other Pacific-island countries) with respect to its central focus on women in the blue economy.

The “incubation” model will also be relevant to other small island states that experience similar challenges with respect to small market size, low levels of financial literacy, high perceived risk and uncertainty around how to translate their abundant marine resources into viable nature-first business models. The model proposed will actively nurture businesses through technical assistance, early-stage financial support and relationships with partner financial institutions to ensure businesses receive all the support they need. This model is, in turn, expected to increase absorption capacity in a sector that is still nascent in many countries, but where there has been a noticeable uptick in investment interest in recent years.

3.5 Partnerships and stakeholder engagement

Partnerships will be central to the effectiveness of the BE-EIF. The project will work with – and through – a range of national and international partners to ensure success. These include: the Conservation and Environment Protection Authority (CEPA), the National Fisheries Agency (NFA), the West New Britain Provincial Government, Papua New Guinea National Development Bank, Bank South Pacific (BSP), Women’s MicroBank, Mahonia Na Dari (a local conservation NGO), Chambers of Commerce, as well as bilateral and multilateral development partners.

UNDP is the largest development partner in the environment sector and has built strong partnerships with local, national and provincial authorities. The project will work closely with the Conservation & Environment Protection Authority (CEPA), the lead government authority mandated to oversee protection of the environment including protected areas. UNDP’s partnership with CEPA will be integral to monitoring the impact of interventions on the marine environment and conservation. The provincial government would be the lead provincial authority and act as the link between the BE-EIF and blue economy businesses. It will act as a champion for the BE-EIF by support for awareness raising in the local business community.

The National Fisheries Authority (NFA) will ensure all blue economy actions correspond with the sustainable fisheries management plan within the Kimbe Bay pilot site, determining and monitoring quotas and landed catch amongst small scale fishers and provide key data. It will also support capacity building on sustainable fisheries management.

The Papua New Guinea Investment Promotion Authority is the government agency responsible for providing information on investment opportunities in Papua New Guinea and on export opportunities. A partnership with the agency will provide support to blue economy businesses to access new markets and investment.



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UNCDF has built strong relationships with financial institutions in the country in its endeavours to promote financial inclusion and adoption of digital financial services. The BE-EIF and its partnerships with local financial institutions, including the National Development Bank, Bank South Pacific, MiBank and Kina will help to build trust and investment confidence over time and show that conservation-first businesses can be viable and thrive in Papua New Guinea. This aims to unlock capital from international investors over time. The BE-EIF will also explore opportunities for international investors to partner with local entrepreneurs to accelerate growth and innovation.

The Conflict Group will establish and maintain a MPA as well as local fisher opportunities, specifically on aquaculture. As a result of increased coral reef protection, an international cruise ship company, Carnival Cruises, will adopt a new environmental levy to sustainably finance the management of the MPA and further support the establishment of a beche-de-mer fishery and export promotion.

Stakeholder name	Role of stakeholder in structure	Level of engagement/support to date
National Biodiversity and Climate Fund	Blue Enterprise Incubation Facility will be a private sector financing "window" housed within the National Biodiversity and Climate Fund.	Fully engaged and supportive of proposed structure.
Conservation and Environment Protection Authority (CEPA)	CEPA is PNG's lead conservation agency, responsible for the design and implementation of marine conservation and planning initiatives. The project will work closely with the marine programme team inside CEPA to build their capacity and ensure that support to the management of the Kimbe Bay site continues beyond the project period.	Fully engaged and supportive of the proposed JP. The CEPA Managing Director provided a letter of support at the concept note and full proposal stage.
National Fisheries Agency (NFA)	NFA is the national authority charged with protecting and preserving the national marine environment. It implements projects in multiple areas such as fisheries and aquaculture with financial support from external donors. It will support in the identification of projects and industries with high development impact, support research into relevant marine issues, facilitate industry group consultations, support capacity-building programmes in fisheries and aquaculture, and devise appropriate policy frameworks for the sector. Specifically in Kimbe Bay, NFA is already conducting work on sea cucumber fisheries with teams on the ground.	NFA are operating in Kimbe Bay to support the management and development of sea cucumber fisheries, and are keen to scale-up sustainable fisheries and aquaculture.
West New Britain Provincial Government	The West New Britain Provincial Government is the regional administration. The Provincial Government's environment and climate change team will be integral to the success of the project. They will be involved throughout the project to support the gazetting of the MPA as well as the development and enforcement of the sustainable management plan for the site.	Fully engaged and supportive. They are actively involved in the UNDP Sustainable Financing of Protected Areas project and UNDP provides daily technical support to the Provincial Government. Therefore a strong relationship already exists.
Joint SDG Fund	Complementary funding to support the development of a national Blue Investment Strategy and the foundations to establish the BE-IF.	EOI approved with initial budget allocation of US\$ 725,000. Full proposal in progress.
PNG National Development Bank	Co-develop new financial products and service lines dedicated to blue enterprise development. Co-deliver technical assistance.	Consulted and expressed interest to participate in the roll-out of the project.
Bank South Pacific (BSP)	Co-develop new financial products and service lines dedicated to blue enterprise development. Co-deliver technical assistance.	Consulted and expressed interest to participate in the roll-out of the project.
Mahonia Na Dari	Mahonia Na Dari is the main conservation and education organisation operating in Kimbe Bay. They will play a key	The organisation has been consulted and is supportive.



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	role in supporting training, especially for existing businesses to adapt their business models towards more environmentally sustainable activities.	They are keen to be involved in the implementation in a training and awareness raising capacity, in line with their core expertise.
Walindi Plantation Resort	Walindi is one of the main tourism businesses operating within Kimbe Bay. They are actively involved in the current UNDP Sustainable Financing of Protected Areas project and actively engaged in marine conservation and work directly with local fishing groups.	The business has been consulted and is supportive. They are keen to see more environmentally sustainable business models being championed in the area.
Wildlife Conservation Society	WCS would be involved in scaling up processes in New Ireland and Bismarck Sea where they already have a marine programme and have been actively working to establish marine protected areas and small scale fisheries.	The organisation has been consulted and is supportive and is keen to scale-up to other sites.

3.6 Focal Area(s) Environmental, Social and Policy Analysis

Environmental analysis: Papua New Guinea has the highest marine biodiversity richness of the Pacific Ocean (Conservation and Environment Protection Authority, 2019) and contains over 40,000km² of coral reefs. Marine environments include inshore lagoons, fringing and barrier reef systems and shallow banks, and extend into very deep offshore areas encompassing slope, abyssal plain, trenches and ridges, seamounts and deep ocean vents (Adams et al., 2017). There are extensive mangroves and seagrass beds. Papua New Guinea lies on the West Pacific flyway of seabirds and its waters are on migratory paths for cetaceans, turtles and tuna (Conservation and Environment Protection Authority, 2019).

Papua New Guinea's claimed Exclusive Economic Zone (EEZ) is large, covering approximately 1,673,759 km². Papua New Guinea's marine and coastal areas support at least 500 species of stony corals, 1,635 reef associated fish species, 43 mangrove species, and 7 seagrass species (CEPA and SPREP, in press). The EEZ has 21 shelf sea bioregions located within five large scale marine and coastal ecoregions (Green et al., 2014). Two of the large ecoregions - the Bismarck Sea and Solomon Sea - lie fully within Papua New Guinea's national jurisdiction. The other three ecoregions - the Pacific Warm Pool, the Coral Sea, and the Arafura Sea - extend into other national jurisdictions (Green et al., 2014).

Kimbe Bay: Kimbe Bay comprises of a wide variety of shallow marine habitats (coral reefs, mangroves, seagrass) and deep-water marine habitats (oceanic waters, seamounts and possible deep-sea canyons and hydrothermal vents). The site is an integral component of the Bismarck Sea, which is home to one of the most extensive coral coverage areas in the Coral Triangle.

Kimbe bay has 15,429 hectares of coral, potential seagrass habitat of 197,500 hectares and 2,452 hectares of mangroves. Despite the international importance of the site, relatively little biophysical and ecological information is available since the 2000s. The figures below display the coral cover, mangrove population and coral reef fisheries catch of the bay.

Figure 1: Kimbe Bay Coral Coverage (Data: UNEP-WCMC, Worldfish Centre, WRI, TNC, 2021; Map, UNEP, 2021)

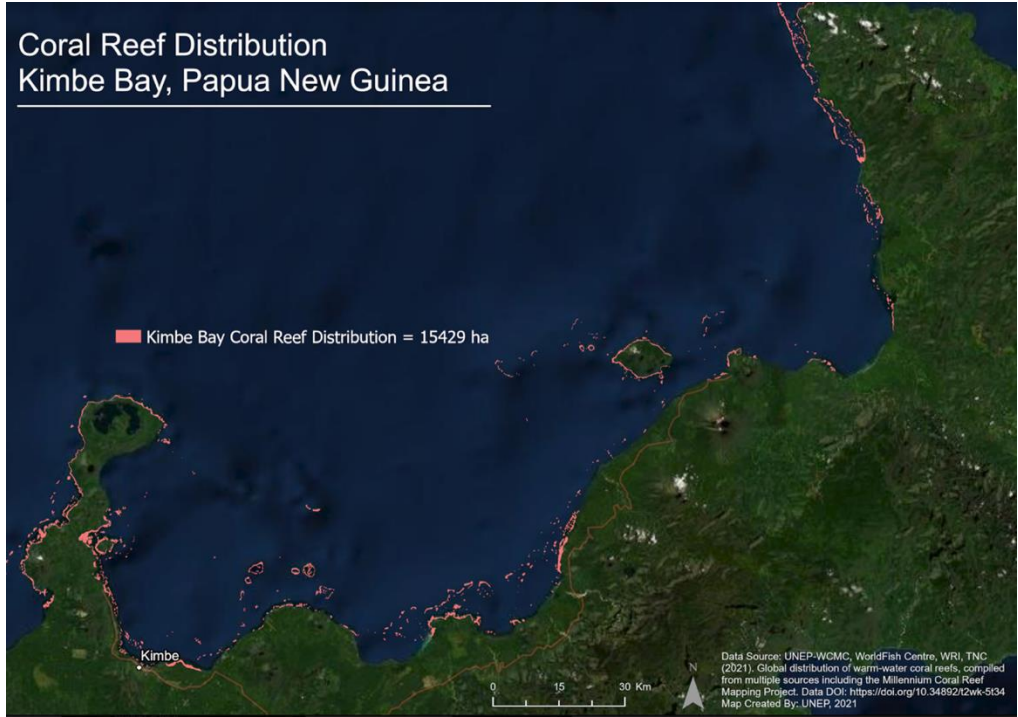


Figure 2: Kimbe Bay Mangrove Distribution (Data: Worthington T.A. et al.; Map, UNEP, 2021)

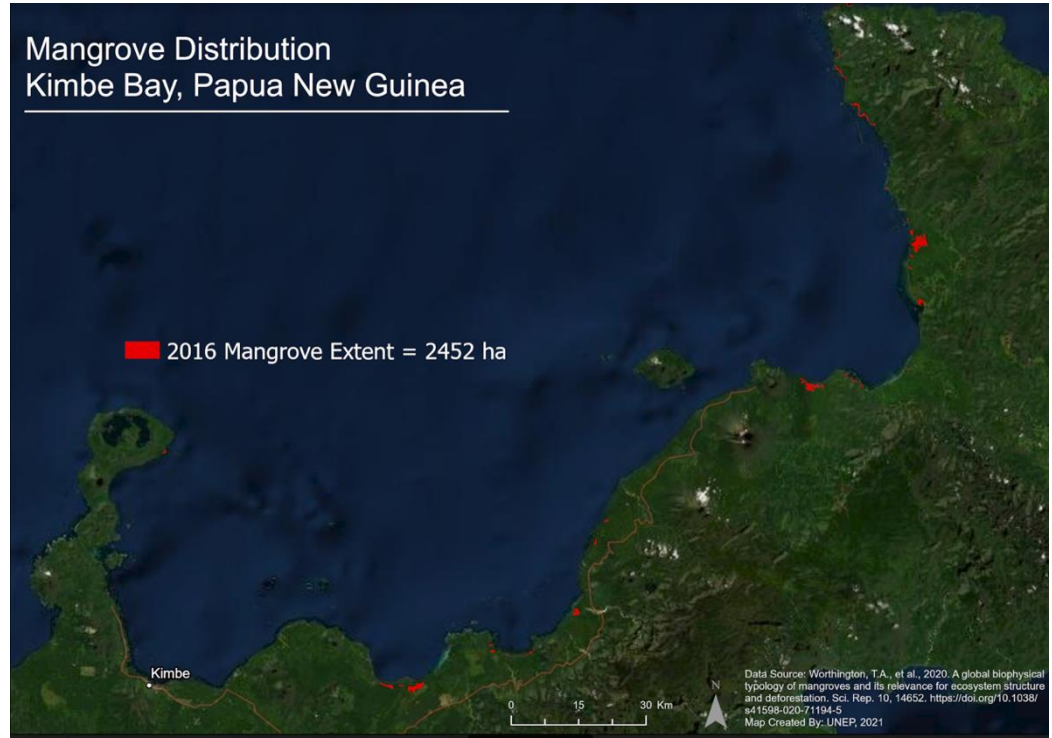
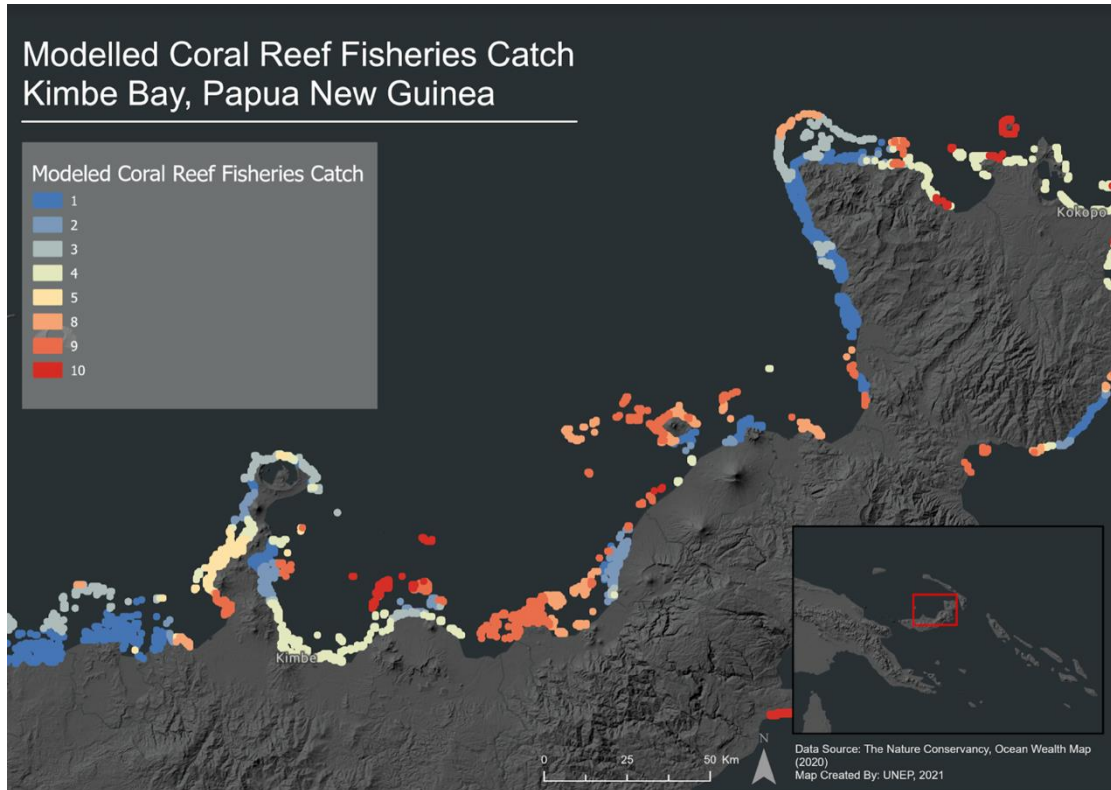


Figure 3: Kimbe Bay Coral Reef Fisheries Catch (TNC, Ocean Wealth Map 2020; Map, UNEP)

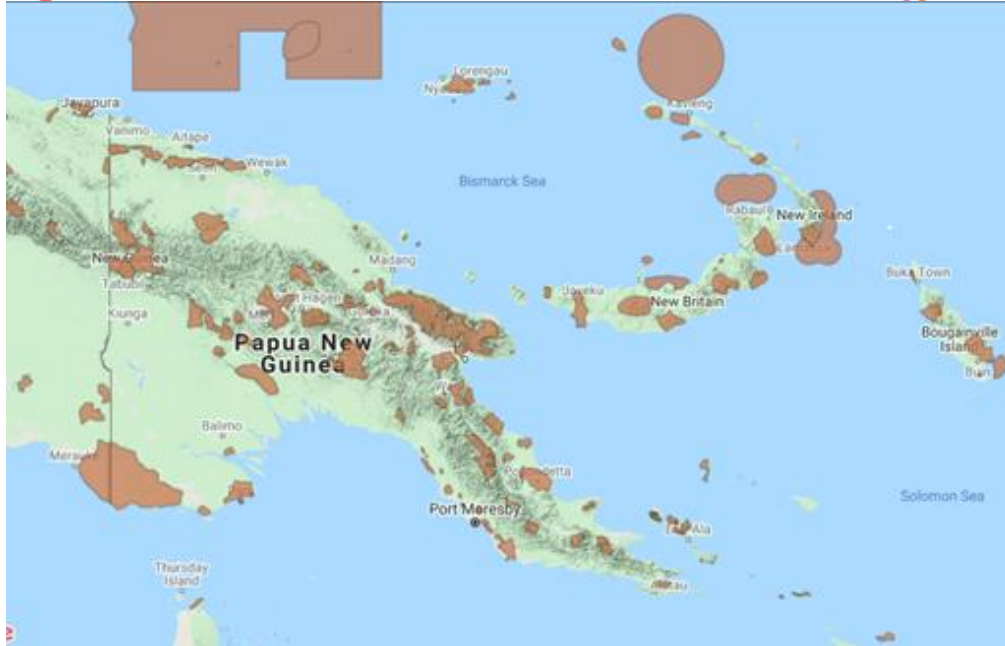


The Bay has largely been resilient to the impacts of climate change. Most of the bay is deep, more than 500m, with a narrow shelf along the coast¹. However, the site faces increased threats from warmer currents and increasing sea level rise. Areas within the site have proven resilient to the threat from climate change. The purpose around the MPA is to ensure that protecting several examples of each habitat type will allow the communities to spread the risk to reduce overall disturbance.

This relatively tiny seascape is home to 860 reef fish species, 400 types of coral and at least 10 species of cetacean. Kimbe Bay is one of the great treasures of the world's oceans – home to more than 60% of coral species found in the Indo Pacific region. Rapid ecological assessments conducted in 2002 described healthy coral reefs and high biodiversity but limited systematic ecological research has since been conducted. More than 12 species of marine mammal have been recorded in the bay (including sperm whales, orcas, spinner dolphins and dugong), as well as a number of threatened and endangered species (sea turtles and seabirds). Nesting areas for leatherback, green and hawksbill turtles have all been reported in the area. The close proximity of shallow and deep-water marine habitats represents a significant opportunity to protect a wide range of marine habitats in one location (TNC, 2007).

Figure 2: Kimbe Bay, part of new Britain is identified as one of the country's Key Biodiversity Areas

¹ TNC (2007). Scientific design of a resilient network of MPAs, Kimbe Bay.



Source: <http://www.keybiodiversityareas.org/site/mapsearch>

There are currently 14 Locally Managed Marine Areas (LMMAs) established within Kimbe Bay, with special rules (e.g. 'tambu' reserves, no-take zones, harvest limits) and to be managed by local community resource owners. The establishment of the larger MPA to connect the LMMAs was first proposed in 2007 (by TNC) and is currently supported by UNDP through financing from the Global Environment Facility.

The Conflict Group: The Conflict Group, part of the Louisiade Archipelago, consist of 7,857 hectares of pristine coral reefs. The reefs have been documented to have one of the highest biodiversity in the world and are so far climate change resistant with no visible coral bleaching. Nearby communities of up to 60,000 inhabitants are dependent on the reefs for sustenance, exacerbated by the loss of tourism income due to COVID 19.



Figure 1 Conflict Islands Coral Reef Distribution (Data: UNEP-WCMC, WorldFish Centre, WRI, TNC, 2021; Map, UNEP, 2021)

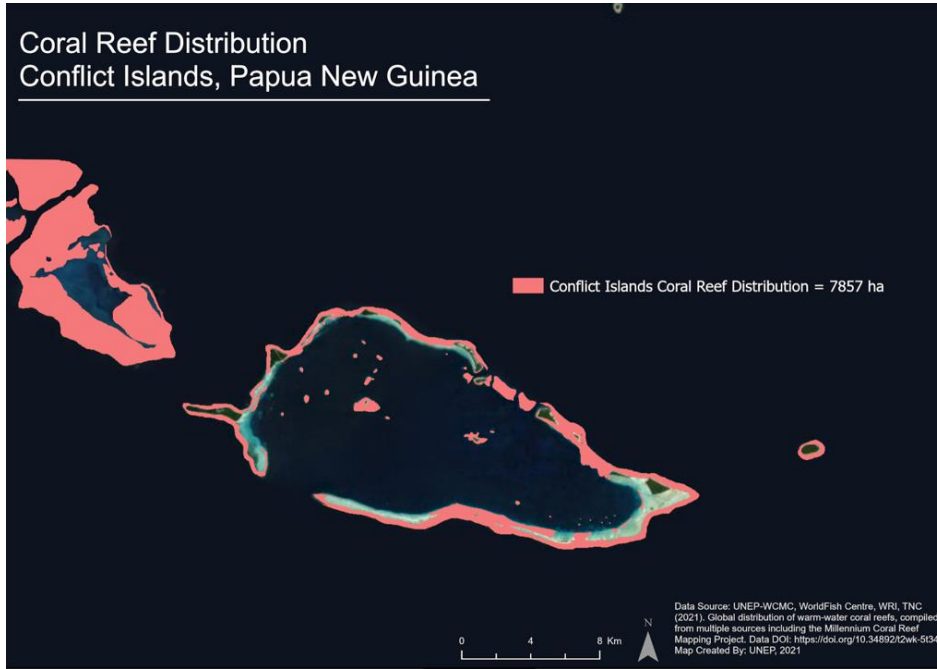
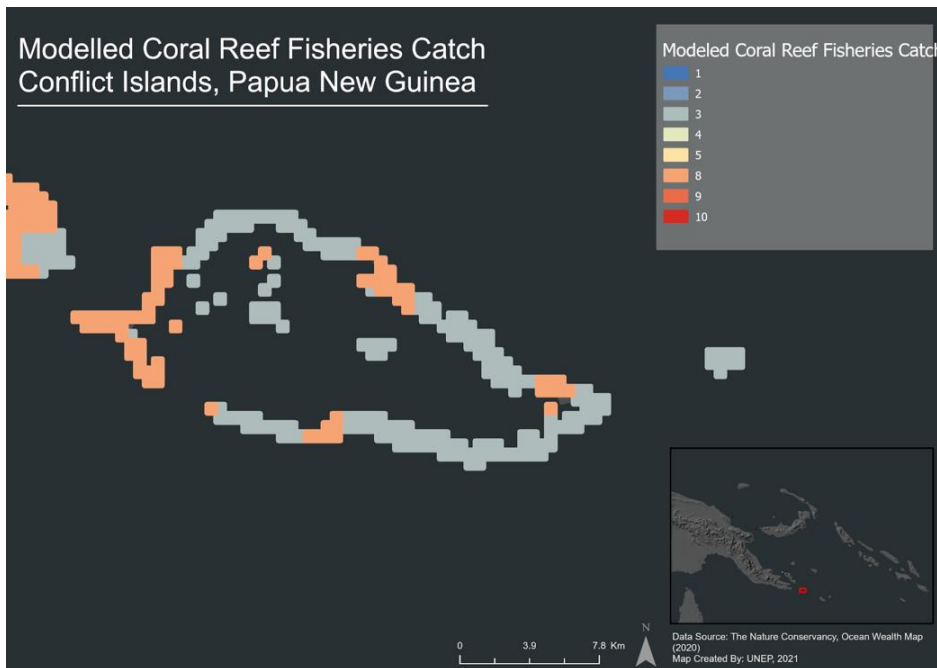


Figure 2 Conflict Islands Coral Reef Fisheries Catch (Data: TNC, Ocean Wealth Map 2020; Map, UNEP, 2021)



The Conflict Group and Louisiade Archipelago have very diverse coral fauna. A total of 418 scleractinian corals clearly places it within the area of the highest coral diversity in the world (“Coral Triangle”) along with the Philippines and Indonesia. The highest average number of species of reef fish (220) was recorded for the Conflict Group. The number of species in the below families is totaled to obtain the Coral Fish Diversity Index (CFDI). The total CFDI for



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Milne Bay Province is 337 with the following components: Labridae (108), Pomacentridae (100), Chaetodontidae (42), Acanthuridae (34), Scaridae (28) and Pomacanthidae (25). This is the highest total for a restricted location thus far recorded in the Indo-Pacific, surpassing the previous figure of 333 for the Maumere Bay region of Flores, Indonesia. Significant numbers of Maori Wrasse (*Cheilinus undulatus*), giant clams, white teat and black teat sea cucumber, all IUCN Red Listed as endangered species, also inhabit the reefs of the Conflict Group.

Along with amazing richness of the coral reef and fish biodiversity rivalling that of Indonesia, the Conflict Group has recorded such important mega fauna as whale sharks, Reef Manta (*M. alfredi*) Giant Manta (*M. birostris*), bowmouth guitar shark (*R. ancylostoma*), endemic epaulette shark (*Hemiscyllium michaeli*), bigeye thresher (*Alopias superciliosus*) and marine mammals, such as Risso Dolphin (*Grampus griseus*), Dugongs (*Dugong dugon*), False Killer whales (*Pseudorca crassidens*), bottlenose dolphins (*Tursiops*) and reported sightings of Orca and sperm whales. The Conflict Group has globally significant nesting populations of both Green and hawksbill turtles, which also utilize the area for mating and foraging. Over 800 turtles have been tagged and produced more than 30,000 hatchlings with a community-based conservation program in just 4 years and local conservation groups along with partner communities are working to implement 22 LMMA's throughout the Deboyne and Engineer Group of islands.

There is currently no conservation status for the Conflict Group. This proposal would suggest the creation of a large multiple-use MPA.

Social analysis:

Kimbe Bay: Kimbe Bay supports the livelihoods of over 100,000 people that live in Kimbe Bay, with population density increasing to 130 person/km². Between 1980 and 2000, Kimbe Bay experiences a 3.7% annual population growth rate resulting from increasing levels of immigration. For example, during the 2000 census, 31% of residents in West New Britain were migrants from other provinces.

Most people living around Kimbe Bay are dependent on natural resources for everyday survival with villages reliant on home gardening and/or fishing in order to meet sustenance needs. Small-scale marine tourism has gradually increased in the area with international tourists attracted to the diverse marine species. However, visitation has declined significantly since COVID with Australian tourists not permitted to travel to Papua New Guinea. However, land-based activities, specifically oil palm, dominated the rural economy in Kimbe Bay (64% of community members) helping to relieve the pressure on marine resources.

Further, the cultural value of reefs and islands under customary ownership is extremely high. These sites, as they often represent sacred and spiritual sites, require prior community permission before external communities and stakeholders may visit. Marine mammals, especially whales, dolphins and dugongs, form part of traditional stories and reduced sightings due to increased hunting has led to a number of communities supporting conservation initiatives.



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The Conflict Group: The vast majority of the 60,000 nearby human inhabitants to the Conflict Group are dependent on the reefs for sustenance. The sea and its resources play a vital role in the economy, livelihood and customs of these people. Local communities are dependent on marine resources as a major source of nutrition and income. The impact exerted on the marine environment through the harvesting of these resources is likely to increase in the future given the burgeoning population of the province and the increasing need and desire for cash.

Commercially important species of sand fish and bech-de-mer, trocus and giant clam are all available as harvest species. Bech-de-mer is usually the sole cash income estimated to earn fisheries between 12 and 15 million kina (US\$3.5M and US\$4.3M) each year. Fin fish, the yellow fin and bonito tuna and several mackerel species inhabit the area. The atoll falls within the Samarai-Murua District and partner communities are Bwanabwana Rura and Louisiade Rural. There is a growing number of youth with limited opportunity and access to training and education. By 2022, the population of Milne Bay, where the Conflict Group is situated, is estimated to reach 385,000 with 120,400 of that population predicted to be of school age.

Policy and investment environment: Papua New Guinea has 54 proposed Marine Protected Areas (MPA)s and 45 proposed Terrestrial-Marine MPAs, which when gazetted would still comprise 2.2 percent of the EEZ (CEPA and SPREP, in press). High priority marine areas for conservation actions have been identified and prioritised using available information and according to specific conservation principles - comprehensiveness, adequacy, representation and resilience (CARR) (Adams et al., 2017; Government of Papua New Guinea, 2015). The Government of Papua New Guinea is currently supporting the establishment of large MPAs in Kimbe Bay (1.3m hectares) and the Bismark Archipelago.

The Government of Papua New Guinea has recently adopted the national Oceans Policy to provide a policy framework for the governance and management of the marine environment, which includes sustainable development of marine resources and promotion of the Blue Economy. Needs identified in the national Oceans Policy include the development of key economic sectors such as fisheries, marine transport and tourism, as well as the formulation of an investment plan for the blue economy to realize these goals. The development of a Blue Investment Strategy and establishment of a BE-EIF are components that help operationalise the Ocean's Policy and demonstrate the proof of concept of blue economy businesses.

A national Protected Areas Policy provides strong emphasis on the marine environment and is currently being implemented through the finalisation of a Protected Areas Bill, due to be adopted by Parliament by the end of the year. Furthermore, the PNG Marine Program on Coral Reefs, Fisheries and Food Security National Plan of Action is currently being updated. Objectives and strategies relevant to the Protected Areas Policy, which are directly advanced through BE-EIF interventions include an increase to 10 per cent of coastal and marine areas under protection, further research to better understand Papua New Guinea's biodiversity and sustainable financing for Protected Area management.

The Conservation and Environment Protection Authority (CEPA) is responsible for the design and implementation of marine conservation and planning initiatives. CEPA works closely with



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provincial and local level governments, civil society and international and national research organisations, as well as other PNG agencies including the Department of Minerals and Geohazards, the Coastal Fisheries Development Agency and the National Fisheries Authority. The institutional framework within the Organic Law on Provincial and Local-Level Governments 1998 provides a strong basis for local community-based management of marine and coastal areas. Management and planning of marine resources must work within the Organic Law and other relevant acts of parliament and enable and support government processes (CEPA and SPREP, in press; Government of Papua New Guinea, 2015).

Several Acts of Parliament, Multilateral Environmental Agreements (MEAs) and plans, strategies and policies are of relevance to sanctuaries and regional protected areas including Locally Managed Marine Areas (LMMAs). Papua New Guinea is a signatory to several multilateral environmental conventions and agreements, as well as obligations as part of the Paris Agreement on Climate Change and the United Nations 2030 Agenda for Sustainable Development. Major Conventions and agreements that relate specifically to marine resource use and conservation include the United Nations Convention on the Law of the Sea (UNCLOS) including Conservation and Management of Straddling Fish Stocks and Highly Migratory Fish Stocks (2001), the Convention on Biological Diversity, South Pacific offshore fisheries management agreements, International Convention for the Prevention of Pollution from Ships (MARPOL) and Convention on the Protection of Natural Resources and Environment of the South Pacific Region to name a few.

Major barriers against the implementation of MPAs across Papua New Guinea's coastal waters are the chronic lack of resources and personnel for effective management (Department of Environment and Conservation, 2019). Currently, 91% of Protected Areas in Papua New Guinea receive no financial support whatsoever. Beyond the lack of financial resources, efforts to mobilise resources are currently sporadic and often site-based. Traditionally, the protection of marine resources was either dependent on local community action without financial support or from development partners and international NGOs. Therefore, there is a strong need for effective coordination and mobilising of system-level financial resources to ensure financing is both adequate and representative.

In response to the persistent lack of resources, Papua New Guinea has recently finalised a national Protected Area Finance and Investment Plan which identifies that US\$ 8.7m is required annually to effectively manage the PA network. It identifies and prioritises a series of technically and financially viable finance solutions, including environmental levies, biodiversity and carbon offsets, payments for ecosystem services and establishment of a fund to attract greater public and private investment in PAs.

UNDP is supporting the Government of Papua New Guinea to operationalize the national Biodiversity and Climate Fund to effectively attract, manage, disburse and report against public and private support to PAs. The Fund will be able to strengthen the coordination and attract financial resources on a scale not experienced in Papua New Guinea before. Beyond support for PAs, the Fund will aim to stimulate investment in the blue economy.



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The domestic financial investment in the marine space is extremely limited and narrowly focused on commercial fishing and shipping. Interviews with domestic financial institutions noted their interest to diversify but lack of knowledge of the pipeline of investible opportunities as well as lack of exposure to 'blue' or 'green' principles. The main commercial institutions (Bank of South Pacific, Westpac, Kink Bank, ANZ), as well as the Superannuation Funds have limited exposure to micro or small enterprises although there is a growing micro-finance industry in Papua New Guinea. Investors in Papua New Guinea are highly risk adverse and there is a need to demonstrate a pipeline of opportunities with option to grow to scale. The GFCR offers an opportunity to influence the growth of a new economic sector with significant potential.

Barriers for the disadvantaged, especially women, are especially prevalent. Since the launch of Papua New Guinea's (PNG) First National Financial Inclusion and Financial Literacy Strategy, there has been progress in financial inclusion. However, there remains considerable room for improvement, particularly in terms of implementation of the policy, especially in terms of including women. First, the lack of collective action continues to limit financial awareness, making it difficult to drive demand for financial services. Second, infrastructure gaps driving poor network signal frequently cause digital transactions to fail, hampering sufficient demand to justify investment in connective infrastructure to extend the reach of financial services. Third, there is inadequate funding and incentives for financial institutions to drive and scale the inclusion agenda.

While the national strategy for financial inclusion has targets for women's inclusion, implementation does not sufficiently address the gender gap. The first iteration of the National Financial Inclusion Strategy (i.e. 2014-15 version) did not have a strong gender focus. Only 30% of bank accounts were opened by women in 2015, indicating that men's inclusion improved more rapidly, potentially compounding the gender gap during this period. The second iteration of the NFIS in 2018 does include a gender lens, stating that women should constitute 50% of new accounts opened. However, the policy offers limited guidance on how this target is to be achieved. The BE-EIF through its financial inclusion services and targeted assistance will have a particular focus on women-led enterprises and social/community enterprises and work toward greater empowerment for women and other disadvantaged populations.



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3.7 Analysis of Drivers of Degradation (Complete the Table Below)

Table 1: Indicate which direct and indirect drivers of degradation to coral reef ecosystems are present and the magnitude of the issue. Provide reference material such as environmental assessments and data on threat impact in Annex 11.

Threat Present (Check the box and complete row if yes)	Specific area(s) where threat activity occurs AND where impacts are observed	Actor(s) responsible (e.g., local sugar cane farmers, copper mine, cruise ships)	Magnitude of threat and impact (e.g., xx MT of harmful agricultural runoff from xx farms, impacting 100 ha of coral reefs)	Existing local strategy or project/initiative to mitigate the threat?
<input checked="" type="checkbox"/> Coastal development (including tourism infrastructure)	Population pressures Palm Oil Plantations	In-migration from communities outside the West New Britain Palm Oil producers and outgrower schemes	Increases coastal populations in key towns (e.g. Kimbe Bay) from 35 person/km ² to 130 person/km ² . Increased demand for disposable income has led to increased conversion of sites to palm oil production. However, does not involve eradication of primary forest.	Provincial planning exercise underway to reduce land-based pressures.
<input checked="" type="checkbox"/> Overfishing	Currently low but limited to reef sites.	Communities outside from those with customary ownership of the respective reef.	Unquantified but expected to increase with continued population growth.	LMMAs established under the local level law to protected areas.
<input checked="" type="checkbox"/> Destructive fishing practices (blast, cyanide, trawling, etc.)	Across reefs areas	Local fishers	Use insecticides and a traditional method called poison rope used in the past. Still used but has declined over recent years.	Education and awareness programmes by TNC helped reduced the use of these threats.
<input checked="" type="checkbox"/> Irresponsible marine and freshwater aquaculture	Historical over-exploitation of lucrative aquaculture species, such as Beche de Mer,	Local fishers	Unquantified by historically led to an extended closed season for breche de mer.	Improved landed catch monitoring with LMMAs.



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	resulting in closed seasons.			
<input checked="" type="checkbox"/> Poor agriculture and livestock practices (leading to harmful runoff and poor water quality)	Run-off from sediment and other pollutants from poor land use practices, affecting shallow inshore reef areas.	Community gardens and urban areas	Unquantified.	Kimbe Bay land-use strategy has been developed but implementation not effectively monitored.
<input checked="" type="checkbox"/> Logging and wood harvesting	Clearance of coastal forests and mangroves.	Forest plantations and land-owners.	Unquantified.	None.

3.8 Addressing drivers of degradation

Table 2: Interventions and Threats

Threat	Programme Intervention (if any)	Description of how the intervention will directly or indirectly mitigate the threat to coral reef ecosystems.
Coastal development (including tourism infrastructure)	Support the West New Britain Provincial Government's monitoring of the Land Use Policy.	Monitoring the changing impact of population pressures on the marine environment will help inform decisions from provincial planners and respond quickly to imminent threats.
Overfishing	Establishment of specific zones with approved allowable activities. Monitor fish catch at local markets.	Relieve pressure on key aggregation sites as well as removing dangerous fishing activities. Gear regulations resulting from the allowable activities will reduce the catch and landing of juvenile fish species.
Destructive fishing practices (blast, cyanide, trawling, etc.)	Continue to implement the awareness and education programme.	Improved understanding of the long-term impact of insecticides on reef health and fish populations will help reduce use. Monitoring and enforcement of fishing practice by the custodial owners of the MPAs, using catch agreements.
Poor agriculture and livestock practices (leading to harmful runoff and poor water quality)	Outside the scope or mandate of the project. The project would advocate, together with the provincial government, the importance for New Britain Palm Oil to monitor and	The intervention will identify key concentration areas, which will enable focused interventions to reduce run-off from sedimentation and other pollutants. New Britain Palm Oil is required to monitor and reduce its environmental footprint in order to maintain export sales.



	mitigate land-based pollutants from oil palm production.	
Logging and wood harvesting	Support the West New Britain Provincial Government's monitoring of the Land Use Policy.	Monitoring the changing impact of population pressures on the marine environment will help inform decisions from provincial planners and respond quickly to imminent threats.



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4. Programme implementation

4.1 Governance and implementation arrangements

The BE-EIF will be established as a dedicated financing “window” within the National Biodiversity and Climate Fund similar to the private sector window under the World Bank’s IDA Fund. As such, the joint programme will be embedded in the governance and implementation arrangements of the National Biodiversity and Climate Fund. This structure will maximise efficiencies, avoid duplication and the creation of costly and unnecessary parallel structures. It will also enable some operational and staffing costs to be co-financed by the National Biodiversity and Climate Fund, such as an in-house investment advisor. Annex 8 presents the Governance structure of the Fund.

Under the GEF6 programme, a Board of Directors is legally responsible for the operations of the National Biodiversity and Climate Fund. It makes final decisions on applications for finance, as well as the financial management of the Fund and its overall investment strategy. In line with international best practice, it will include representatives of the Government of Papua New Guinea, business, civil society and academia. In addition, there will be international representation on the Fund Board from the international donor and NGO communities, including the UN.

The BE-EIF will be housed within the Technical Secretariat of the National Biodiversity and Climate Fund. It will have dedicated personnel, including experienced investment professionals to develop a gender-sensitive pipeline of investment opportunities in the blue economy, build capacity and structure and close deals. They will have specific targets to meet and will report to the Board of Directors and to PUNOs. The BE-EIF team will be supported by other teams in the National Biodiversity and Climate Fund. The Resident Coordinator will be responsible for overall coordination and oversight of the JP and will represent the BE-EIF to external stakeholders. The Resident Coordinator will work closely with UNDP, which will be lead UN agency responsible for technical oversight and financial management of the project, as well as M&E.

There are provisions for a mid-term review of the joint programme. If it scores less than “satisfactory” by an independent consultant, s/he should work to understand the barriers to effective implementation and propose course corrections where relevant.

This structure is also efficient since it will ensure coherence and complementarity between the joint programme and the activities of the National Biodiversity and Climate Fund. For example, the Biodiversity and Climate Fund will lead in the implementation of a marine spatial planning process and policy support for a strengthened regulatory framework for the protection and management of Papua New Guinea’s reefs and marine ecosystems. These activities will be vital to success of the BE-EIF.

4.2 Monitoring, reporting, and evaluation

The first part is standard text – do not change. You may add internal procedures and processes if needed.



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Reporting on the Joint SDG Fund will be results-oriented, and evidence based. Each PUNO will provide the Convening/Lead Agent with the following narrative reports prepared in accordance with instructions and templates developed by the Joint SDG Fund Secretariat:

- *Annual narrative progress reports*, to be provided no later than one (1) month (31 January) after the end of the calendar year, and must include the result matrix, updated risk log, and anticipated expenditures and results for the next 12-month funding period;
- *Final consolidated narrative report*, after the completion of the joint programme, to be provided no later than two (2) months after the operational closure of the activities of the joint programme.

The Convening/Lead Agent will compile the narrative reports of PUNOs and submit a consolidated report to the Joint SDG Fund Secretariat, through the Resident Coordinator.

The Resident Coordinator will be required to monitor the implementation of the joint programme, with the involvement of Joint SDG Fund Secretariat to which it must submit data and information when requested. As a minimum, joint programmes will prepare, and submit to the Joint SDG Fund Secretariat, 6-month monitoring updates. Additional insights (such as policy papers, value for money analysis, case studies, infographics, blogs) might need to be provided, per request of the Joint SDG Fund Secretariat. The joint programme will adequately allocate resources for monitoring and evaluation in the budget.

Data for all indicators of the results framework will be shared with the Fund Secretariat on a regular basis, in order to allow the Fund Secretariat to aggregate results at the global level and integrate findings into reporting on progress of the Joint SDG Fund.

PUNOs will be required to include information on complementary funding received from other sources (both UN cost sharing, and external sources of funding) for the activities supported by the Fund, including in kind contributions and/or South-South Cooperation initiatives, in the reporting done throughout the year.

PUNOs at Headquarters level shall provide the Administrative Agent with the following statements and reports prepared in accordance with its accounting and reporting procedures, consolidate the financial reports, as follows:

- Annual financial reports as of 31st December each year with respect to the funds disbursed to it from the Joint SDG Fund Account, to be provided no later than four months after the end of the applicable reporting period; and
- A final financial report, after the completion of the activities financed by the Joint SDG Fund and including the final year of the activities, to be provided no later than 30 April of the year following the operational closing of the project activities.

In addition, regular updates on financial delivery might need to be provided, per request of the Fund Secretariat.

After completion of a joint programme, a final, *independent and gender-responsive*² *evaluation* will be organized by the Resident Coordinator. The cost needs to be budgeted, and in case there are no remaining funds at the end of the joint programme, it will be the responsibility of PUNOs to pay for the final, independent evaluation from their own resources.

² [How to manage a gender responsive evaluation, Evaluation handbook](#), UN Women, 2015



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The programme will be subject to a joint final independent evaluation with an established arrangement for managing the joint evaluation. The final evaluation will be managed jointly by the PUNOs as per established process for independent evaluations, including use of a joint evaluation steering group and dedicated evaluation managers not involved in the implementation of the joint programme. The evaluations will follow the United Nations Evaluation Group's (UNEG) Norms and Standards for Evaluation in the UN System, using the guidance on Joint Evaluation and relevant UNDG guidance on evaluations. The management and implementation of the joint evaluation will have due regard to the evaluation policies of the PUNOs to ensure the requirements of those policies are met; and with use of appropriate guidance from PUNOs on joint evaluation. The evaluation process will be participative and will involve all relevant programme's stakeholders and partners. Evaluation results will be disseminated amongst governments, donors, academic institutions and stakeholders of civil society (including workers' and employers' organizations) and a joint management response will be produced upon completion of the evaluation process to be made publicly available on the evaluation platforms or similar of the PUNOs and through the UNEG database.

Environmental and socio-economic monitoring for the GFCR

A monitoring strategy will be established by the UNDP team in consultation with local stakeholders at both pilot sites. A baseline assessment will be completed at the start of the project and will incorporate:

- Changes in the Management Effectiveness Tracking Tool (METT) scorecards, which provide information on the changing in the threats and management responses.
- Number of women and youth engaged in economic activities on marine sites.
- Number of reported incidences of illegal activities in violation of the approved management plan.
- Biomass of commercially significant fish. Commercial fish biomass gives an indication of overall stock status, fishing pressure, habitat conditions, and recruitment success.
- Coral cover measure a measure of general reef health.

UNDP will lead the implementation of the M&E strategy together with local NGOs such as Mahonia Na Dari (Kimbe Bay) and Conflict Islands Conservation Group (Milne Bay) during year 2 and 4 of project implementation. Local fishers groups will also be involved in data collection as the traditional custodians of the reefs and decision-makers to the use of the reef systems in both pilot sites.

4.3 Accountability, financial management, and public disclosure

Standard text – do not change

The Joint Programme will be using a pass-through fund management modality where UNDP Multi-Partner Trust Fund Office will act as the Administrative Agent (AA) under which the funds will be channeled for the Joint Programme through the AA. Each Participating UN Organization receiving funds through the pass-through has signed a standard Memorandum of Understanding with the AA.

Each Participating UN Organization (PUNO) shall assume full programmatic and financial accountability for the funds disbursed to it by the Administrative Agent of the Joint SDG Fund (Multi-Partner Trust Fund Office). Such funds will be administered by each UN Agency, Fund, and Programme in accordance with its own regulations, rules, directives and procedures. Each PUNO shall establish a separate ledger account for the receipt and administration of the funds disbursed to it by the Administrative Agent.



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Indirect costs of the Participating Organizations recovered through programme support costs will be 7%. All other costs incurred by each PUNO in carrying out the activities for which it is responsible under the Fund will be recovered as direct costs.

Funding by the Joint SDG Fund will be provided on annual basis, upon successful performance of the joint programme.

Procedures on financial transfers, extensions, financial and operational closure, and related administrative issues are stipulated in the Operational Guidance of the Joint SDG Fund.

PUNOs and partners must comply with Joint SDG Fund brand guidelines, which includes information on donor visibility requirements.

Each PUNO will take appropriate measures to publicize the Joint SDG Fund and give due credit to the other PUNOs. All related publicity material, official notices, reports and publications, provided to the press or Fund beneficiaries, will acknowledge the role of the host Government, donors, PUNOs, the Administrative Agent, and any other relevant entities. In particular, the Administrative Agent will include and ensure due recognition of the role of each Participating Organization and partners in all external communications related to the Joint SDG Fund.

4.4 Legal context

This section refers to cooperation or assistance agreements form the legal basis for the relationships between the Government and each of the UN organizations participating in this joint programme. For example: the Basic Cooperation Agreement for UNICEF; Standard Basic Assistance Agreement for UNDP, which also applies to UNFPA; the Basic Agreement for WFP; as well as the Country Programme Action Plan(s) where they exist; and other applicable agreements for other participating UN organizations. For the Funds and Programmes, these are standing cooperation arrangements. For the specialized Agencies, these should be the text that is normally used in their programme/project documents or any other applicable legal instruments. The text specific to each participating UN organization should be cleared by the respective UN organization.

- Indicate the title and date of the agreement between each Participating UN Organization (PUNO) and the government in the following format:

Agency name:

Agreement title:

Agreement date:

Agency name: **United Nations Development Programme (UNDP)**

Agreement title: **Standard Basic Assistance Agreement (SBAA)**

Agreement date: **April 1981**

Agency name: **United Nations Capital Development Fund (UNCDF)**

The Standard Basic Assistance Agreement (SBAA) for UNCDF in Papua New Guinea is not available as it is a non-resident agency represented through UNDP. UNCDF is within the SBAA between UN and the Government.

NOTE: 'Memorandum of Understanding between UNCDF and the UNDP Multi-Partner Trust Fund Office regarding the Operational Aspects of the Joint SDG Fund: Integrated Policy Support to Advance the SDGs Multi-Partner Trust Fund' attached as additional annex.



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D. ANNEXES

Annex 1. List of related initiatives

Name of initiative/project	Key expected results	Links to the joint programme	Current status	Lead organization	Other partners	Budget and funding source	Contract person (name and email)
Sustainable Finance of Papua New Guinea's Protected Area Network	(i) Secure stable and long-term revenues for the financing of PNG's protected area network; (ii) Improve effectiveness of the management of protected areas; (iii) Ensure resources are deployed transparently and efficiently	The programme creates PNG's first National Biodiversity and Climate Fund which will receive and channel donor funds and innovative finance to PNG's protected area network (terrestrial and marine). The joint programme will create a subsidiary of this Fund (the Blue Enterprise Incubation Facility) which will target blue livelihoods development.	Ongoing	UNDP	GEF	US\$ 11.5 million: GEF 6	Andrew Rylance, UNDP andrew.rylance@undp.org
Pacific Financial Inclusion Programme	Increase the number of low-income Pacific Islanders who adopt formal financial services	The Pacific Island Financial Inclusion Programme (PFIP) aims to increase financial literacy and access to finance, with a particular focus on women and marginalised people. The PFIP's experience in reaching the furthest behind and developing targeted financial services and products, as well as capacity development programmes on finance will inform the JP as it seeks to develop this work in the blue economy space.	Ongoing	UNCDF	UNDP, Governments of Australia and New Zealand, EU	US\$2 million	Jagdeep Dahiya, UNCDF jagdeep.dahiya@uncdf.org
SDG Investor Map	Identify opportunity investment areas in PNG.	The SDG Investor Map will identify sectors and regions where there is a high development need and strong investment momentum. The blue economy has been identified as a high investment	Scheduled for 2021	UNDP	SDG Impact	-	Andrew Rylance, UNDP andrew.rylance@undp.org



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		opportunity area, outlines the commercial case for investment and highlights risk factors etc. This will inform the JP as it seeks to incubate blue economy livelihoods.					
UNDP Management Effectiveness Tracking Tool	Provide tools and new technologies for the effective community management of protected areas	The new tools under development through this activity provide local communities with the ability to share information and knowledge to sustainably manage protected areas. This will help ensure that marine areas can be well managed which will, in turn, help sustainable blue livelihoods development and enterprise	Ongoing	UNDP	GEF	US\$130,000	Andrew Rylance, UNDP andrew.rylance@undp.org
Sustainable Blue Economy Finance Initiative	Provide a guiding framework to investors for investing in a sustainable ocean economy	The principles will provide a specialised coherent framework to steer the corporate investment strategy of the BE-EIF	Ongoing	UNEP	European Commission, European Investment Bank, World Resources Institute and WWF	N/A	Liesel Van Ast, UNEP: liesel.vanast@unep.org

Annex 2. Overall Results Framework

2.1. Targets for Joint SDG Fund Results Framework

Indicators	Targets	
	2022	2023
Output 2: Financing strategies for SDGs developed and SDG financing partnerships established.		
2.2: # of SDG financing strategies for which government actors have taken the lead.		1
Output 3: Integrated policy solutions for accelerating SDG progress implemented.		
3.1 # of innovative solutions that were tested.		1

Joint SDG Fund Operational Performance Indicators

(do not change or add – this is for information only so that teams know what they will be assessed against)

- Level of coherence of UN in implementing programme country³
- Reduced transaction costs for the participating UN agencies in interaction with national/regional and local authorities and/or public entities compared to other joint programmes in the country in question

³ Annual survey will provide qualitative information towards this indicator.



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- Annual % of financial delivery
- Joint programme operationally closed within original end date
- Joint programme financially closed 18 months after their operational closure
- Joint programme facilitated engagement with diverse stakeholders (e.g. parliamentarians, civil society, IFIs, bilateral/multilateral actor, private sector).
- Joint programme included addressing inequalities and the principle of “Leaving No One Behind”.
- Joint programme featured gender results at the outcome level.
- Joint programme undertook or draw upon relevant human rights analysis, and have developed or implemented a strategy to address human rights issues.
- Joint programme planned for and can demonstrate positive results/effects for youth.
- Joint programme considered the needs of persons with disabilities.
- Joint programme made use of risk analysis in programme planning.
- Joint programme conducted do-no-harm / due diligence and were designed to take into consideration opportunities in the areas of the environment and climate change.

2.2 Targets for GFCR Results Framework

Indicators	Targets			
	2022	2023	2024	2025
Area (ha) of new climate refugia and priority sites designated as MPAs or LMMAs for coral reef and associated ecosystems (i.e., mangroves and seagrasses) protection				23,286
Ratio of protected area costs covered by the private sector vs. the public sector or grants	-	1:4	1:4	1:4
Number of locals and women employed in businesses with a direct or indirect positive impact on coral reefs and associated ecosystems vs. baseline (t=0)	-	75	150	250
Government and private sector investments (US\$) into coral reef restoration efforts and coral reef restoration businesses	-	500,000	750,000	750,000
Number of local entrepreneurs (total # of individuals) and women managing (# of women) businesses with a direct or indirect positive impact on coral reef and associated ecosystems vs. baseline (t=0)	-	5	-	10

2.3. Joint programme Results framework

Result Indicators /	Baseline	2022 Target	2023 Target	2024 Target	2025 Target	Means Verification of	Responsible partner
	Outcome 1: Financing ecosystem is in place which supports sustainable and scalable blue livelihoods from cradle to exit in Kimbe Bay and Conflict Group (Joint SDG Fund Y1-2 / GFCR Years 3-4)						
Number of new government	0	0	1			Reporting from UNDP and CEPA	UNDP



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strategies and plans to support financing for improved marine biodiversity protection and the blue economy				1	1		
Number of incubated blue economy SMEs	0	3	5	7	10	Reporting from UNDP and CEPA	UNDP, UNCDF
Number of businesses that receive financial support through the BE-EIF	0	0	0	3	5	Reporting from UNDP and CEPA	UNDP, UNCDF
Outcome 2: Protection of coral reefs and the marine environment is strengthened. (GFCR)							
Area of new sites under formal MPA protection	0	0	0	0	1.33 million hectares	MPA registration documentation submitted to CEPA	UNDP
Management Effectiveness of MPAs	Initial score as baseline	METT as -	1 MPA with score >60	-	2 MPAs with scores >60	Management Effectiveness Tracking Tool (METT)	UNDP
Coral and fish species richness in MPAs	Actual species richness = 100	100	105	110	120	Biomass of commercially significant fish (g/100m2) % Live Coral Cover	UNDP
Outcome 3: Women access appropriate technical and financial support to develop transformative blue livelihoods (Joint SDG Fund and GFCR)							
Number of locals/entrepreneurs and women employed in businesses with a positive impact on coral reefs	TBD	TBD	TBD	TBD	TBD	Mid-term and final evaluations	
Outcome 4: Private capital leveraged to scale-up investment in sustainable blue economy businesses (GFCR)							



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Increased domestic private investment in sustainable initiatives and blue economy SMEs related to Coral Reefs in PNG	TBD	TBD	TBD	TBD	TBD	Reporting by UNCDF and UNDP	UNCDF
Number of commercial financial products lines committed for blue enterprise development	0	0	0	0	2	Annual monitoring reports	UNCDF, UNDP

Annex 3. Gender marker matrix

Complete the table below, using the [instruction for gender marker scoring](#). The total score is the average of individual scores.

Indicator		Score	Findings and Explanation	Evidence or Means of Verification
N°	Formulation			
1.1	Context analysis integrate gender analysis incorporating use of sex disaggregated data	3	The JP specifically targets women and other disadvantaged communities, and has specific activities dedicated to ensuring that inequalities are not reproduced within the blue economy; instead the JP proposes specific measures to tackle inequalities and advance women, skills and leadership in the sector taking into account local value systems like community benefit. The JP is also embedded in the gender analysis and action plan of the GEF6 programme to which it will be attached. The JP will also work alongside local women's associations to deliver.	JP will report data disaggregated by gender.
1.2	Gender Equality mainstreamed in proposed outputs	3	The JP has multiple outputs specifically targeted to advance women and tackle inequalities in the labour market. These include: a dedicated support network for women in business; dedicated capacity development programmes; dedicated financial services for women. In addition, the JP will only invest in those enterprises that are gender sensitive and inclusive and will have gender training for all investees	JP will report data disaggregated by gender.



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1.3	Programme output indicators measure changes on gender equality	3	More than 50% of programme activities explicitly target and will benefit and empower women and their wider families.	JP will report data disaggregated by gender.
2.1	PUNO collaborate and engage with Government on gender equality and the empowerment of women	3	The UN Resident Coordinator's Office and UNDP are extensively involved in engaging the Government of Papua New Guinea on gender equality and women's empowerment, and work to reduce gender-based violence and increase the representation of women in Parliament. The UN RCO and UNDP will utilise these existing initiatives to ensure that the Government of Papua New Guinea continues to be engaged on the importance of gender equality and empowerment.	Number of UN-led events focused on gender equality and empowerment on a national and provincial level.
2.2	PUNO collaborate and engages with women's/gender equality CSOs	3	Women's associations, gender specialists and women within national and local chambers of commerce have informed the strategy outlined in the JP. Gender specialists in financial institutions have also been consulted to devise appropriate financial products and services for women. All will have a role in programme implementation.	PUNOs report annually on their engagement with women's CSOs and other relevant stakeholders; Women' associations will contribute to M&E process
3.1	Program proposes a gender-responsive budget	3	30% of JP activities are directly ring-fenced to finance activities that will positively impact women. Other activities will also have an indirect positive impact on women (e.g. only supporting businesses that are gender inclusive and training on gender equity for all investees)	JP will report data disaggregated by gender.
Total scoring		3		



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Annex 4. Budget and Work Plan

4.1 Budget per UNSDG categories by fund (GFCR; SDG Fund)

The overall budget requested from the GFCR is US\$4.4 million. There is an additional US\$450,000 from UNDP to put in place and manage the Marine Protected Area around Kimbe Bay; US\$ 250,000 from UNCDF for developing specialized financial products and services for fishers value chain with local financial institutions. Resources from the National Biodiversity and Climate Fund reinforce those supplied by the Joint SDG Fund and GFCR to ensure a targeted focus on return-generating business and social/community enterprise models centred on sustainable marine environments. Private investment of US\$720,000 has been committed by a private investor. UNDP will be the overall lead on joint programme implementation and will manage the overall establishment of the BE-EIF under the umbrella of the National Biodiversity and Climate Fund. It will put in place the technical personnel and set-up the local hub in the pilot site of Kimbe Bay and be responsible for on-going project coordination. Staffing requirements will include a project manager, investment advisor, technical lead on the blue economy and administrative support (part-time). Some personnel costs will be co-shared with the National Biodiversity and Climate Fund. UNCDF locally will lead on relationship management with domestic financial institutions that are partners to the project and be the implementing agency on the risk guarantees to establish new credit lines. A total of US\$1,000,000 is allocated as seed grants to business models, including Blue Innovation Grants to five identified enterprises and the costs of establishment for the Conflict Group MPA. Other key costs include training (e.g. workshops, materials and travel) and local consultations. Costs for promotional and outreach activities such as investment fairs, communications, brochures etc. will be co-financed with the National Biodiversity and Climate Fund. Provisions for office equipment includes: 3x laptops, printer and project vehicle, fuel and insurance. Office costs will be co-financed by the National Biodiversity and Climate Fund. The budget will also include project team field missions (flights, vessel hire, accommodation, per diem).

GFCR

UNDG BUDGET CATEGORIES	PUNO 1: UNDP		PUNO 2: UNCDF		TOTAL	
	GFCR (USD)	PUNO Contribution (USD)	GFCR (USD)	PUNO Contribution (USD)	GFCR (USD)	PUNO Contribution (USD)
1. Staff and other personnel	546,940	2,000,000	152,148	250,000	699,088	
2. Supplies, Commodities, Materials	40,000		0		40,000	
3. Equipment, Vehicles, and Furniture (including Depreciation)	0		0		0	
4. Contractual services	915,000		135,000		1,050,000	
5. Travel	260,000		100,000		360,000	
6. Transfers and Grants to Counterparts	1,000,000		1,000,000		2,000,000	
7. General Operating and other Direct Costs	50,000		0		50,000	
Total Direct Costs	2,811,940				1,387,148	
8. Indirect Support Costs (precisely 7%, except WFP)	196,836		97,100		293,936	
TOTAL Costs	3,008,776		1,484,248		4,493,024.16	2,250,000
1st year	1,002,193.95	500,000.00	87,312.1	62,500.00	1,089,506.04	562,500.00
2nd year	1,002,193.95	500,000.00	154,812.1	62,500.00	1,157,006.04	562,500.00
3rd year	502,193.95	500,000.00	1,154,812.09	62,500.00	1,657,006.04	562,500.00
4th year	502,193.95	500,000.00	87,312.09	62,500.00	589,506.04	562,500.00



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SDG Fund

UNDG BUDGET CATEGORIES	PUNO 1: UNDP		PUNO 2: UNCDF		TOTAL	
	SDG Fund (USD)	PUNO Contribution (USD)	SDG Fund (USD)	PUNO Contribution (USD)	SDG Fund (USD)	PUNO Contribution (USD)
1. Staff and other personnel	58,009	1,000,000	0	125,000	58,009	
2. Supplies, Commodities, Materials	20,000		0		20,000	
3. Equipment, Vehicles, and Furniture (including Depreciation)	90,000		0		90,000	
4. Contractual services	270,000		100,000		370,000	
5. Travel	77,000		12,000		89,000	
6. Transfers and Grants to Counterparts	0		0		0	
7. General Operating and other Direct Costs	50,000		0		50,000	
Total Direct Costs	565,009				112,000	
8. Indirect Support Costs (precisely 7%, except WFP)	39,551		7,840	47,391		
TOTAL Costs	604,560		119,840	724,399.63	1,125,000	
1st year	357,279.82	250,000.00		62,500.00	357,279.82	312,500.00
2nd year	247,279.82	250,000.00	119,840.0	62,500.00	367,119.82	312,500.00
3rd year						
4th year						



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4.2 Budget per SDG targets

A central focus of the joint programme is to ensure that women are able (and equipped) to benefit disproportionately from development in a relatively new economic sector in Papua New Guinea (SDG 5). Not to do so could reinforce inequalities in access to economic opportunities, finance and natural resources in a country in which socio-economic inequalities are entrenched. There is therefore a significant budgetary allocation to activities that will build the capacities of women, provide them with on-going support and ensure they have access to finance. A central focus is also on SDG14, one of the most underfunded SDGs. Papua New Guinea's marine environment is of exceptional biodiversity value yet is also under pressure from a variety of anthropocentric sources. The JP aims to put in place structures that will incentivize the continued sustainable management of Papua New Guinea's marine protected areas, chiefly through the creation and acceleration of new sustainable blue livelihoods opportunities (SDG 8) and sustainable natural resource use (SDG 12). These opportunities will in turn be supported through enhanced access to finance (SDG 9) and new partnerships in finance (SDG 17) which mobilise additional resources at-scale from the private sector for the blue economy.

	SDG TARGETS	%	USD
SDG 5	5.5, 5.a and 5.b	30	1,565,227.14
SDG 8	8.2, 8.3, 8.9 and 8.10	15	782,613.57
SDG 9	9.3	15	782,613.57
SDG 12	12.2, 12.6, 12.8	10	521,742.38
SDG 14	14.1, 14.2, 14.4, 14.7, 14.a, 14.b	20	1,043,484.76
SDG 17	17.3, 17.9, 17.16, 17.17	10	521,742.38
TOTAL		100	5,217,423.79



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4.3 Work plan



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Outcome 1						Financing ecosystem is in place which supports sustainable and scalable blue livelihoods from cradle to exit in Kimbe Bay																											
Output	Annual target/s				List of activities	Time frame												PLANNED BUDGET				PUNO/s involved	Implementing partner/s involved										
	2022	2023	2024	2025		Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Overall budget description	Joint SDG Fund (USD)	Global Fund for Coral Reefs (USD)	PUNO Contributions (USD)			Total Cost (USD)									
Output 1.1: Oceana Policy is operationalised through a Blue Investment Strategy	Blue Investment Strategy developed and SDG Blue Investment Mapping				Completion of a Blue Investment Strategy in 2022 and SDG Blue Investment Mapping to increase knowledge about the blue economy and attract investments.																						Staff and other personnel; contracted services; supplies, commodities and materials; equipment, vehicles and furniture; communications materials	522,804	648,040	1,350,000	2,198,040	UNEP	CEPA, National Biodiversity Fund, National Fisheries Agency, Joint SDG Fund
Output 1.2: Blue economy enterprise incubation facility is established to incubate BE businesses that pilot the Strategy	Establishment and operationalisation of BE-EIF	USD550,000 revenue	USD750,000 revenue	USD2 million total revenue from related finance streams	Recruitment and establishment technical secretariat and local hub of BE-EIF 5 year gender sensitive business and revenue plan developed for BE-EIF Communications plan, website and online presence developed																						Contracted services, workshops and training; communications; travel	0	0	0	0	UNEP	Provincial Government West New Britain; Global Fund for Coral Reefs; Centre for Excellence in Financial Inclusion; National Development Bank; Mibank; Kin; Mahonia Na Dan
Output 1.3: BE-EIF identifies and delivers targeted TA and financial support services to blue enterprises	Communications and awareness-raising strategy developed (in-house)	Business training modules finalised and rolled-out	Business training modules finalised and rolled-out	10 blue enterprises incubated to the point where they are ready for commercial capital	Identification of at least five blue economy initiatives for incubation to provide a proof of concept for different business models and diversify partnerships Blue Innovation Grants to foster public-private partnerships Targeted capacity building and mentoring of identified and supported women-led BE businesses																						Contracted services, workshops and training; communications; travel	0	1,110,000	0	1,110,000	UNEP	Provincial Government West New Britain; Global Fund for Coral Reefs; Centre for Excellence in Financial Inclusion; National Development Bank; Mibank; Kin; Mahonia Na Dan
Outcome 2						Protection of coral reefs and the marine environment is strengthened.																											
Output	Annual target/s				List of activities	Time frame												PLANNED BUDGET				PUNO/s involved	Implementing partner/s involved										
	2022	2023	2024	2025		Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Overall budget description	Joint SDG Fund (USD)	Global Fund for Coral Reefs (USD)	PUNO Contributions (USD)			Total Cost (USD)									
Output 2.1: Area under formal protection	At least 20 meetings take place with community groups.	Zoning and allowable activities completed	MPA registration formally submitted to CEPF	Target MPAs are gazetted	Community consultation with stakeholder groups Development of the registration for MPA status Formal approval of MPA status																						Travel and grants to consultants, workshops and training; communications; travel	0	110,000	450,000	560,000	UNEP	Conservation and Environment Protection Authority; Provincial Governments of West New Britain and Milne Bay; Conflict Islands Conservation Initiative
Output 2.2: Indicators: Management plans are developed and being implemented	Management plan being completed at Kinke Bay and Conflict Group	Management completed and adopted	Annual monitoring of management plans	Annual monitoring of management plans	Community consultation with stakeholder groups Decisions on zoning and allowable activities and completion of the management plans Monitoring of management plans																						Travel and grants to consultants, workshops and training; communications; travel	0	330,000	0	330,000	UNEP	Conservation and Environment Protection Authority; Provincial Governments of West New Britain and Milne Bay; Conflict Islands Conservation Initiative
Outcome 3						Women access technical and financial assistance for transformative "blue" livelihoods in accordance with local value systems																											
Output	Annual target/s				List of activities	Time frame												PLANNED BUDGET				PUNO/s involved	Implementing partner/s involved										
	2022	2023	2024	2025		Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Overall budget description	Joint SDG Fund (USD)	Global Fund for Coral Reefs (USD)	PUNO Contributions (USD)			Total Cost (USD)									
Output 3.1: High-quality TA delivered in support of transformative blue livelihoods	Support network established	3 training workshops delivered for women in blue enterprises	3 training workshops delivered for women in blue enterprises	3 training workshops delivered for women in blue enterprises	Establish women's leadership and support network in collaboration with women's groups Training in financial literacy and project preparation for women Training to all investors on gender equity																						Contracted services, workshops and training; communications; travel	24,000	85,000	0	85,000	UNEP, UNCDF	Provincial Government West New Britain; Centre for Excellence in Financial Inclusion
Output 3.2: Financial products for women in business developed	Strategic plan for financial sector on women in the blue economy	50% finance to female headed/run enterprises	50% finance to female headed/run enterprises	50% finance to female headed/run enterprises	Training workshops and awareness-raising with the domestic financial sector Jointly design and launch female-focused finance lines with domestic financial institutions Credit Guarantees for financial institutions providing blue loans																						Contracted services, workshops and training; communications; travel	0	1,160,000	0	1,160,000	UNEP, UNCDF	National Development Bank; Mibank; BSP; Kin
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	Annual target/s				List of activities	Time frame												PLANNED BUDGET				PUNO/s involved	Implementing partner/s involved										
	2022	2023	2024	2025		Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Overall budget description	Joint SDG Fund (USD)	Global Fund for Coral Reefs (USD)	PUNO Contributions (USD)			Total Cost (USD)									
Output 4.1: Raise awareness of blue economy investment opportunity in PNG	Training for financial sector	2 financial sector training workshops on blue economy investment opportunity	2 new blue economy finance lines rolled-out		Work with domestic financial institutions to develop a strategic plan for supporting women in blue enterprises Prospectus of marine biodiversity friendly business models Outreach to domestic and international investors in blue economy investment opportunities in PNG																						Contracted services, workshops and training; communications; travel	108,000	255,000	250,000	505,000	UNEP, UNCDF	National Development Bank; Centre for Excellence in Financial Inclusion; Mibank; BSP; Kin
	Communications and outreach strategy developed (in-house)	Annual blue economy business and knowledge forum	Annual blue economy business and knowledge forum	Blue economy investment forum	Annual knowledge forum PNG Blue economy investment fair																												



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Annex 5. Risk Management Plan

Risks	Risk Level: (Likelihood x Impact)	Likelihood: Certain - 5 Likely - 4 Possible - 3 Unlikely - 2 Rare - 1	Impact: Essential - 5 Major - 4 Moderate - 3 Minor - 2 Insignificant - 1	Mitigating measures	Responsible Org./Person
Contextual risks					
Political instability and political interference over BE-EIF operations	Medium	1	3	Blue Enterprise Incubation Facility and National Biodiversity and Climate Fund established as legally independent entities with clear transparent accountable governance structure comprised of multiple stakeholders	UNDP
COVID-19 worsens investment environment	High	3	3	Significant work with domestic financial institutions to build a high-quality pipeline with a strengthened focus on financial products to de-risk investment. Risk unlikely due to high liquidity in domestic market	UNCDF
Natural disaster event	Medium	1	3-4	Offer insurance products to investees; work with donors, domestic financial system and National Biodiversity and Climate Fund to ensure emergency liquidity facilities can be extended in a crisis	UNCDF
Increase in crime rate in Kimbe Bay lessens attractiveness/incentives to invest	Medium	2	3	UN teams will work with the national and provincial authorities to ensure that project activities are well supported and protected.	UNDP
Programmatic risks					
Blue Enterprise Incubation Facility attracts little interest and is undersubscribed relative to its capital endowment	Medium	2	3	UN teams and partners have identified strong candidates for the initial TA phase. Local consultations have ascertained high levels of local interest. Significant awareness-raising will be carried out	UNDP / UNCDF
Blue Enterprise Incubation Facility struggles to be inclusive (i.e. meet needs of disadvantaged populations, women etc.)	Medium	2	3	Strengthen budget allocated to leadership and skills development programmes for women and work with local women's associations to understand blockages and deliver targeted technical support	UNDP / UNCDF



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Blue Enterprise Incubation Facility may receive many non-eligible applications (costly to process)	Low	1	1	Local consultations will ensure that the "rules of the game" are clear to potential candidates for support; BE-EIF will also work with local chambers of commerce, women's associations and state entities to ensure investees with the highest potential are identified and reached	UNDP / UNCDF
Blue Enterprise Incubation Facility cannot source appropriate qualified personnel	Medium	1	3	Unlikely as the National Biodiversity and Climate Fund is being set-up to attract the best national and international staff; in cases where appropriate or where there are vital skills shortages, PUNOs can source highly specific blue economy and gender expertise from their extensive networks	UNDP
Delays to operationalisation of the National Biodiversity and Climate Fund	Medium	2	3	It is unlikely that the establishment of the National Biodiversity Fund will be delayed as substantial work on the governance and legal structure has already been conducted. However, in such a circumstance, an interim measure to channel funds through the UN MPTO would be an alternative	UNDP
National Biodiversity and Climate Fund is not well-capitalised leading to limited capacities to fund protected areas	Medium	2	3	A well developed resource mobilization and investment plan has been developed for the Fund. It also has high level political support and donor buy-in. Trust and reputation established over time will help to mitigate this risk	UNDP
Lack of local community buy-in/engagement	Medium	2	3	Work with local organisations and ongoing community education/awareness initiatives to strengthen local knowledge and engagement. Use existing structures	UNDP / UNCDF
Institutional risks					
BE-EIF funds are used for activities that cause environmental or societal harm (or harm to specific individuals)	Medium	1	4	Stringent investment criteria will be in place to ensure this risk is reduced to an absolute minimum. A robust grievance procedure and the highest standards of transparency will also be in place	UNDP
BE-EIF resources not used by investees for intended purpose(s)	Medium	1	3	Unlikely due to strong due diligence/pre-screening of prospective clients combined with strong ongoing monitoring of investees in partnership with local	UNDP / UNCDF



				stakeholders such as women’s CSOs with strong community relationships	
Fiduciary risks					
Resources channeled to the National Biodiversity and Climate Fund are not used for the purposes of the BE-EIF private sector window or cannot be accounted for	Medium	1	3	Unlikely due to the strong governance and accountability framework being established for the National Biodiversity and Climate Fund in line with international best practice. PUNOs will monitor use of funds and performance on an ongoing basis.	UNDP

Likelihood	Occurrence	Frequency	Consequence	Result
Very Likely	The event is expected to occur in most circumstances	Twice a month or more frequently	Extreme	An event leading to massive or irreparable damage or disruption
Likely	The event will probably occur in most circumstances	Once every two months or more frequently	Major	An event leading to critical damage or disruption
Possibly	The event might occur at some time	Once a year or more frequently	Moderate	An event leading to serious damage or disruption
Unlikely	The event could occur at some time	Once every three years or more frequently	Minor	An event leading to some degree of damage or disruption
Rare	The event may occur in exceptional circumstances	Once every seven years or more frequently	Insignificant	An event leading to limited damage or disruption

Likelihood	Consequences					Level of risk	Result
	Insignificant (1)	Minor (2)	Moderate (3)	Major (4)	Extreme (5)		
Very likely (5)	Medium (5)	High (10)	High (15)	Very High (20)	Very High (25)	Very High	Immediate action required by executive management. Mitigation activities/treatment options are mandatory to reduce likelihood and/or consequence. Risk cannot be accepted unless this occurs.
Likely (4)	Medium (4)	Medium (8)	High (12)	High (16)	Very High (20)	High	Immediate action required by senior/ executive management. Mitigation activities/treatment options are mandatory to reduce likelihood and/or consequence. Monitoring strategy to be implemented by Risk Owner.
Possible (3)	Low (3)	Medium (6)	High (9)	High (12)	High (15)	Medium	Senior Management attention required. Mitigation activities/ treatment options are undertaken to reduce likelihood and/or consequence. Monitoring strategy to be implemented by Risk Owner.
Unlikely (2)	Low (2)	Low (4)	Medium (6)	Medium (8)	High (10)		Management attention required. Specified ownership of risk. Mitigation activities/treatment options are recommended to reduce likelihood and/or consequence. Implementation of monitoring strategy by risk owner is recommended.
Rare (1)	Low (1)	Low (3)	Medium (3)	Medium (4)	High (5)	Low	



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Annex 6: Project Administrative Arrangement for Recipient Organizations

On behalf of the Recipient Organizations, and in accordance with the UNDG-approved "Protocol on the Administrative Agent for Multi Donor Trust Funds and Joint Programmes, and One UN funds" (2008), the MPTF Office as the AA of the GFCR will:

- Disburse funds to each of the Recipient Organizations in accordance with instructions from the GFCR Global Team. The AA will normally make each disbursement within three (3) to five (5) business days after having received instructions from the GFCR Global Team along with the relevant Submission form and Project document signed by all participants concerned;
- Consolidate the financial statements (Annual and Final), based on submissions provided to the AA by Recipient Organizations and provide the GFCR annual consolidated progress reports to the donors and the GFCR Global Team;
- Proceed with the operational and financial closure of the project in the MPTF Office system once the completion is completed by the Recipient Organizations. A project will be considered as operationally closed upon submission of a joint final narrative report. In order for the MPTF Office to financially closed a project, each RO must refund unspent balance of over 250 USD, indirect cost (GMS) should not exceed 7% and submission of a certified final financial statement by the recipient organizations' headquarters);
- Disburse funds to any RO for any costs extension that the GFCR Global Team may decide in accordance with the GFCR rules & regulations.

Accountability, transparency and reporting of the Recipient Organization:

Each Recipient Organization will establish a separate ledger account under its financial regulations and rules for the receipt and administration of the funds disbursed to it by the Administrative Agent from the Fund Account. That separate ledger account will be administered by each Recipient Organization in accordance with its own regulations, rules, policies and procedures, including those relating to interest.

The Recipient Organization will assume full programmatic and financial accountability for the funds disbursed to them by the Administrative Agent. Such funds will be administered by each recipient in accordance with its own regulations, rules, directives and procedures. The Recipient Organization will have full responsibility for ensuring that the Activity is implemented in accordance with the signed Project Document; In the event of a financial review, audit or evaluation recommended by the Executive Board, the cost of such activity should be included in the project budget; Ensure compliance with the Financing Agreement and relevant applicable clauses in the Fund MOU.

Reporting:

Each Receipt Organisation will provide the Administrative Agent and the Fund Secretariat with:

Type of report	Due when	Submitted by
Bi-annual project progress report	15 June	Convening Agent on behalf of all implementing or recipient organizations and in consultation with/ quality assurance by the GFCR Global Team, where they exist



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Annual project progress report	15 November	Convening Agent on behalf of all implementing and recipient organizations and in consultation with/ quality assurance by the GFCR Global Team, where they exist
End of project report covering entire project duration	Within three months from the operational project closure (it can be submitted instead of an annual report if timing coincides)	Convening Agent on behalf of all implementing or recipient organizations and in consultation with/ quality assurance by the GFCR Global Team, where they exist
Annual progress report, which may contain a request for additional GFCR allocation if the context requires it	15 December	Convening Agent on behalf of all implementing or recipient organizations and in consultation with/ quality assurance by the GFCR Global Team

For the preparatory grant financing, the full programme document will be considered as the annual reports. The GFCR Global team might request a summary of the preparatory activities.

Financial Reports and timeline

The financial reporting requirements for the below follow the 8 UNDG budget categories.

Timeline	Event
28 February	Annual reporting – Report Q4 expenses (Jan. to Dec. of previous year)
30 April	Report Q1 expenses (January to March)
31 July	Report Q2 expenses (March to June)
31 October	Report Q3 expenses (January to September)
<i>Certified final financial report to be provided at the quarter following the project financial closure</i>	

Unspent Balance exceeding USD 250 at the closure of the project would have to be refunded and a notification sent to the Administrative Agent, no later than three months (31 March) of the year following the completion of the activities.

Ownership of Equipment, Supplies and Other Property

Matters relating to the transfer of ownership by the Recipient Organization will be determined in accordance with applicable policies and procedures defined by the Fund.

Public Disclosure

The Fund Secretariat and Administrative Agent will ensure that operations of the GFCR are publicly disclosed on the GFCR website (<https://globalfundcoralreefs.org>) and the Administrative Agent website (<http://www.mptf.undp.org>)

Final Project Audit for recipient organization projects (Not Applicable to Preparatory Grant)

An independent project audit will be requested by the end of the project (For multi-year projects the GFCR Executive Board might request add. audit reports). The audit report



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needs to be attached to the final narrative project report. The cost of such activity must be included in the project budget.

Special Provisions regarding Financing of Terrorism

Consistent with UN Security Council Resolutions relating to terrorism, including UN Security Council Resolution 1373 (2001) and 1267 (1999) and related resolutions, the Participants are firmly committed to the international fight against terrorism, and in particular, against the financing of terrorism. Similarly, all Recipient Organizations recognize their obligation to comply with any applicable sanctions imposed by the UN Security Council. Each of the Recipient Organizations will use all reasonable efforts to ensure that the funds transferred to it in accordance with this agreement are not used to provide support or assistance to individuals or entities associated with terrorism as designated by any UN Security Council sanctions regime. If, during the term of this agreement, a Recipient Organization determines that there are credible allegations that funds transferred to it in accordance with this agreement have been used to provide support or assistance to individuals or entities associated with terrorism as designated by any UN Security Council sanctions regime it will as soon as it becomes aware of it inform the head of Fund Secretariat, the Administrative Agent and the donor(s) and, in consultation with the donors as appropriate, determine an appropriate response.

Annex 7: Provisions Related to the Prevention of and Response to Sexual Harassment (SH) and Sexual Exploitation and Abuse (SEA) involving Implementing Partners (IPs)

1. The Implementing Partner acknowledges and agrees that UNDP will not tolerate sexual harassment and sexual exploitation and abuse of anyone by the Implementing Partner, and each of its responsible parties, their respective sub-recipients and other entities involved in Project implementation, either as contractors or subcontractors and their personnel, and any individuals performing services for them under the Project Document.
 - a. In the implementation of the activities under this Project Document, **the Implementing Partner, and each of its sub-parties referred to above, shall comply with the standards of conduct set forth in the Secretary General's Bulletin ST/SGB/2003/13 of 9 October 2003, concerning "Special measures for protection from sexual exploitation and sexual abuse" ("SEA").**
 - b. Moreover, and without limitation to the application of other regulations, rules, policies and procedures bearing upon the performance of the activities under this Project Document, in the implementation of activities, **the Implementing Partner, and each of its sub-parties referred to above, shall not engage in any form of sexual harassment ("SH").** SH is defined as any unwelcome conduct of a sexual nature that might reasonably be expected or be perceived to cause offense or humiliation, when such conduct interferes with work, is made a condition of employment or creates an intimidating, hostile or offensive work environment.
2. A) In the performance of the activities under this Project Document, the Implementing Partner shall (with respect to its own activities), and shall require from its sub-parties (with respect to their activities) that they, **have minimum standards and procedures in place, or a plan to develop and/or improve**



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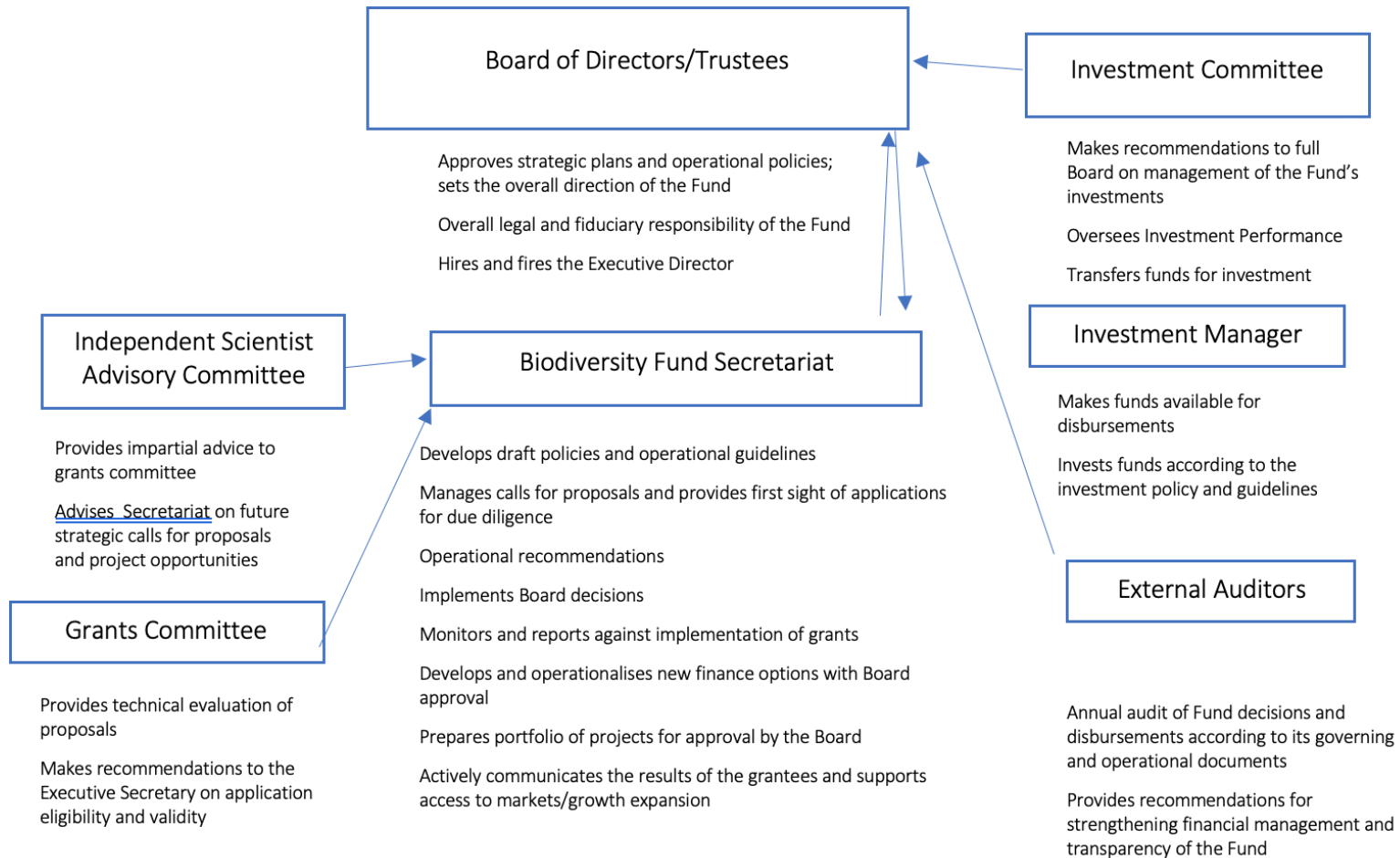
such standards and procedures in order to be able to take effective preventive and investigative action. These should include: policies on sexual harassment and sexual exploitation and abuse; policies on whistleblowing/protection against retaliation; and complaints, disciplinary and investigative mechanisms. In line with this, the Implementing Partner will and will require that such sub-parties will take all appropriate measures to:

- i. Prevent its employees, agents or any other persons engaged to perform any services under this Project Document, from engaging in SH or SEA;
 - ii. Offer employees and associated personnel training on prevention and response to SH and SEA, **where the Implementing Partner and its sub-parties have not put in place its own training regarding the prevention of SH and SEA, the Implementing Partner and its sub-parties may use the training material available at UNDP;**
 - iii. Report and monitor allegations of SH and SEA of which the Implementing Partner and its sub-parties have been informed or have otherwise become aware, and status thereof;
 - iv. Refer victims/survivors of SH and SEA to safe and confidential victim assistance; and
 - v. Promptly and confidentially record and investigate any allegations credible enough to warrant an investigation of SH or SEA. The Implementing Partner shall advise UNDP of any such allegations received and investigations being conducted by itself or any of its sub-parties referred to in with respect to their activities under the Project Document, and shall keep UNDP informed during the investigation by it or any of such sub-parties, to the extent that such notification (i) does not jeopardize the conduct of the investigation, including but not limited to the safety or security of persons, and/or (ii) is not in contravention of any laws applicable to it. Following the investigation, the Implementing Partner shall advise UNDP of any actions taken by it or any of the other entities further to the investigation.
2. B) The Implementing Partner shall establish that it has complied with the foregoing, to the satisfaction of UNDP, when requested by UNDP or any party acting on its behalf to provide such confirmation. Failure of the Implementing Partner, and each of its sub-parties, to comply of the foregoing, as determined by UNDP, shall be considered grounds for suspension or termination of the Project.

Annex 8. Supplementary information

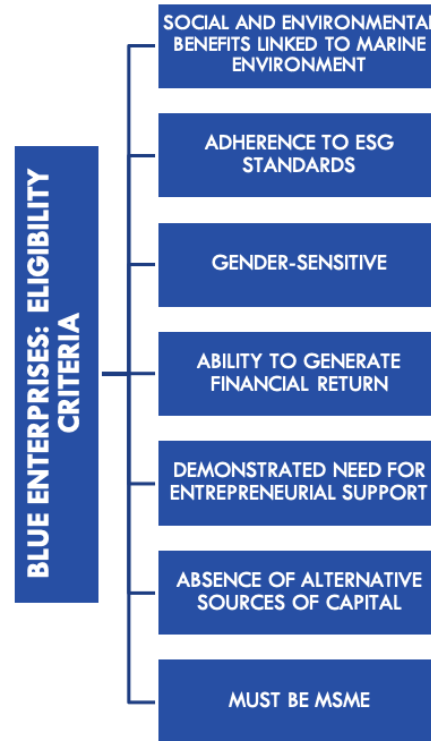
The following supplementary annexes provide additional information about the overall governance structure of PNG’s National Biodiversity and Climate Fund to which the BE-EIF will be affiliated, as well as the gender sensitive investment approach of the BE-EIF.

National Biodiversity and Climate Fund: Governance Structure

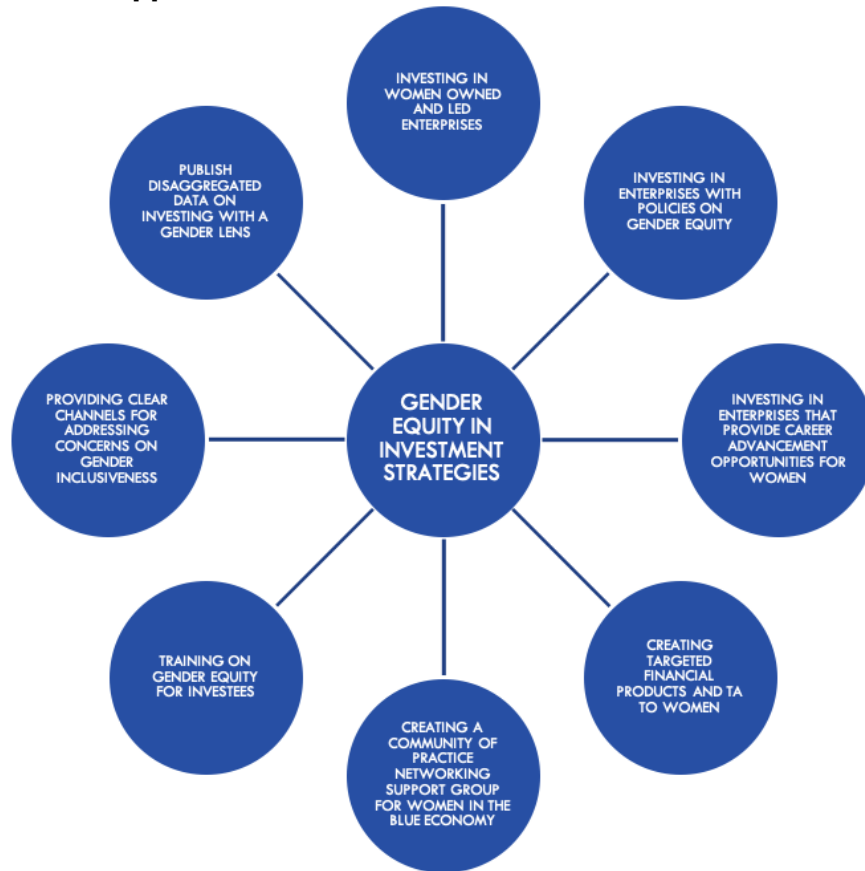




BE-EIF: Eligibility criteria for technical assistance and financial support via the Facility



BE-EIF: Gender equity will be central to the investment approach





Annex 9. Communication Plan



1) Overall narrative of the joint programme

With support from the UN Joint SDG Fund, UNDP and UNCDF have established the Blue Economy Enterprise Incubation Facility (BE-EIF) in Papua New Guinea. The BE-EIF will support the development of transformative new livelihoods opportunities linked to marine environments and will crowd-in additional finance at-scale from the private sector. The BE-EIF will unearth new nature-first blue economy business models, build local capacities and investor confidence in a new market that will deliver outsize development and biodiversity impacts, advancing SDGs 14, 8, 5, 9, 12 and 17.

2) Strategic approach to key audiences

The JP has several diverse key audiences for its work. These are: (i) local communities; (ii) local businesses and business associations; (iii) financial sector actors (which include domestic financial institutions, donor and philanthropic entities and private investors); (iv) government entities. All four will require a differentiated strategic approach. In addition, it cannot be assumed that all audiences will have regular access to the internet. There will therefore be a strong focus on both offline and online communications strategies and tools.

Information will be developed in ways that are accessible for local people and will rely extensively on active community engagement through local organisations and associations, such as NGOs and chambers of commerce that have established community networks. The JP will work with relevant women's associations to develop targeted communications and outreach material for women. A "Women in business" support network will also be established which will have dedicated communications channels for female members. Significant attention will be played to nurturing relationships early-on with a core set of prospective donors and investors, with the aim of bringing them "on the journey" as the BE-EIF develops, so that they understand the opportunity, but also the constraints and can provide strategic advice. Information will be provided in ways that make sense for investors and donors (e.g. financial information; ESG credentials etc.). Government actors will also play an important role - both domestically and internationally - in communicating the blue economy in PNG as an attractive investment proposition and in communicating compelling success stories. PUNOs will work actively with the GoPNG on the overall messages and narrative, and ensure it is up to speed on successes and can talk about them with relevant audiences. Finally, it is important that all key stakeholders are kept up to date and informed about progress and opportunities for involvement on a regular basis, therefore PUNOs will organise a 6-monthly programme meeting for partners (virtual or in-person), plus other targeted partner meetings where relevant (e.g. on a specific thematic area).

Costs for a communications specialist will be shared with the National Biodiversity and Climate Fund and the BE-EIF will also be able to leverage the Fund's communications plan as well as its quality assurance framework which will minimise costs and increase efficiencies. A communications and knowledge management plan will be developed in the first 6 months which will be anchored around the contribution of the BE-EIF to the SDGs which are widely understood and supported in PNG. 5% of the overall budget will be allocated to communications and outreach, however co-financing from the national Biodiversity and Climate Fund means that this budget will in reality be higher.

3) Objectives of strategic communication plan

The core objectives of PNG's strategic communications plan are fourfold:



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- A) Raise awareness among local communities and entrepreneurs of the BE-EIF and the technical assistance and financial services it provides to develop sustainable “blue” livelihoods helping to progressively build demand;
- B) Raise awareness among donors, investors and other relevant stakeholders in investment opportunities in PNG and thereby attract additional resources and investment;
- C) Showcase PNG’s successes in conservation and nature-first business models to the wider world and inspire scalable new business models connected to conservation of precious marine environments.
- D) Provide visibility for the UN, PUNOs and the Joint SDG Fund as pioneers and first movers in sustainable blue economy livelihoods development.

To achieve these objectives, the UN JP will work at three levels:

- 1) Work with, and through, the project’s partners to reach target communities and entrepreneurs to ensure they are equipped with the information they need. The JP’s partners will thus have central roles in communications and outreach. PUNOs will work with partner financial institutions to develop information booklets, brochures and other relevant information intended for prospective clients, as well as information on the BE-EIF and their blue economy technical assistance and credit lines on their websites. The JP will also work with, and through, local NGOs and chambers of commerce to reach local communities and business people, including through events, workshops and written/pictorial information. PUNOs will also work with local and national media organisations to cover and promote the work of the BE-EIF.
- 2) The UNJP will set up a dedicated Twitter account (@be_eif_png), Facebook and LinkedIn pages to circulate information about the BE-EIF’s investment activities, investees, results and events. In addition, the BE-EIF will have online visibility through a dedicated website housed within the National Biodiversity and Climate Fund’s website. As PNG’s premier environmental trust fund, this website will be the “one stop shop” for information on conservation and biodiversity finance connected to PNG, and as such the BE-EIF will benefit from the broader internet traffic connected to this site. The BE-EIF website will contain information on PUNOs, investees, events, investment criteria, results, innovation awards, human and environmental stories, project partners and other relevant information, including infographics. Dedicated and easily recognisable branding and logo will be rolled-out and promoted, including links to, and information about, the Joint SDG Fund with Joint SDG Fund co-branding on all BE-EIF materials.
- 3) The UNJP will map and target key donors, philanthropic partners and investors on investment opportunities in PNG, working with local partners such as the Investment Promotion Agency to develop targeted promotional materials and organise an investor fair. The plan will also map opportunities for PNG to be part of relevant international events and forums (virtual and in-person) to increase awareness. PUNOs will also build relationships with national and international media outlets, including national media but also specialised international development, conservation and investor publications to cover success stories.

Progress will be measured in terms of: number of visits to the website; media articles and media mentions (number and type of publication); number of tweets/Facebook/LinkedIn posts and statistics on number of followers/shares etc.; number of other websites that carry information on the BE-EIF; number of community and business-focused events and



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workshops on the BE-EIF (plus data on attendance); number of women that participate in the communication channels established for the support network; production of written promotional material (brochures, information booklets, newsletter etc.) (number and data on distribution). The UN JP will also carry out partner surveys and household surveys to assess the effectiveness of its communications plan and propose corrective actions where needed.

4) Main activities

- 1) Development of a gender sensitive communications and outreach strategy (0-12 months): all PUNOs
- 2) Development of a BE-EIF newsletter (6-12 months): BE-EIF secretariat with UNDP oversight
- 3) BE-EIF website developed housed within National Biodiversity and Climate Fund and other online social media accounts established (6-12 months): BE-EIF secretariat, National Biodiversity and Climate Fund and UNDP
- 4) Development of communications and outreach material for local communities and prospective investees. Will include information brochures, information in pictures, local languages, workshops and events etc. (6-24 months): UNCDF
- 5) Establish communications channels for women's support network, including through channels such as local advertising, women's associations, religious organisations, local government and other partners as well as online (6-12 months): UNDP and UNCDF
- 6) Develop communications and promotional material and online information with partner financial institutions (6-18 months): UNCDF
- 7) Development of donor and investor communication and outreach plan (6-12 months): all PUNOs
- 8) Organisation of blue economy investment fair (year 3): all PUNOs

PUNOS will meet quarterly with the communications focal point to monitor progress and propose modifications where needed. Mid-term and final evaluations will take place in Years 2 and 4 coordinated by UNDP.

Annex 10. Learning and Sharing Plan

1) Strategic approach to learning and sharing

The JP will place a strong emphasis on knowledge-management, learning and sharing. PUNOs will promote a culture of collaboration and knowledge sharing across themselves, as well as with the diverse joint programme partners. The BE-EIF's institutional home within the National Biodiversity and Climate Fund will also ensure an efficient cross-fertilisation of knowledge, learning and skills across conservation efforts in PNG, and the BE-EIF will also leverage the knowledge-sharing and learning processes and structures of the National Biodiversity and Climate Fund.

The UNJP will place a strong emphasis on participatory approaches to learning and knowledge-sharing. This will include opportunities for all joint programme partners to contribute to programme design, share experiences, stories and lessons learned. The UNJP will provide structured avenues for consultation and knowledge-sharing, including through dedicated communities of practice, stakeholder surveys, participation in relevant policy and academic networks, and conferences, symposia, roundtables and workshops that will be carried out expressly for sharing information and lessons learned (both online and in-person). The JP will also organise an annual forum for the purposes of sharing knowledge and learning on blue livelihoods development. Specific attention will also be paid to channels through which women can share knowledge, learning and experience (e.g. working with NGOs, women's associations



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and through female-only workshops or events). There will also be a focus on working with provincial government agencies on collecting and disseminating data where there are currently large data and knowledge gaps. In addition, knowledge-sharing and learning will be built into BE-EIF staff's job descriptions and incentive structure such that deliverables will be linked to concrete targets on knowledge sharing. Training and awareness-raising materials will be continuously modified as a result of feedback received.

A strong emphasis will also be placed on knowledge sharing and learning externally, including with other small island developing states and countries in Asia-Pacific. The JP aims to contribute to the overall knowledge base of the UN on critical topics such as the blue economy and SIDS and will participate and share experiences in relevant international networks, such as UNDP's SparkBlue and others.

2) Objectives of learning and sharing

The strategic objectives of the learning and sharing plan are as follows:

1. PUNOs can build on successes and learn from mistakes (boost the effectiveness of service delivery)
2. Preserve institutional knowledge to lay the foundations for a strong programme over time (boost the sustainability of the programme over the long-term even where there are changes in personnel)
3. Be an innovation led programme with the latest and most relevant information and the ability to apply this to the programme's activities as well as transfer this know-how to others (replicate and scale-up what works)

Progress will be measured via, inter alia: number of knowledge-sharing and learning events; number of attendees and affiliation; number of communities of practice established, number of members and level of activity; participation in relevant national and international networks and meetings (online and in person); mid-term and final survey of partners on learning and sharing.

3) Main activities

1. Development of a knowledge management, learning and sharing plan in collaboration with all stakeholders (0-6 months): all PUNOs
2. Establish communities of practice on various thematic issues with online and offline communications channels and regular updates (6-12 months): different PUNOs will lead on different topics in partnership with relevant programme partners (e.g. NGOs or domestic financial institutions)
3. Annual knowledge-sharing and learning event (every 12 months): UNDP and UNCDF
4. Map relevant national policy and business networks in which to share experiences and learning (0-12 months): UNDP
5. Map relevant international blue economy, conservation and SIDS networks to share experiences with (0-12 months): all PUNOs
6. Data collection and dissemination in partnership with provincial government agencies and academic institutions (ongoing): UNDP

UNDP will coordinate a mid-term and final evaluation of the overall learning and sharing plan.



Annex 11. Environmental analysis

Common Country Assessment Final environmental analysis can be [found here](#).

Kimbe Bay Marine Environment Summary can be [found here](#).

Marine Biodiversity Assessment of Milne Bay can be [found here](#).