

United Nations Development Programme



Country/Region/Global: Papua New Guinea Initiation Plan

Project Title: Investing in Coral Reefs and Blue Economy

Expected UNDAF/CP Outcome(s):

Sub-Outcome 3.1 By 2022, PNG has strengthened legislative and policy frameworks with institutional support for natural resources management including climate change mitigation, adaptation and disaster risk reduction.

Sub-Outcome 3.2 By 2022, PNG has enhanced capacity to address climate and disaster risks, deliver clean and affordable energy, improve management and conservation of forest and marine ecosystems

Expected CPD Output(s):

Output 2.1: National systems strengthened to support growth of sustainable and inclusive entrepreneurship.

OUTPUT 3.2: Capacities of communities and public officials enhanced to manage protected areas and address climate and disasters risks.

Initiation Plan Start/End Dates: 01 August 2020 to 30 November 2020

Implementing Partner: UNDP

Brief Description

The Initial Plan of the Joint Programme, Investing in Coral Reefs and Blue Economy is to support all preparatory work required to draft and finalise all documentation required by SDG and MPTFO. This work is required to start in August 2020 and end in November 2020. The work to be undertaken will require technical reviews, consultation with stakeholders to collect information for the baseline of the project document.

The Joint Programme, Investing in Coral Reefs and Blue Economy proposes scaled interventions across four countries (Fiji, Papua New Guinea, Philippines, and Samoa) to offset the loss of coral reefs and catalysing blue economy initiatives for marine stewardship. Through this Joint Programme, UN organizations, national governments, businesses, philanthropists and investment partners will launch targeted programming to leverage financial capital and investments for a blue economy centred on coral reefs.

Coral reefs are at the frontline of climate change, subjected to multiple anthropogenic threats such as over-fishing, pollution, and coastal development. Without bold, decisive action we may lose 70% to 90% of our remaining reefs, compromising the livelihoods and security of hundreds of millions of some of the most vulnerable people (IPCC 2018). The global investment required for coral reefs is five times greater than current funding levels (CBD High-Level Panel).

Considering that ecosystem services from coral reefs are valued at 375 billion USD per year, more needs to be done to protect, recover, and transform these valuable ecosystems. Thus, the expected results by the end of the Joint Programme period are to address this gap by:

- (1) Executing targeted investments across instruments, including MPA financing, reef insurance, blue enterprise funds, bonds, recoverable grants, and grant financing.
- (2) Establishing a diversified pipeline of investments. loans and grant opportunities.
- (3) Demonstrating proof of concept for scalable business models to catalyse further investment for reef protection and the blue economy.
- (4) Creating, measuring and verifying positive impacts to vulnerable coastal communities and the environment.

PNG's coral reefs are of global significance. They lie at the epicenter of the Coral Triangle. These reefs are home to over 1500 species of coral reef fish and at least 514 species of coral. The reefs are critical for PNG's coastal communities, providing food security, protection from coastal erosion and provide livelihoods for tourism and fisheries. Unlike many other countries in the region, much of PNG's reefs remain intact highlighting the need for urgent action to limit degradation.

The Joint Programme will have an impact on multiple SDGs directly and indirectly, including but not limited to:

- (1) Restored reef systems, and stewardship of its marine environment (SDG 14 and 13). producing a sustainable source of protein (SDG 2, 3 and 12) for coastal communities and marine ecosystems.
- (2) Demonstrating innovative partnerships with the private sector, showcasing new inclusive business models (SDG 17), thereby creating more diversified and resilient livelihoods opportunities for coastal communities (SDG 1 and 8).
- (3) Capacity development support to communities to provide greater access to information, markets and opportunities (SDG 4 and 10).
- (4) Championing new blue economy businesses established by women and youth (SDG 5).

The project addresses the blockage in private capital as no dedicated global financial instrument exists to protect coral reefs or their communities holistically. The financial landscape is fragmented naturally risk adverse. The project will focus efforts and resources to blue economy solutions by establishing a portfolio that shows how new, large-scale solutions. This will demonstrate proof of concept for investments in coral reefs, reduce risk, and integrating coral reef finance into broader investment portfolios.

To achieve this transformative change the Joint Programme will promote a 'protect-recover-transform' approach in priority locations. This would include protecting functioning and healthy reef systems, helping coral reefs to recover from human activities and bleaching, which will help transform coastal communities by implementing sustainable fishery management, alternative livelihoods, and reef-first business models

To achieve the Protect-Recover-Transform vision, the Joint Programme is designed with the following three priority outcomes in mind: Outcome 1: Technology and innovation; Coral reef restoration and adaptation technology is scalable, cost-efficient and applicable to a variety of contexts, with proven outcomes for ecological resilience.

Outputs: Restoration technologies developed and piloted, Strategies for high-impact restoration, Identification of priority restoration sites. Outcome 2: Instruments for reef protection and the blue economy; Private sector-led investment in reef protection and restoration is combined with targeted public financing to support urgent conservation and restoration efforts.

Outputs: Local tourism levies, reef risk insurance, impact bond. Strengthened national policy framework based on robust business case for coral reef restoration and maintenance that is integrated into existing protected area policy and legislation. Outcome 3: Sustainable livelihoods; Reduced reliance on degraded coral reefs and associated ecosystems in highly reef-dependent communities. Outputs: Community-based projects for sustainable fisheries, aquaculture, eco-tourism and marine pollution, Sustainable value chain development and educational programmes to support opportunities for alternative livelihoods, Communication and educational campaigns to drive and sustain behavioural change.

Programme Period:	2018-2022
Project start date:	01 August 2020
Project End date :	30 November 2020
Atlas Project Number:	00104487
Atlas Output ID:	00106023
Gender Marker:	GEN2

Total resources required	\$100,000
Total allocated resources:	_____
• Regular	_____
• Other:	_____
○ SDG Regional	100,000
○ Donor	_____
○ Donor	_____
○ Government	_____
Unfunded budget:	_____
In-kind Contributions	_____

Agreed by UNDP:

I. PURPOSE AND EXPECTED OUTPUT

The current stage of the initiative or the Joint Programme is at the feasibility and piloting stage measured in terms of:

1. Stakeholder engagement – national governments (Fiji, Papua New Guinea, Philippines, and Samoa), private sector outreach in terms of donors and investors (started Q4 2019), entities from the insurance and fund management sectors.
2. Vehicle establishment – MPTFO has been advising on aligning the correct legal structures and administrative frameworks since mid-2019. The financing instrument will be launched by the IUCN Congress in June 2020.
3. Pipeline identification and execution – Papua New Guinea has developed a national climate finance plan and is currently initiating a national protected area finance and investment strategy to identify opportunities.

The drafting of a full proposal has received financial support of 100,000 USD for Papua New Guinea. The seed funding would allow UNDP, as the lead agency for the preparatory work, to contract a qualified expert to complement their existing in-house technical expertise. It would also finance a regional workshop between participating countries to finalise and endorse the proposal. The appointed expert would have extensive experience in conservation finance with a specialization in marine finance. Experience establishing large scale finance mechanisms in the Asia-Pacific region would be considered an advantage. The consultant would conduct national level consultations and site visits in each participating country, before facilitating a regional workshop to finalise and endorse the proposal.

A steering committee will be established to manage, review and endorse the proposals developed by the consultants. The committee will seek additional pro-bono technical inputs from financial institutions, such as Credit Suisse, BNP Paribas, Althelia on the design and formulation process. The full proposal will be submitted by 31st October 2020 and will received will have been exhausted.

II. MANAGEMENT ARRANGEMENTS

A short description of the individuals, organisations, and/or team structure required to conduct the activities of the Initiation Plan. If the size and scope of the Initiation Plan requires the establishment of a project board, describe the structure here and include a diagram if needed, drawing from the standard diagram provided in the full project document template.

In line with resolution 4/13, The Joint Programme Management Arrangements include UNDP, UNEP and UNCDF, their roles will be focusing on the following

UNDP will bring together its expertise at the Country Office level coupled with government inputs and consultant support to deliver. At a country level, UNDP will build the institutional capacity of both the national and provincial governments to better manage the ocean-land interface. It will support the better regulation of poor industry practice and support improved town planning in coastal areas to further minimise the impact of population growth and urbanisation on coral reefs. This would involve Resident Representative's Office—government relations, policy; Environment Unit—risk, vulnerability; and Technical Advisors. UNDP Headquarter staff working on the project includes: Senior Innovative finance specialist; Global Team Leader for Insurance and Risk Finance; Adaptation and GEF programme implementation team.

UNEP's role will aim to address larger global challenges, namely the impacts of rising ocean temperatures and acidification. Considering the role of communities in managing protected areas, this component will work to enhance local capacity to deliver smart and sustainable solutions to reef restoration that can be delivered at scale in a way that seeds greater socio-ecological resilience to climate change.

UNCDF will focus on generating and/or increasing livelihoods. UNCDF will identify and implement sustainable financing mechanisms to ensure long-term protection of coral reefs. Test innovative financial products such as climate related community insurance etc.

For the development of the proposal UNDP is the lead implementing UN organisation. They will be responsible for the delivery of the final proposal output. This output will be agreed between RCO, UNDP, UNCDF and UNEP. It will be submitted to the RCO for formal submission to the Joint SDG Fund.

III. MONITORING

A description of the monitoring requirements for the Initiation Plan.

Milestone	Date	Method of Verification
Consultant contracted	1 st September 2020	Contract signed
Draft proposal	10 th October 2020	Approved draft report
Final proposal	31 st October 2020	Submitted final report
final Report	30 November 2020	Submitted by the project team

Risk and Mitigation Matrix for the Initial Plan

The risk and mitigation matrix is outlined for the development of the project proposal.

Risks/Event	Impact/Probability	Causes	Treatments/Mitigation
Risks arising from lack of awareness and resistance to nature-based financial products in communities, impacting the ability to work on the reefs	Lack of technical and financial capacity by the government to establish the financial products within the country.	Lack of awareness and resistance to nature-based financial products in communities	Ongoing community impact and public awareness campaigns through government meetings and workshops led by UNDP, and stakeholder meetings at the community level facilitated by the UNDP CO. Working with government counterparts to build understanding and demand, in parallel with existing initiatives mentioned above.
Risk arising from a mix of cross-cutting political, economic, institutional and social characteristics	Lack of technical and financial capacity to integrate fiscal instruments within the country	Lack of fiscal instruments and tax incentives programs in the country	UNDP is working on fiscal instruments and tax incentive programs that can be applied to the countries in this proposal, and the strong local relationships with government will allow for conversations on policymaking and insurance issuance to move forward. In April, S&P upgraded the Philippines' credit rating to BBB+ on the back of the country's consistent economic growth, solid fiscal accounts, and good position in the external environment in addition to solid government fiscal accounts, low public indebtedness, and the economy's sound external settings.
Stakeholder Availability	The Current Covid 19 Pandemic and the measures in place could affect the availability of stakeholders for consultation and meetings	The Current Covid 19 Pandemic and the measures in place could affect the availability of stakeholders for consultation and meetings	The UNDP Country Office projects have been successful pivoting consultation towards virtual meetings. This approach will be applied for the development of the project proposal, drawing on the experience and networks of existing UNDP implemented projects.
COVID -19 Pandemic	Implementation of the initial plan by the project will be affected by the current Covid 19 pandemic measures in place	Caused by the Covid 19 pandemic	Adhere to the government Covid-19 measures in place. The project will pivot to support online applications or tools in address the consultations, meetings and research. If face-to-face meetings are permitted, they will be conducted in adherence to all WHO advice.

IV. WORK PLAN

Period¹: August to November 2020

EXPECTED OUTPUTS <i>Project Preparation Fund for The Joint Programme, Investing in Coral Reefs and Blue Economy</i>	PLANNED ACTIVITIES <i>List activity results and associated actions</i>	TIMEFRAME						RESPONSIBLE PARTY	PLANNED BUDGET				
		Q1	Q2	Q3	Q4	Q5	Q6		Funding Source or Donor Name	Fund ID	Account Code	Budget Description	Amount
	<p>1. Activity Result 1 (outcome1) Finalising the Proposal and Project documentation with all documentation required for SDG Endorsement</p> <p>Activity1.1 Convene of meetings and consultations for drafting of the Project document</p> <p>Activity 1.2 Finalising of the Project documentation</p>							UNDP	Joint SDG Funds	FC2 2020	71200	International consultant	60,000
								UNDP	Joint SDG Funds	FC2 2020	71600	Travel	20,000
								UNDP	Joint SDG Funds	FC2 2020	72100	Contractual Services-Companies	10,000
								UNDP	Joint SDG Funds	FC2 2020	74500	General Operational costs for CO-GOE	3,458
								UNDP	Joint SDG Funds	FC2 2020	75100	General Management services- GMS	6,542
													100,000

¹ Maximum 18 months